

STATE INVESTMENT BOARD
RETIREMENT & INVESTMENT OFFICE
IN-STATE PROGRAM ROLL-OUT

NORTH
Dakota
Be Legendary.

KEY COMPONENTS OF H.B. 1425

Manager Preference

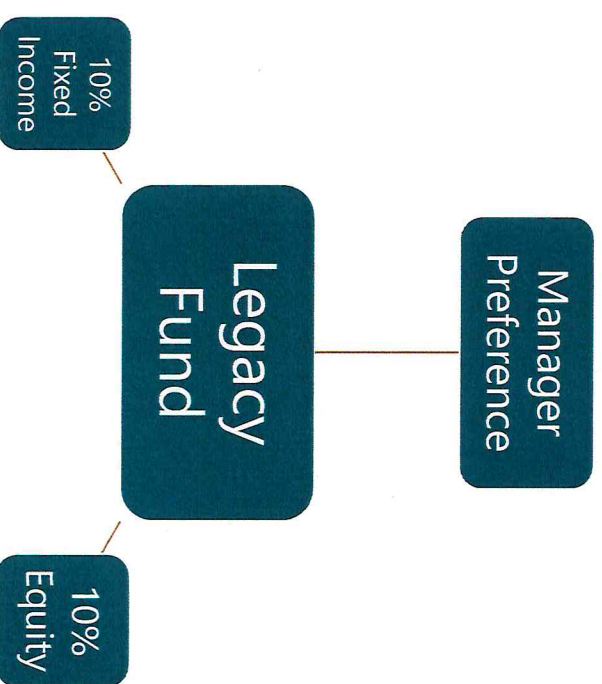
- Develop a preference program for in-state managers

10% Equity

- At least 3% private markets focus (50 South)
- Remainder of equity program likely invested in private markets given limited public equity opportunities

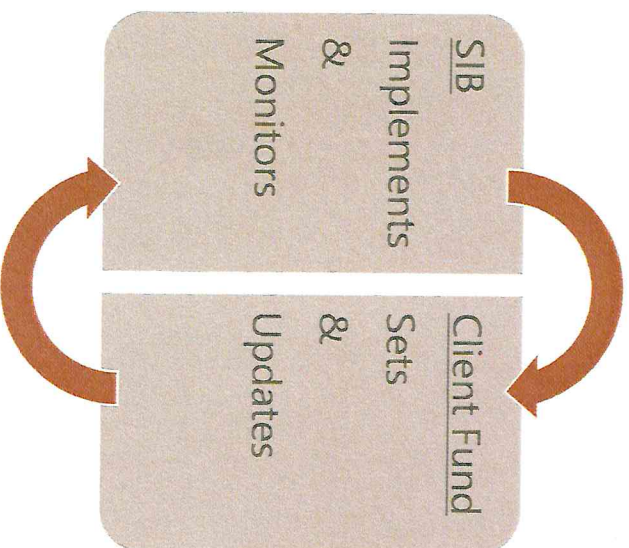
10% Fixed Income

- 40% infrastructure loans with 1.5% return
- 60% BND match loans with yields equivalent to comparable treasuries



ASSET ALLOCATIONS

- Process

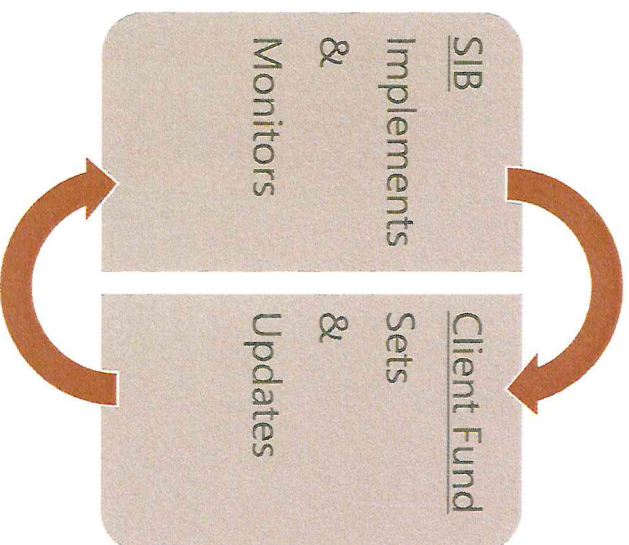


- NDCC 21-10-02.1

- The governing body of each fund... shall establish policies on investment goals and objectives and asset allocation for each respective fund..
- The asset allocation and any subsequent allocation changes for each fund must be approved by the governing body of that fund and the state investment board.

S.B. 2291 -FACTORS

■ Process



■ N.D.C.C. 21-10-08.1

- As used in this section, "**social investment**" means the consideration of socially responsible criteria in the investment or commitment of public funds for the **purpose of obtaining an effect other than a maximized return to the state.**
- 2. Except as otherwise provided in a state **investment policy relating to the investment of the legacy fund and** unless the state investment board can demonstrate a social investment would provide **an equivalent or superior rate of return compared to a similar investment** that is not a social investment and has a similar time horizon and risk, **the state investment board may not invest** state funds for the purpose of social investment.

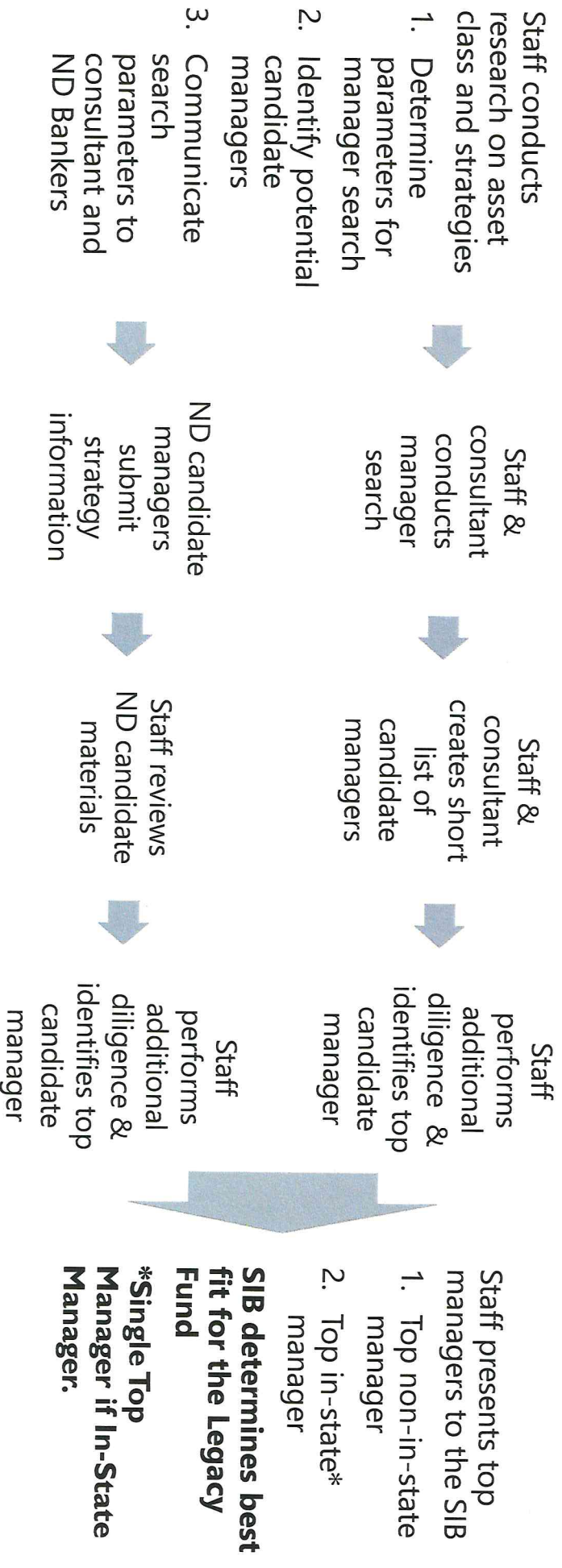
ASSET ALLOCATION STUDY – WHY NOW?

Staff recommends conducting an asset allocation study to address key issues:

- Determine allocation targets of the 80% non-in-state portion of the Legacy Fund to **meet expected biennial earnings and** account for lower returning assets in the In-State Fixed Income Program
- Ascertain maximum amount of illiquid strategies in the Legacy Fund
- Adjust allocation targets to existing illiquid strategies if necessary
- Establish a pacing schedule for the In-State Equity Program
- Determine appropriate investment guidelines for the entire In-State Equity Program.

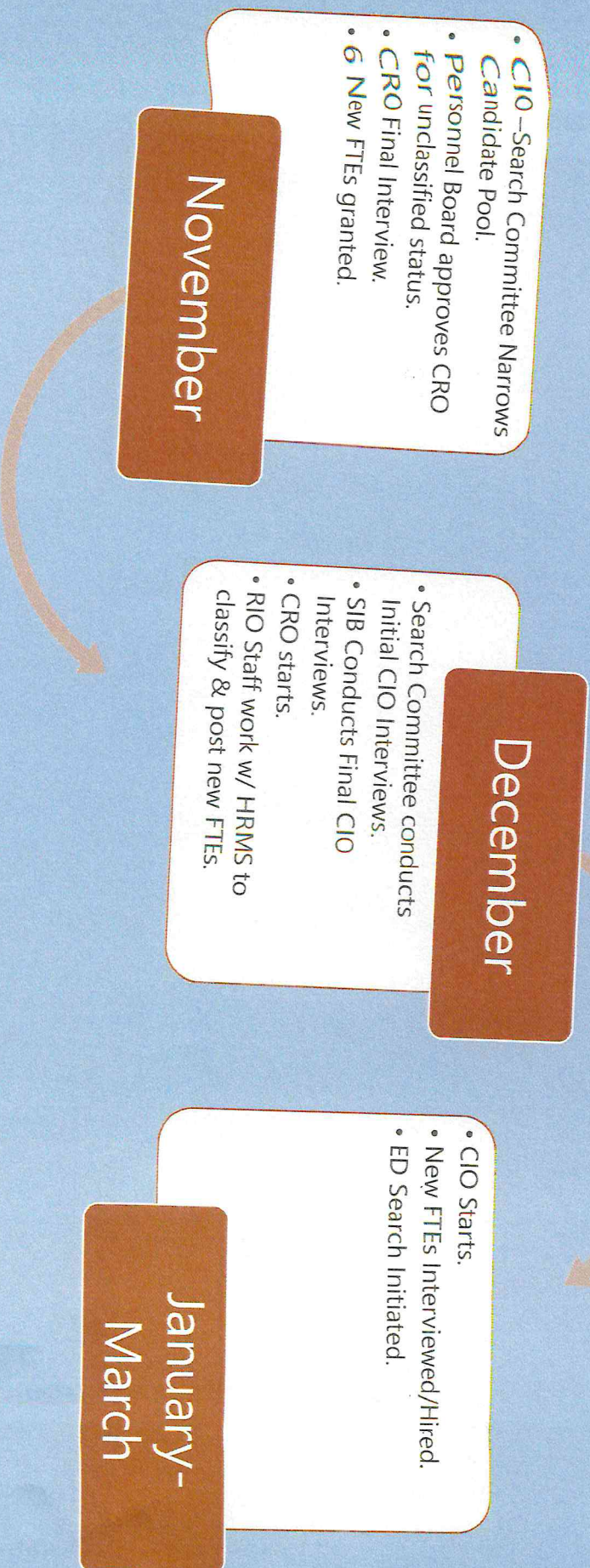
MANAGER PREFERENCE PROGRAM

Staff conducts two separate searches to implement the In-State Preference Program



RIO STAFFING

- Contingent on Legislature



IN-STATE PROGRAM ROLLOUT

Asset Allocation Study – Required by H.B. 1425 & S.B. 2291

RIO Staffing – Required to Implement Manager Searches

Manager Preference – Required by N.D.C.C. 21-10-07.1 & 21-10-11(2)

November

- RIO Staff conducts Research on Consultant Capabilities
- Draft RFP

November

- Search Committee selects CIO candidates for initial interviews.
- RIO staff conducts final CRO interviews.

6FTE Request contingent on Legislature.

November

- RIO staff conducts Research on In-State Managers.
- Discuss Outreach structure with Industry Reps.

December

- RFP Issued
- Advisory Board reviews Consultant responses

December

- Search Committee Initial & SIB - Final CIO Interview.
- Expected CRO start date.
- RIO/HRMS finalize/post new FTEs

December

- RIO Staff Outlines Investment Project Structure to Implement Future AA Study.
- Work with BND on viability of application process.

Jan-March

- RFP Awarded
- Consultant and Advisory Board meet to develop guidelines to Adjust Asset Allocation.

Jan-March

- CIO Starts
- Interviews/Hire New Positions
- ED Search initiated.

Jan-March

- CIO coordinates collaboration efforts of New Hires, Industry Reps, and BND assistance.
- New Asset Allocation provides framework for Next Steps

Manager Searches contingent on 6FTE Request & filling positions.