

January 15, 2021

Dear Participant,

Plan recordkeeping fees are being reduced effective Jan. 1, 2021

Good news! The plans' strong and collaborative relationship with Prudential Retirement® has resulted in an annual recordkeeping fee reduction for participants in the NC 401(k) Plan, the NC 457 Plan, and/or the NC 403(b) Program — from \$31 to \$28 (per plan account).

Small/Mid Cap Fund Update

Oversight by the North Carolina Supplemental Retirement Board of Trustees is a value-added feature of the NC Supplemental Retirement Plans, helping to ensure that all the plans' investment offerings continue to meet the needs of state and local governmental employees. As part of its oversight, the Board has made changes to the NC Small/Mid Cap Fund.

The plans wanted to share these upcoming changes with you because you have assets invested in this Fund. The Fund is used in the GoalMaker® model portfolios, so the changes also affect participants who use GoalMaker model portfolios.

No action is required unless you want to change your investment selections.

What is the NC Small/Mid Cap Fund?

The NC Small/Mid Cap Fund was established to provide participants with an actively managed equity option targeted at the U.S. equity market's small-/mid-cap sector. The Fund's assets are allocated to actively managed value and growth investment styles. The primary investment objective of the NC Small/Mid Cap Fund is long-term capital appreciation.

How will the NC Small/Mid Cap Fund change?

On or about February 19, 2021, the Fund's investment strategy, name, and cost will change:

- The Fund's allocation to passive management will be reduced;
- The Fund's allocations will equally weight value, growth and core investment styles;
- The Fund's name will change to NC Small/Mid Cap Core Fund, reflecting the Fund's "core" investment strategy of value, growth and core styles; and
- The investment management fees are anticipated to increase from 0.32% to approximately 0.40%.*

As always, if you have questions, you can speak with your Retirement Education Counselor for personal assistance. A list of counselors is available on our website, at NCPlans.prudential.com.

* Additionally, an operating fee and a per-account recordkeeping and communications fee apply.

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Prudential Retirement provides the communications and recordkeeping services for the NC 401(k) and NC 457 Plans and the NC 403(b) Program. With the exception of the NC Stable Value Fund and the NC Fixed Income Fund, the investments offered to you within the NC 401(k) and NC 457 Plans are not offered by or affiliated with Prudential Financial or any of its companies or businesses. Prudential Retirement is a Prudential Financial business.

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