



NORTH CAROLINA
INVESTMENT POOL

North Carolina Investment Pool

Investment Advisor: PFM Asset Management

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Level Setting LGIPs

DEFINITION

- LGIPs are cooperative investment products designed primarily for the investment of short-term funds of local governments, school districts, municipal authorities, and other types of governments
- Most LGIPs are structured and managed with the primary objective of maintaining a stable NAV of \$1.00

STRUCTURE

- “Grass roots” LGIPs are formed and overseen by the participants
- Most have a governing Board of Trustees elected by the participants
- LGIP portfolio investment policy in compliance with State statutes

GOALS

- Safety of principal
- Daily liquidity
- A competitive yield



LGIP National Perspective

- There are over 150* LGIPs nationally and many obtain a rating from an NRSRO
- The most common ratings obtained by NRSROs are:
 - AAAM by S&P Global Ratings or AAAMmf by Fitch Ratings (or equivalent) for pools that seek to maintain a stable NAV
 - AAAf by S&P Global Ratings or Fitch Ratings (or equivalent) for pools that operate with a variable NAV
- Most LGIPs are structured and managed with the primary objective of maintaining a stable NAV of \$1.00
- Investment objectives vary including:
 - Short-term investment pools
 - Pools that offer a variety of cash management services
 - Pools that offer participants fixed rates that have \$1.00 NAV only at “maturity”
 - Bond proceeds only pools that may offer additional services like arbitrage rebate and special individual portfolios
- A local government investment pool’s offering document(s) should be carefully considered before investing



PFM Asset Management (PFMAM): A Leader in Local Government Investment Pools

Pioneer in the business

- Developed the first "grass-roots" LGIP in 1981 in Pennsylvania
 - Still managed by PFMAM

Currently providing investment advisory and/or administrative services to:

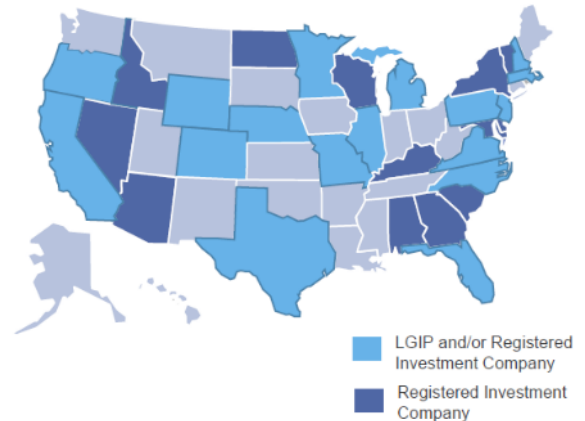
- 18 statewide pooled investment programs
- One registered investment company
- Series or classes registered in multiple states

\$66.0b

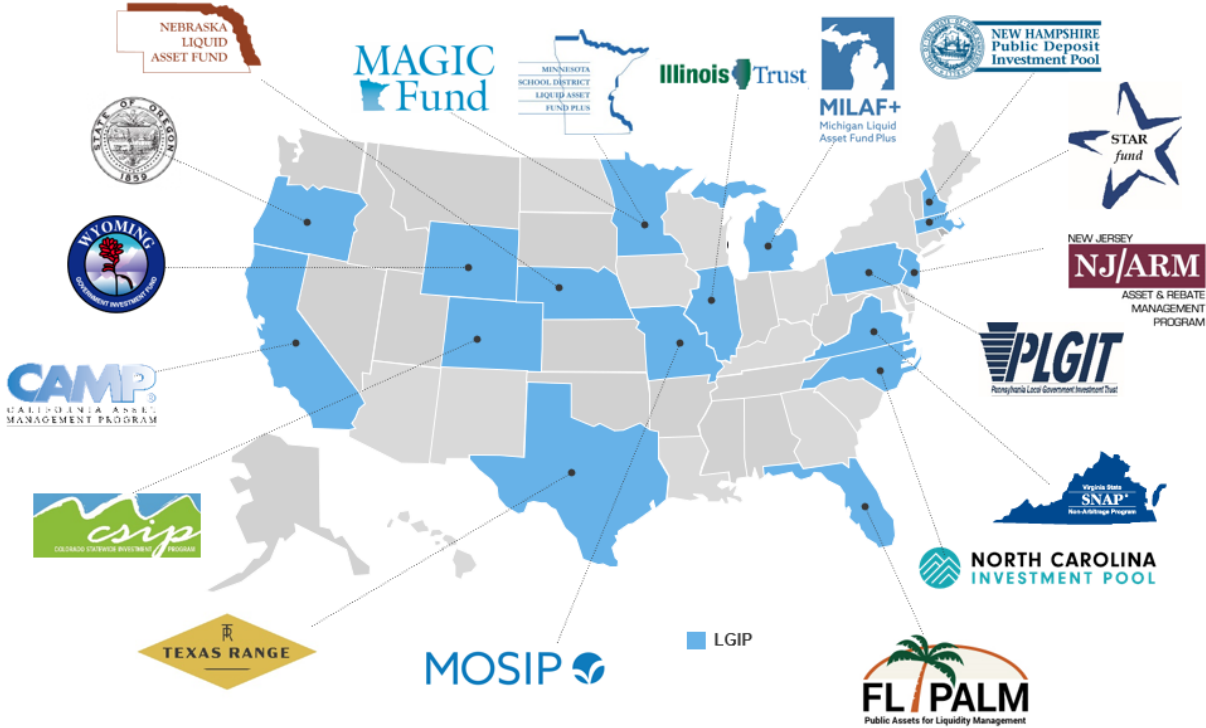
Combined total assets
nationwide

5,761

Participants



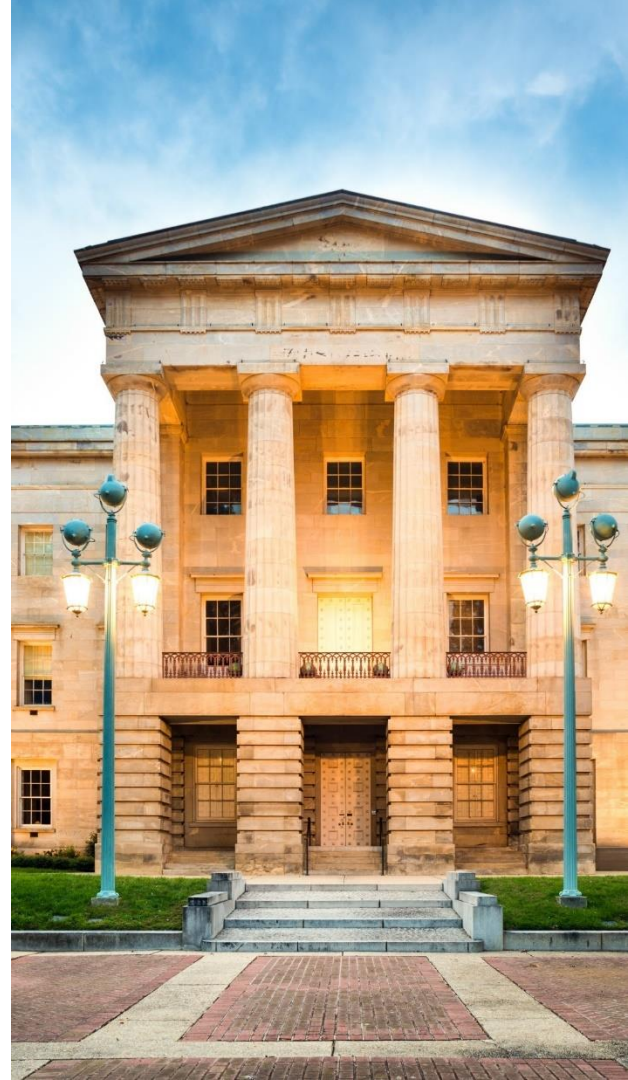
PFMAM: Managed or Administered LGIPs*



*As of March 31, 2023

NCIP's Objective

Earn a competitive yield while preserving principal, providing liquidity and seeking a stable net asset value (NAV) of \$1.00.



NCIP's Liquid Portfolio Overview

Commingled Investment Structure designed to provide:

- Economies of scale
- Ease of administration for participants
- Highly liquid investments and competitive investment returns
- Day-to-day administration by an experienced group of services providers

Primary Investment Objective: Principal Stability

- Highest rating by two nationally recognized statistical ratings organizations (NRSROs)
- Governed by a participant-elected board of trustees
- Investment policies consider diversification, credit quality, and provision of liquidity to participants

Complies with NC General Statute 159-30(c)

- Authorized by 159-30(c)(10) provided portfolio holdings are limited to securities permitted by 159-30(c)



NCIP's Liquid Portfolio Overview (continued)

Designed to provide participants a high degree of liquidity

- Allows for same-day deposits and withdrawals (if request is received by 1:00 PM EST)

Additional Information to Consider

- Investment, operating and reporting policies are designed to align with GASB 79
- Created through an interlocal government agreement between Wake County and Buncombe County
- Board of Trustees comprised of finance officers of participating North Carolina Units
- Investment Advisor is registered with the SEC
- Distribution provided by broker who is registered with FINRA

*This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Participants should consider the North Carolina Investment Pool's ("NCIP" or the "Pool") investment objectives, risks, charges, and expenses before investing in the Pool. This and other information about the Pool is available in the Pool's current Information Statement, which should be read carefully before investing. A copy of the Pool's Information Statement is available by calling 1-833-736-NCIP (6247) or is available on the Pool's website at www.investncip.com. While the Pool seeks to maintain a stable net asset value of \$1.00 per share, it is possible to lose money investing in the Pool. An investment in the Pool is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Pool are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) (www.finra.org) and Securities Investor Protection Corporation (SIPC) (www.sipc.org). PFM Fund Distributors, Inc. is an affiliate of PFM Asset Management LLC.*



What does GASB 79 compliance mean for your entity?

The use of the amortized cost method allows pools to maintain a stable \$1 NAV per share.

Participants in pools that follow GASB 79 can use amortized cost in their financial reporting and do not need to adjust their investments to fair value.*

This is possible because the pool meets GASB 79 criteria for:

- Portfolio maturity
- Credit quality
- Diversification
- Liquidity
- Shadow pricing (per share price of a portfolio based on the market value of the securities in that portfolio)

*Source:<https://www.gasb.org/page/pageContent?pageId=/standards-guidance/pronouncements/summary--statement-no-79.html>



A Pool Governed by Those it Serves

NCIP Governance Structure

SERVICE PROVIDERS

STAKEHOLDERS

GOVERNANCE



Current NCIP Trustees

- Emily Lucas – Wake County
- Don Warn – Guilford County
- David Beck – Town of Garner
- David Boyd – Mecklenburg County
- Mindy Taylor – City of Durham

Independent Service Providers

- Depository Bank 
- Custodian Bank  FIFTH THIRD BANK
- Auditor 
- Legal Counsel 



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