

§ 147-69.7. Discharge of duties to funds.

(a) The State Treasurer shall discharge his or her duties with respect to each fund or investment program held by the State Treasurer, including each of the funds, enumerated in G.S. 147-69.2 as follows:

- (1) Solely in the interest of the intended beneficiaries of the fund, if any.
- (2) For the exclusive purpose of carrying out the purpose of the fund, including providing benefits to participants and beneficiaries, and paying reasonable expenses of administering the fund.
- (3) With the care, skill, and caution that a prudent investor would use after considering the purposes, distribution requirements, and other circumstances then prevailing.
- (4) Impartially, taking into account any differing interests of participants and beneficiaries.
- (5) Incurring only costs that are appropriate and reasonable.
- (6) In accordance with a good-faith interpretation of the provisions of G.S. 147-69.2 and any other applicable law governing the fund.

(b) In investing and managing assets of the fund pursuant to subsection (a) of this section, the State Treasurer:

- (1) Shall consider the following circumstances:
 - a. General economic conditions.
 - b. The possible effect of inflation or deflation.
 - c. The role that each investment or course of action plays within the overall portfolio of the fund.
 - d. The expected total return from income and the appreciation of capital.
 - e. Needs for liquidity, regularity of income, and preservation or appreciation of capital.
 - f. With respect to the Retirement Systems defined in G.S. 147-69.2(b)(8) and any other pension plans, the adequacy of funding for the Retirement Systems based on reasonable actuarial factors.
 - g. The purpose of the fund, if established.
- (2) Shall diversify the investments of the fund unless the State Treasurer reasonably determines that, because of special circumstances, including applicable investment restrictions, it is clearly prudent not to do so.
- (3) Shall make a reasonable effort to verify facts relevant to the investment and management of assets of the funds.
- (4) Shall invest only in those investments authorized by law consistent with the provisions of Article 6 of Chapter 146 of the General Statutes.
- (5) Shall, in the evaluation of an investment, or evaluation or exercise of any right appurtenant to an investment, consider only pecuniary factors [in accordance with the following]:
 - a. For the purposes of this section, a pecuniary factor is a factor that has a material effect on the financial risk or financial return of an investment based on appropriate investment horizons consistent with the purpose of the fund, if established.
 - b. Environmental or social considerations are pecuniary factors only if they present economic risks or opportunities that qualified investment professionals would treat as material economic considerations under generally accepted investment theories. The weight given to those factors shall solely reflect a prudent assessment of their impact on risk and return.

- (6) May, in the evaluation or exercise of any right appurtenant to an investment, reasonably conclude that not exercising such a right is in the best interest of the fund's beneficiaries.
- (c) Compliance by the State Treasurer with this section must be determined in light of the facts and circumstances existing at the time of the Treasurer's decision or action and not by hindsight.
- (d) The State Treasurer's investment and management decisions must be evaluated not in isolation but in the context of the portfolio of the fund as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the fund.
- (e) Notwithstanding any of the foregoing, the State Treasurer shall have no duty to assist or advise any official, board, commission, local government, other public authority, school administrative unit, local ABC board, community college of the State, or other person, trust, agency, institution, or entity in connection with any of the following decisions and directions with respect to any funds to be deposited with and invested by the State Treasurer:
 - (1) The voluntary decision to deposit or withdraw funds in accordance with applicable law in one or more of the State Treasurer's investment programs.
 - (2) The voluntary direction as to the allocation of deposited funds in accordance with applicable law among the State Treasurer's investment programs.
 - (3) Any other decision or direction by which the depositor exercises control over assets deposited or to be deposited with the State Treasurer in accordance with applicable law. (2009-283, s. 3; 2013-284, s. 1(e); 2013-398, s. 2; 2013-410, s. 27.5; 2016-55, s. 2.2; 2020-48, s. 1.18; 2023-64, s. 2.)