

Getting to Know NCIP

Our Approach to Safety, Liquidity, and Yield



The North Carolina Investment Pool (NCIP or the Pool) is a professionally managed local government investment pool (LGIP). It offers North Carolina local government units an option to invest idle funds. The Liquid Portfolio's (Portfolio) primary objectives are to provide safety, liquidity, and yield:

- Safety of principal by maintaining a stable \$1.00 net asset value
- Daily liquidity so that you have access to your funds as needed
- Incremental yield (after the first two objectives are met)

NCIP's investment adviser, PFM Asset Management LLC (PFMAM), and NCIP's Board of Trustees have a fiduciary responsibility to act in the best interest of its participants. Its investments are designed to comply with North Carolina law. PFMAM has more than 41 years of experience managing LGIPs and is currently investment adviser and/or administrator to 18 nationwide.¹

Safety of Principal

Investors should be confident in the safety and liquidity of public funds during times of relative stability and, especially, during economic or financial crises.

NCIP's Board and investment adviser, PFMAM, established investment and operating policies that are designed to allow the Pool to meet a primary objective of maintaining a stable net asset value (NAV) of \$1.00 per share. One of those policies is to seek a rating from two Nationally Recognized Statistical Ratings Organizations (NRSROs). The NCIP Liquid Portfolio achieved a AAAM from Standard and Poor's and AAAMmf from Fitch². According to the S&P rating criteria, AAAM signifies safety of investment principal and a superior capacity to maintain a \$1.00 NAV. The Fitch AAAMmf rating reflects Fitch's review of the fund's overall credit quality and diversification and low exposure to interest rate and spread risks, as well as the capabilities and resources of PFMAM as investment adviser.

The Pool also seeks to adhere to the Governmental Accounting Standards Board (GASB) Statement 79³, which incorporates robust guidance and accounting standards for LGIPs to qualify for electing to measure its investments at amortized cost from a financial reporting perspective. Those standards include, but are not limited to:



Portfolio Quality. Securities must be rated in the highest category of short-term ratings.



Diversification. No more than 5% of the portfolio's assets are from a single issuer. U.S. government securities are exempt from this requirement.

Liquidity of Funds

Having the right amount of liquidity means having access to funds when needed. And because NCIP is a cash-management vehicle, those needs often translate to same-day access to monies.

Funds are easily accessible via Connect, a convenient online portal, or by calling the NCIP Client Services Group at 833-736-NCIP. Participants can place wire or ACH orders through Connect. If orders are received by the Pool's cutoff time, a wire can go out the same day.

In addition to the above parameters, GASB 79 has requirements regarding the Portfolio's objective of providing liquidity:

- At least 10% of the Portfolio's assets must be held in daily liquid assets, and 30% held in weekly liquid assets.
- The Portfolio must have securities with maturities of 397 days or less. The weighted average maturity must be 60 days or less, along with a weighted average life of 120 days or less.

Seeking a Competitive Yield

NCIP seeks to earn a competitive yield to aid public investors in growing their funds. The Portfolio invests in high-quality commercial paper, U.S. Treasuries, and Federal Agencies, allowing local government units the opportunity to optimize interest earnings without compromising safety of principal and daily liquidity.

By investing in NCIP, participants have exposure to a diversified portfolio of high-quality fixed income securities including commercial paper, thus potentially limiting the concentration risk of investing in individual securities. Pool participants can also benefit from economies of scale and greater diversification. NCIP's investment adviser maintains an extensive credit review process that is built around the independent evaluation of issuers for the program's investments.

How NCIP Can Benefit You

NCIP offers transparent tracking and reporting capabilities with its online client portal, Connect, as well as dedicated relationship managers and client service team — all of which are designed to help lessen the administrative burden for North Carolina local government units.

To learn more or discuss in greater detail, please contact us:

1-833-736-NCIP

Contact_NCIP@pfmam.com

investNCIP.com

¹ As of April 2023

² Rated AAAM by Standard & Poor's (S&P) and AAAMmf by Fitch Ratings ("Fitch"). S&P's fund ratings are based on analysis of credit quality, market price exposure, and management. According to S&P's rating criteria, the AAAM rating signifies excellent safety of investment principal and a superior capacity to maintain a \$1.00 per share net asset value. The Fitch AAAMmf rating reflects Fitch's review of the portfolio's overall credit quality and diversification and low exposure to interest rate and spread risks as well as the capabilities and resources of PFM Asset Management LLC as investment adviser. According to Fitch's rating criteria, the AAAMmf rating signifies an extremely strong capacity to achieve the portfolio's investment objective of preserving principal and providing shareholder liquidity through limiting credit, market, and liquidity risk. However, it should be understood that these ratings are not "market" ratings nor a recommendation to buy, hold or sell the securities. For a full description on rating methodology, visit (http://www.standardandpoors.com/en_US/web/guest/home) and www.fitchratings.com.

³ <https://www.gasb.org/pageContent?pageId=/standards-guidance/pronouncements/summary--statement-no-79.html>

*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 may be available by calling 1-833-736-6247 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.*