

North Carolina CLASS Prime - Investment Policy

Purpose

North Carolina CLASS provides a professionally managed pooled investment program for Participants. This policy has been established to create the principles by which the North Carolina CLASS Prime Fund will be invested and secured to comply with the requirements of North Carolina law, specifically N.C.G.S. Section 159-30 or other laws of the State of North Carolina governing the investment of monies of a Local Government Unit.

Investment Objectives

The general purpose of the North Carolina CLASS Prime Fund is to generate additional investment income for the Participants while maintaining safety and liquidity. The Prime Fund will be managed to offer a safe, convenient, and daily liquid investment option for Participants. As described below, the investment objectives of the Prime Fund will be to preserve principal, provide daily liquidity, earn a competitive rate of return, and maintain a stable Net Asset Value (NAV) of \$1.00.

The investment objectives of the Prime Fund in order of priority are:

Safety: The Prime Fund is managed to emphasize the preservation of principal while maintaining a stable NAV of \$1.00.

Liquidity: The Prime Fund is managed to provide daily liquidity to its Participants. See below for description of the maximum WAM and WAL for investments in the Prime Fund.

Competitive Returns: The Prime Fund is managed to generate competitive returns while providing daily liquidity and stability of principal.

This Investment Policy for the Prime Fund establishes the policies, procedures, and strategies that are designed to facilitate the achievement of these objectives

No assurances can be given that the investment objectives of the Prime Fund will be achieved.

General Provisions

The Investment Advisor will invest North Carolina CLASS Prime assets in high-quality fixed income securities.

The Investment Advisor for the Prime Fund will maintain a 'AAAm' rating from S&P Global Ratings on the Prime Fund. According to S&P Global Ratings, a fund rated 'AAAm' demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. 'AAAm' is the highest principal stability fund rating assigned by S&P Global Ratings.

North Carolina CLASS Prime will have a maximum dollar-weighted average maturity (WAM) of 60 days and a maximum weighted average life (WAL) of 120 days.

North Carolina CLASS Prime shall at all times maintain a prudent diversification of its investment portfolio among eligible asset classes.

Investment Procedures

The Investment Advisor will maintain a list of qualified broker/dealers that North Carolina CLASS may engage in investment transactions with. The list will be regularly approved by the Board of Trustees and will be maintained separately from this Policy.

The Investment Advisor will maintain a list of qualified corporate debt issuers that North Carolina CLASS may purchase. The list will be regularly approved by the Board of Trustees and will be maintained separately from this Policy.

All purchases of investments, except investments in mutual funds or bank instruments, shall be made on a delivery versus payment basis to a third-party custodian. The safekeeping entity for all North Carolina CLASS investments and for all collateral pledged to secure funds of North Carolina CLASS shall be the Custodian.

Permitted Investments

North Carolina CLASS Prime will be invested and secured to comply with the requirements of North Carolina law, specifically N.C.G.S. Section 159-30.

This Investment Policy restricts the North Carolina CLASS Prime Fund to the classes of securities identified in N.C.G.S. Section 159-30 and such other investments as may be authorized in the future for Participants under Section 159-30 as it may be amended.

The foregoing being "Permitted Investments"

A listing of the Prime Fund Eligible Investments can be found in the [Prime Fund Information Statement](#).

Investment Restrictions

The Investment Advisor shall comply with the following investment restrictions established by North Carolina CLASS. These restrictions are considered to be fundamental to the operation and activities of the Trust:

1. The Trust may not make any investment other than a Permitted Investment.
2. The Trust may not make any investment other than investments authorized by the Board's investment policy, Indenture, and N.C.G.S. 159-30, as the same may be amended from time to time; provided, however, the Board and the Trust shall not be responsible for insuring compliance with any investment restrictions provided for in a Participant's home rule charter or elsewhere.
3. The Trust may neither borrow money nor incur indebtedness whether or not the proceeds thereof are intended to be used to purchase Permitted Investments except as a temporary measure to facilitate withdrawal requests which might otherwise require unscheduled dispositions of North Carolina CLASS Prime portfolio investments and only as to the extent permitted by law.
4. The Trust may not buy securities from or sell securities to the Administrator, the Investment Advisor, the Custodian, or any member of the Board (Trustee), or with any affiliate, officer, director, employee, or agent of any of them.

Adopted, March 13, 2023