



Commission Meeting Agenda

Thursday, June 1, 2023, at 9:30 a.m.

RSIC Presentation Center and Streaming Online at www.rsic.sc.gov

- I. Call to Order and Consent Agenda
 - A. Adoption of Proposed Agenda
 - B. Approval of April 2023 Minutes
- II. CEO's Report
 - A. Legislative Update
- III. CIO's Report
 - A. Investment Performance Update
- IV. Verus
 - A. Fiduciary Training
- V. Delegated Investment Report
- VI. Executive Session – To discuss investment matters and specific private equity investments pursuant to S.C. Code Sections 9-16-80 and 9-16-320; to discuss personnel matters, and to receive advice from legal counsel pursuant to S.C. Code Section 30-4-70(a)(1)-(2).
- VII. Potential Action Resulting from Executive Session
- VIII. Adjourn

NOTICE OF PUBLIC MEETING

This notice is given to meet the requirements of the S.C. Freedom of Information Act and the Americans with Disabilities Act. Furthermore, this facility is accessible to individuals with disabilities, and special accommodations will be provided if requested in advance.

**South Carolina Retirement System Investment Commission
Meeting Minutes**

April 20, 2023 9:30 a.m.

Capitol Center

1201 Main Street, 15th Floor

Columbia, South Carolina 29201

**Meeting Location: 1201 Main Street, 15th Floor, Ste. 1510 & Streaming Online at
www.rsic.sc.gov**

Commissioners Present:

Mr. William Hancock, Chair

Ms. Peggy Boykin, PEBA Executive Director (Absent)

Mr. William J. Condon, Jr.

Mr. Kenneth F. Deon (Via Telephone)

Mr. Edward Giobbe (Via Telephone)

Ms. Melissa Schumpert (Via Telephone)

Dr. Holley H. Ulbrich

Mr. Reynolds Williams (Via Telephone)

I. Call to Order and Consent Agenda

Chair William H. Hancock called the meeting of the South Carolina Retirement System Investment Commission (“Commission”) to order at 9:34 a.m. Dr. Holley H. Ulbrich made a motion to adopt the agenda as presented. Mr. Kenneth F. Deon seconded the motion, which was unanimously approved.

Ms. Melissa Schumpert made a motion to approve the minutes of the Commission’s March 2, 2023, meeting. Dr. Ulbrich seconded the motion, which was approved unanimously.

II. Chair’s Report

Chair Hancock stated that he had nothing to report.

III. Committee Reports

Chair Hancock noted that neither of the Commission’s committees had met since the last Commission meeting, and accordingly, there were no reports.

IV. CEO’s Report

Chair Hancock then recognized Mr. Michael Hitchcock, Chief Executive Officer (“CEO”), for his report. Mr. Hitchcock began by revisiting the summary of proposed changes to the Consolidated Annual Investment Plan and Statement of Investment Objectives and Policies (“AIP/SIOP”) that he had reviewed during the Commission’s most recent meeting. He explained that he had requested any feedback from the Commissioners regarding the proposed changes. Mr. Hitchcock then introduced several additional edits to the AIP/SOP that had been proposed during the intervening period and highlighted them for the Commissioners.

Chair Hancock then opened the floor for a discussion of the proposed changes. Mr. William J. Condon, Jr., expressed concern about the proposed changes to the proxy voting in Section 13 of the AIP/SIOP and suggested reverting to the original language. Mr. Hitchcock and the Commissioners discussed the proposed changes to the proxy voting language, Mr. Condon's concerns regarding implementation of the proposed language, and other edits in detail. After further discussion, Mr. Reynolds Williams made a motion to adopt Section 13 of the AIP/SIOP as presented. Dr. Ulbrich seconded the motion, which was approved by a vote of five to two. Mr. Deon, Ms. Schumpert, Dr. Ulbrich, Mr. Williams, and Mr. Edward Giobbe voted in favor of the motion. Mr. Condon and Chair Hancock voted against the motion.

Dr. Ulbrich then made a motion that the Commission: (i) adopt the recommendation of the CEO and Chief Investment Officer ("CIO") to approve the proposed revisions to the AIP/SIOP for fiscal year 2023-24, as set forth in the red-numbered documents, pages 65 to 118, with an effective date of July 1, 2023; (ii) certify that RSIC is in compliance with the Sudan Divestment Policy without taking additional action due to the method of implementation utilized in the Portfolio; (iii) authorize Staff to finalize the AIP/SIOP by making any technical revisions or formatting edits consistent with the action taken by the Commission; and (iv) to make technical revisions necessary to conform to any final legislative action of the South Carolina General Assembly. Ms. Schumpert seconded the motion, which was approved by a vote of five to two. Mr. Deon, Ms. Schumpert, Dr. Ulbrich, Mr. Williams, and Mr. Giobbe voted in favor of the motion. Mr. Condon and Chair Hancock voted against the motion.

There being no questions or further discussion, Mr. Hitchcock concluded his report. A link to the CEO's Report is below:

<https://www.youtube.com/watch?v=nlAPrzg0Leo&t=151s>

V. Delegated Investment Report

Chair Hancock then recognized Mr. Geoffrey Berg, CIO, for the delegated investment report. The following delegated investments were closed by Staff following the Commission's March 2, 2023, meeting.

Delegated Investments (March 2, 2023 to April 19, 2023)			
Asset Classes	Investments	Investment Amount	Closing Date
Infrastructure	Basalt Infrastructure Partners IV	\$75 M	March 7, 2023
Real Estate	Stockbridge Value Fund V	Up to \$75 M	April 18, 2023

IX. Executive Session

Mr. Condon made a motion to recede into executive session to discuss investment matters and specific real asset investments pursuant to S.C. Code Sections 9-16-80 and 9-16-320; and to discuss personnel matters and to receive advice from legal counsel pursuant to S.C. Code Section 30-4-70(a)(1)-(2). Dr. Ulbrich seconded the

motion, which was approved unanimously. The Commission recessed into executive session at 10:22 a.m.

X. Potential Actions Resulting from Executive Session

Upon returning to open session, Mr. Hitchcock noted that the Commission did not take any action while in executive session.

XI. Adjourn

There being no further business, Dr. Ulbrich made a motion to adjourn. Mr. Condon seconded the motion, which was approved unanimously. The Commission adjourned at 1:21 p.m.

[Staff Note: In compliance with S.C. Code Section 30-4-80, public notice of and the agenda for this meeting were delivered to the press and to parties who requested notice and were posted at the entrance, in the lobbies, and near the 15th Floor Presentation Center at 1201 Main Street, Columbia, S.C. by 5:11 p.m. on Tuesday, April 18, 2023.]

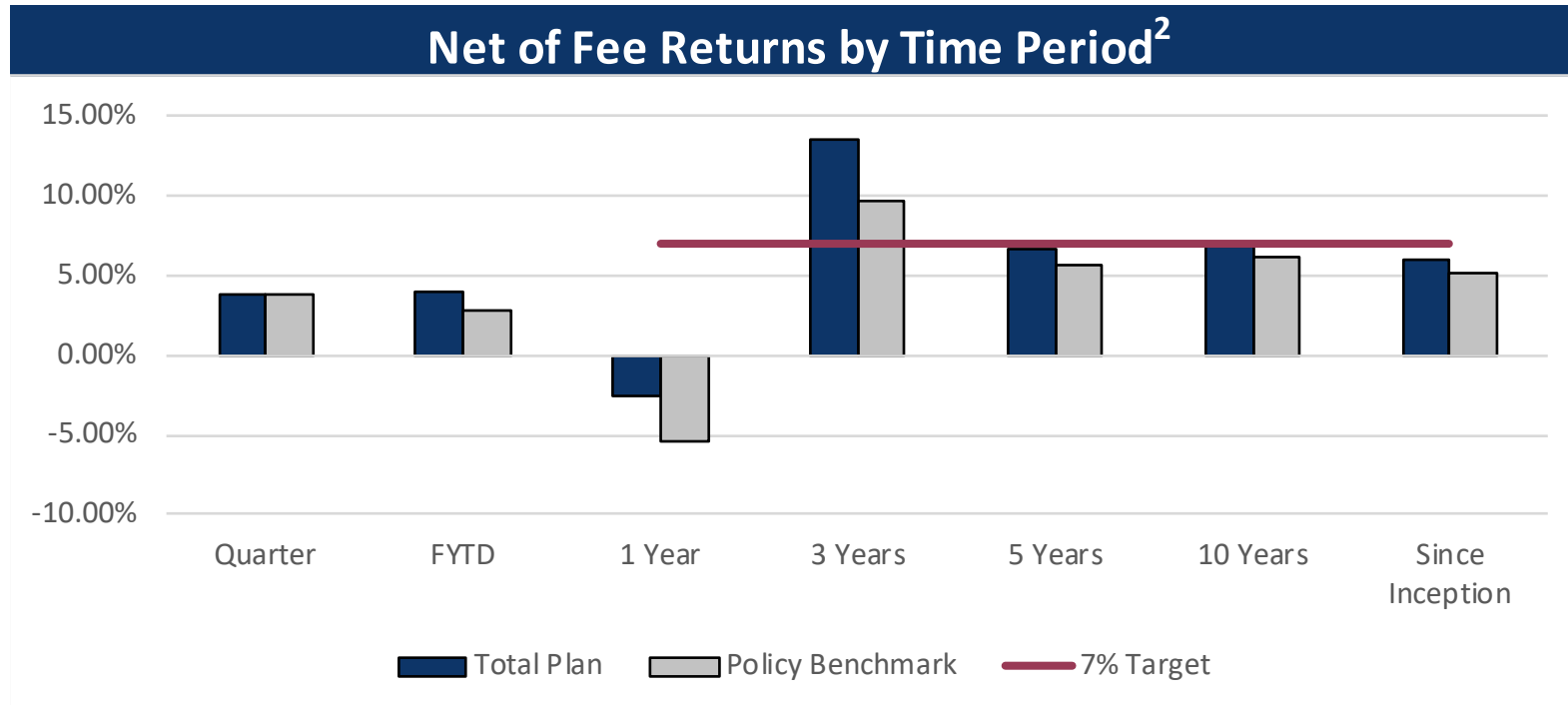
RSIC Performance Analysis

Data as of 03-31-2023



Performance - Plan & Policy Benchmark²

As of March 31, 2023



Rolling period performance as of March 31, 2023 ¹					Annualized			
Executive Summary	Market Value (millions)	Quarter	FYTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Total Plan	\$39,561	3.74%	3.95%	-2.49%	13.48%	6.66%	6.72%	5.97%
Policy Benchmark		3.81%	2.86%	-5.45%	9.61%	5.61%	6.12%	5.08%
Excess Return		-0.07%	1.09%	2.96%	3.87%	1.05%	0.60%	0.89%
Net Benefit Payments (millions)		(\$27)	(\$232)	(\$364)	(\$1,521)	(\$3,171)	(\$8,633)	(\$15,691)



Portfolio Performance Framework

As of March 31, 2023

Reference Portfolio		Policy Benchmark		Implementation Benchmark		Plan Return	
Quarter	5.76%	Quarter	3.81%	Quarter	3.55%	Quarter	3.74%
FYTD	6.82%	FYTD	2.86%	FYTD	2.20%	FYTD	3.95%
1-Year	-6.60%	1-Year	-5.45%	1-Year	-5.99%	1-Year	-2.49%
3-Years	10.04%	3-Years	9.61%	3-Years	11.45%	3-Years	13.48%

Value from Diversification		Quality of Portfolio Structure		Quality of Manager Selection	
Quarter	-1.95%	Quarter	-0.26%	Quarter	0.19%
FYTD	-3.96%	FYTD	-0.66%	FYTD	1.75%
1-Year	1.15%	1-Year	-0.54%	1-Year	3.50%
3-Years	-0.43%	3-Years	1.84%	3-Years	2.03%

Actual vs Reference		Actual vs Policy	
Quarter	-2.02%	Quarter	-0.07%
FYTD	-2.87%	FYTD	1.09%
1-Year	4.11%	1-Year	2.96%
3-Years	3.44%	3-Years	3.87%



Asset Class Performance^{1,3,4,5}

As of March 31, 2023

Trailing Performance as of 03/31/2023	Portfolio Weight	Annualized				
		Quarter	FYTD	1 Year	3 Years	5 Years
Public Equity	43.9%	7.07%	9.99%	-7.25%	16.04%	6.36%
<i>Benchmark</i>		<i>6.95%</i>	<i>9.68%</i>	<i>-7.68%</i>	<i>15.61%</i>	<i>6.48%</i>
Bonds	19.0%	3.00%	-0.56%	-4.55%	0.57%	0.27%
<i>Benchmark</i>		<i>2.96%</i>	<i>-0.09%</i>	<i>-4.78%</i>	<i>-1.96%</i>	<i>-0.11%</i>
Private Equity	15.0%	0.81%	-1.99%	1.11%	20.22%	13.51%
<i>Benchmark</i>		<i>0.57%</i>	<i>-6.83%</i>	<i>-8.37%</i>	<i>14.28%</i>	<i>13.64%</i>
Private Debt	9.1%	1.94%	2.96%	4.87%	9.90%	6.33%
<i>Benchmark</i>		<i>2.87%</i>	<i>0.43%</i>	<i>0.87%</i>	<i>4.04%</i>	<i>4.80%</i>
Real Assets	12.9%	0.11%	-0.29%	3.78%	12.67%	10.21%
<i>Benchmark</i>		<i>-3.33%</i>	<i>-8.04%</i>	<i>-3.86%</i>	<i>7.56%</i>	<i>7.05%</i>
Portable Alpha Hedge Funds	12.0%	-1.21%	-0.58%	2.63%	10.52%	5.05%
Total Plan	100.0%	3.74%	3.95%	-2.49%	13.48%	6.66%
<i>RSIC Policy Benchmark</i>		<i>3.81%</i>	<i>2.86%</i>	<i>-5.45%</i>	<i>9.61%</i>	<i>5.61%</i>

*Portable Alpha Hedge Funds are expressed as gross exposure but, as collateral supporting the Overlay program, net to zero when calculating total Plan market value. 3 and 5 year Portable Alpha hedge fund returns are considered supplemental information provided by Staff to illustrate performance of these hedge funds even though they were classified under a different asset class during these periods. Performance is expressed net of LIBOR as an estimate for Overlay financing costs.



Policy
Benchmark

- **Policy Benchmark:** The return of the five-asset class target portfolio.

Allocation

- **Allocation effect:** isolates the impact of making overweight or underweight decisions to each of the five asset classes.

Implement-
ation

- **Implementation effect:** measures the impact of decisions to construct each asset class portfolio differently than the benchmark.

Selection

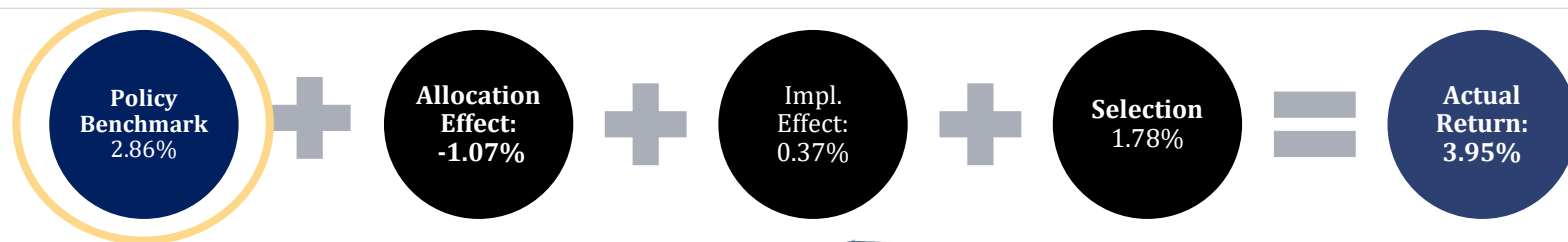
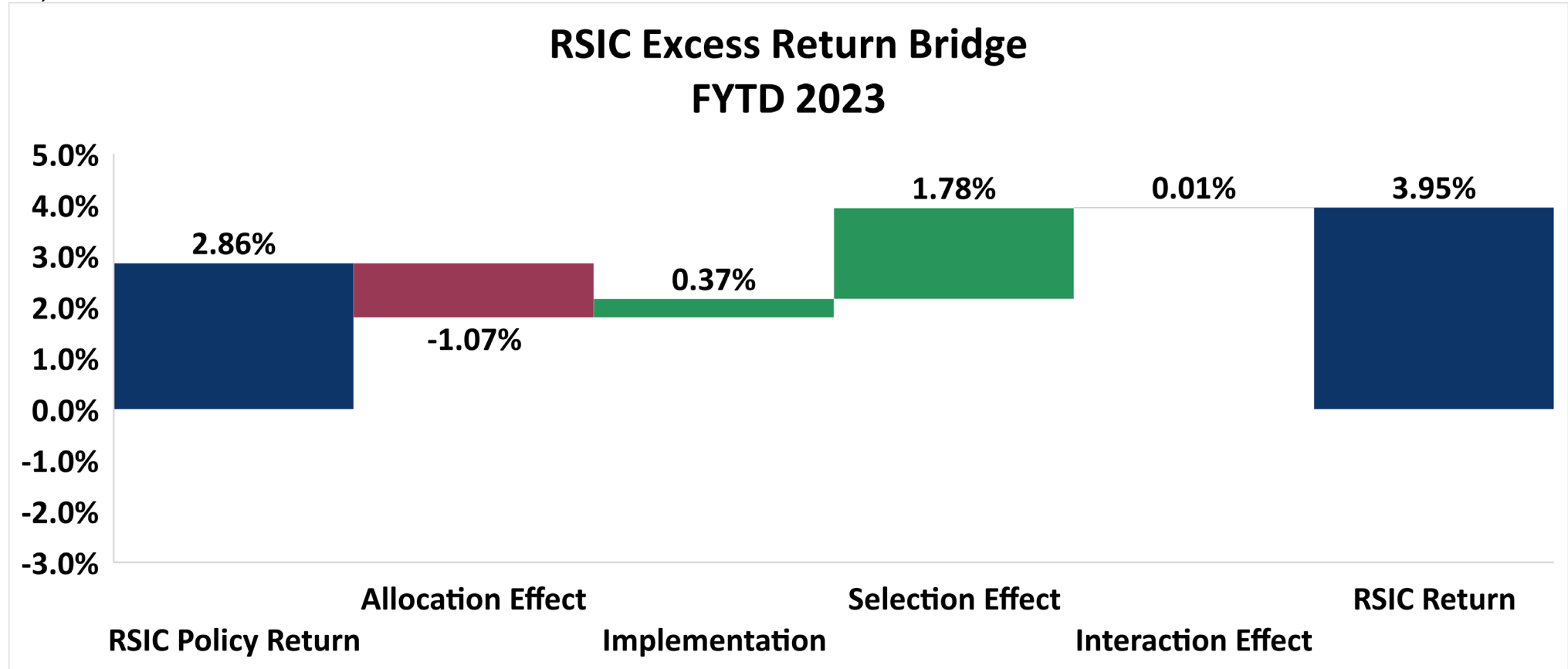
- **Selection effect:** evaluates the impact of manager selection decisions.

Actual
Return

- The **Actual return** reflects the sum of all of these impacts.

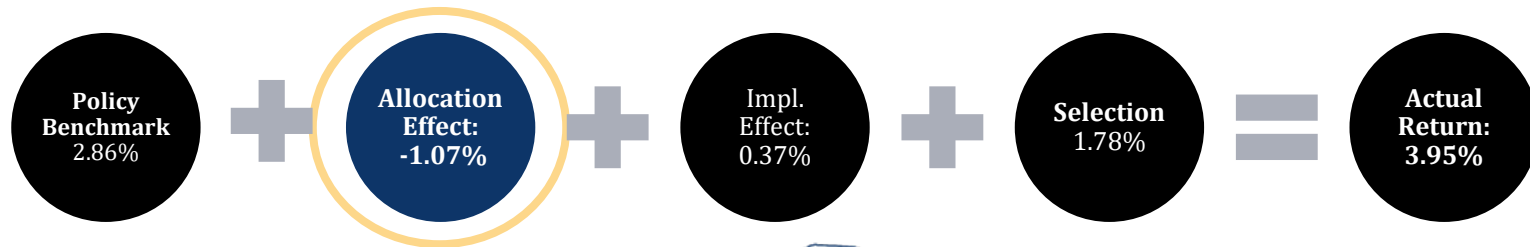
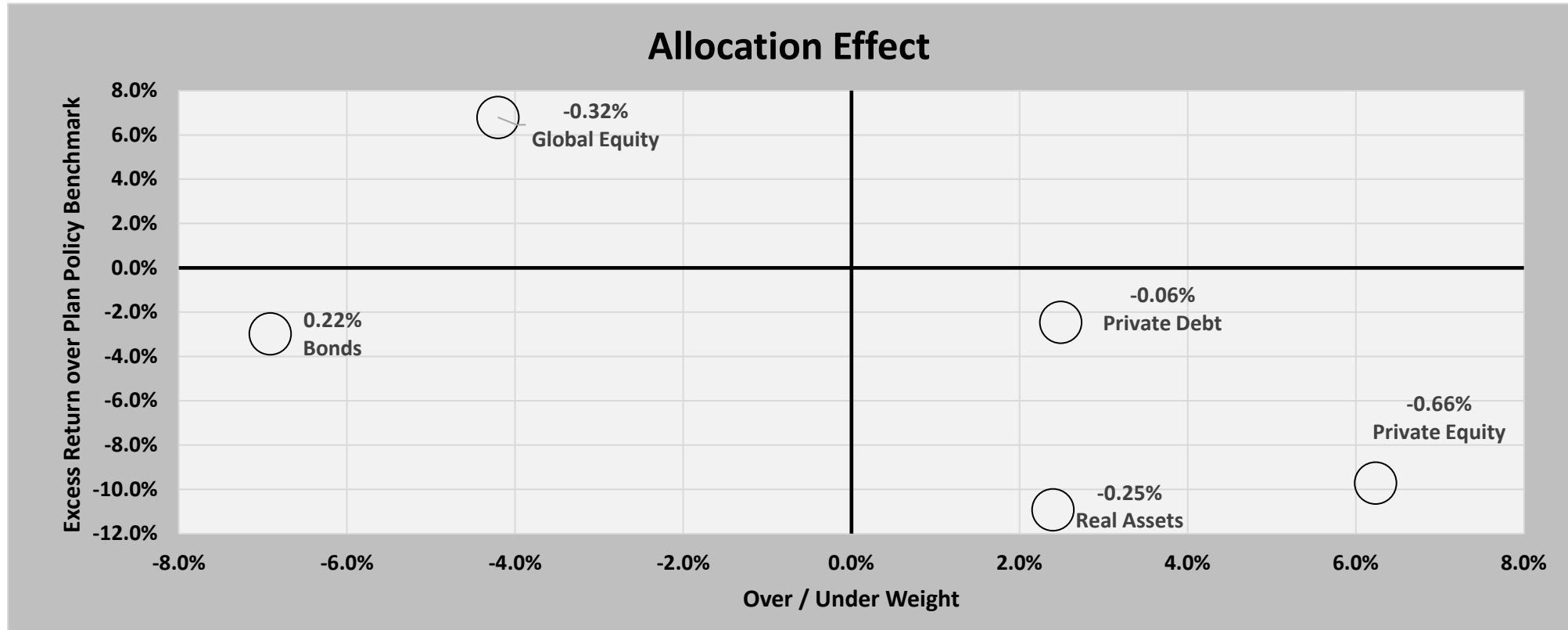
Attribution – FYTD – Return Bridge

As of March 31, 2023



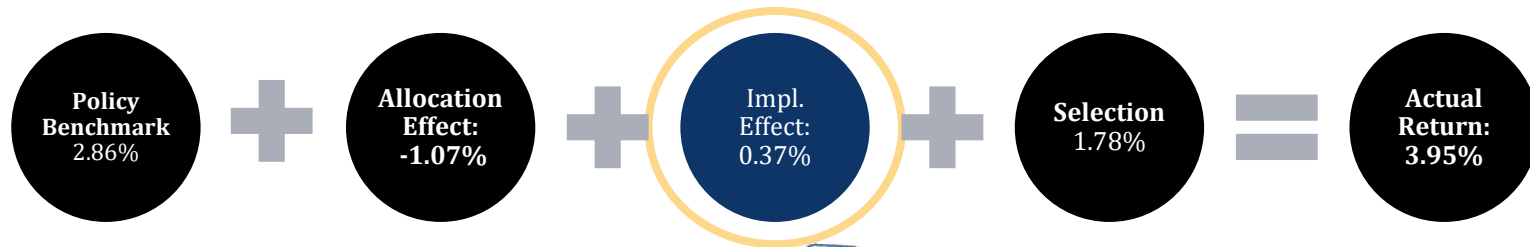
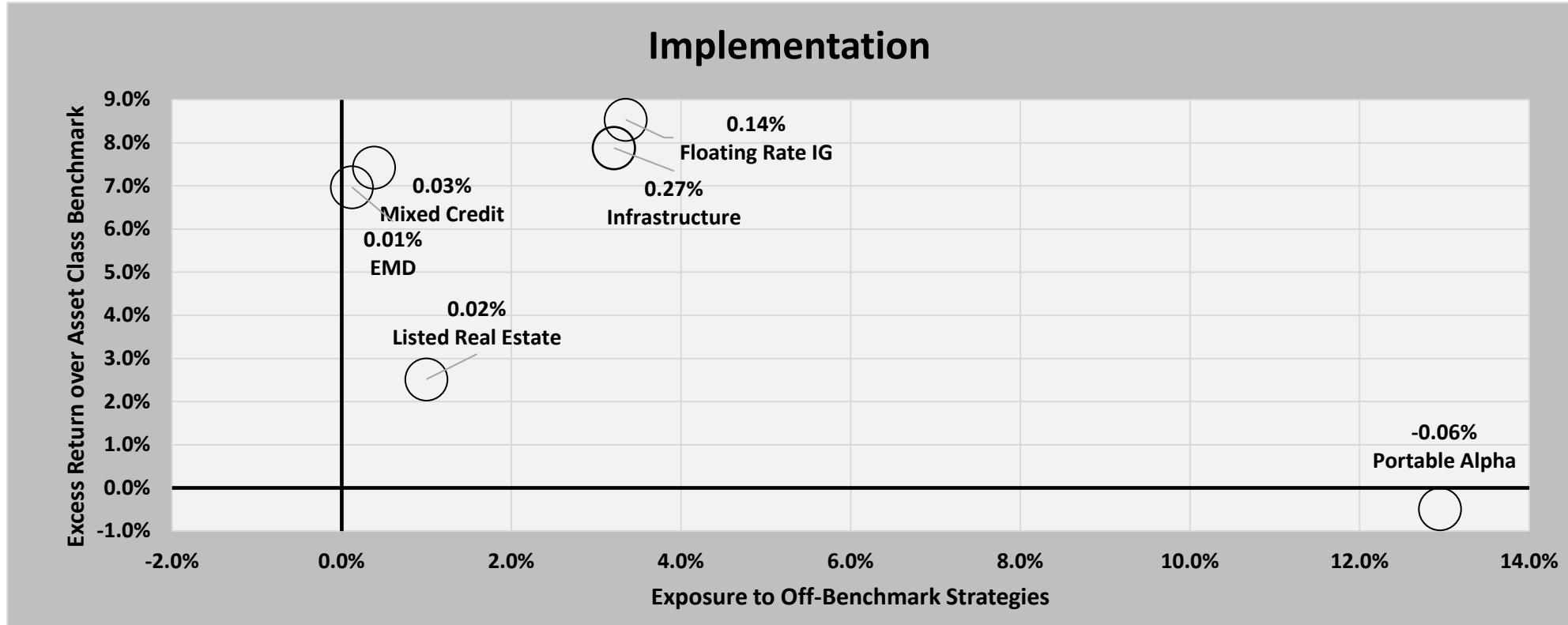
Attribution – FYTD – Allocation:

As of March 31, 2023



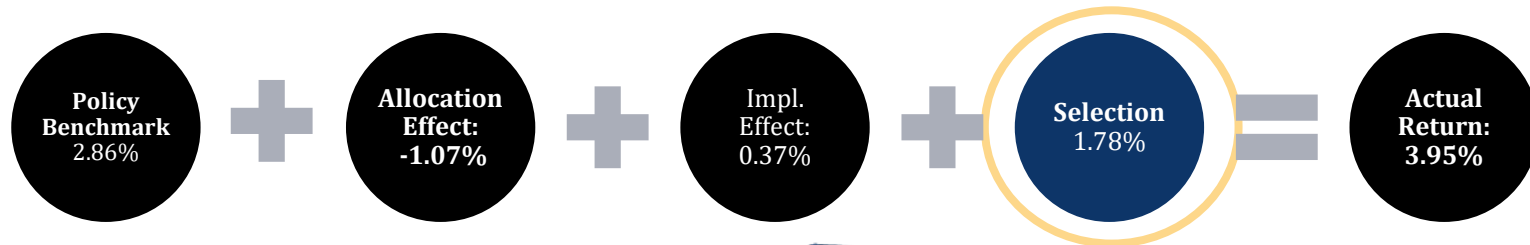
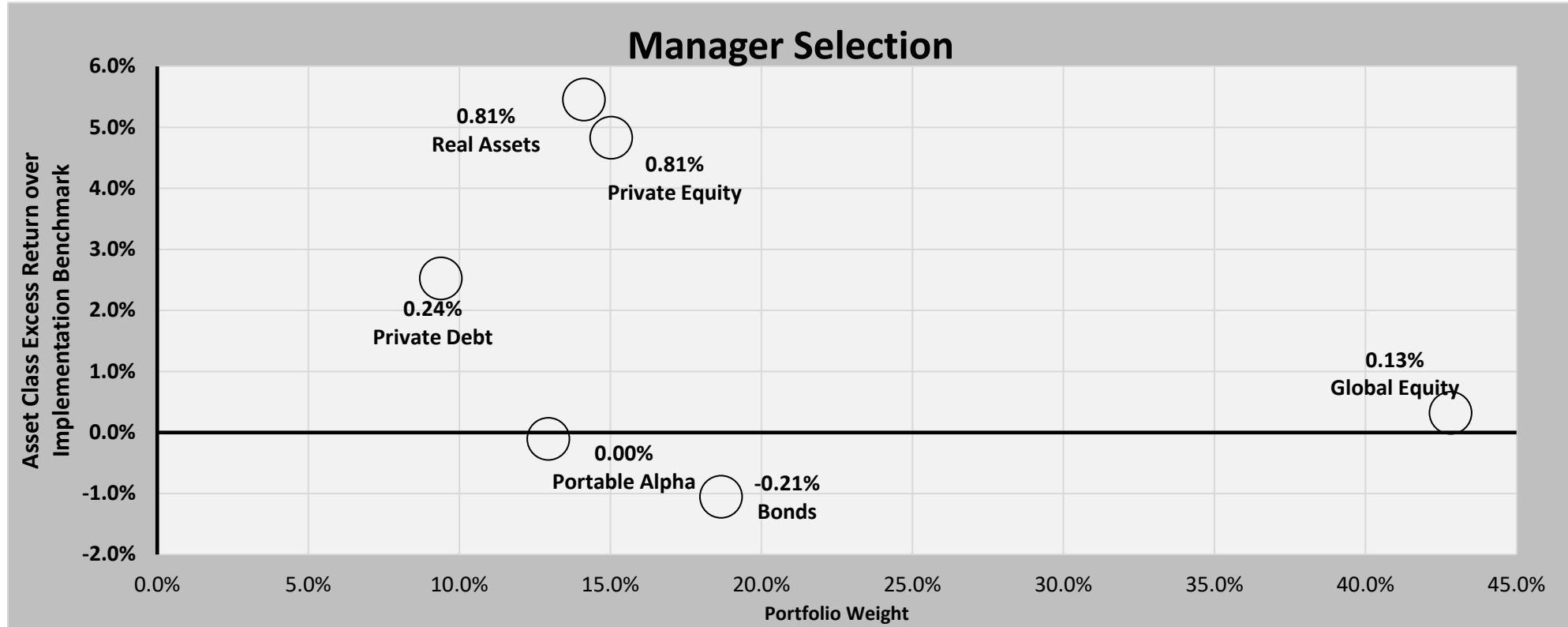
Attribution – FYTD – Implementation:

As of March 31, 2023



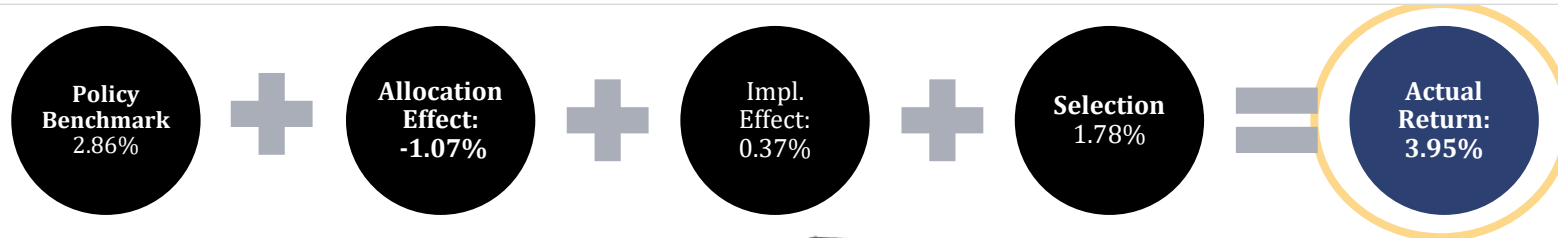
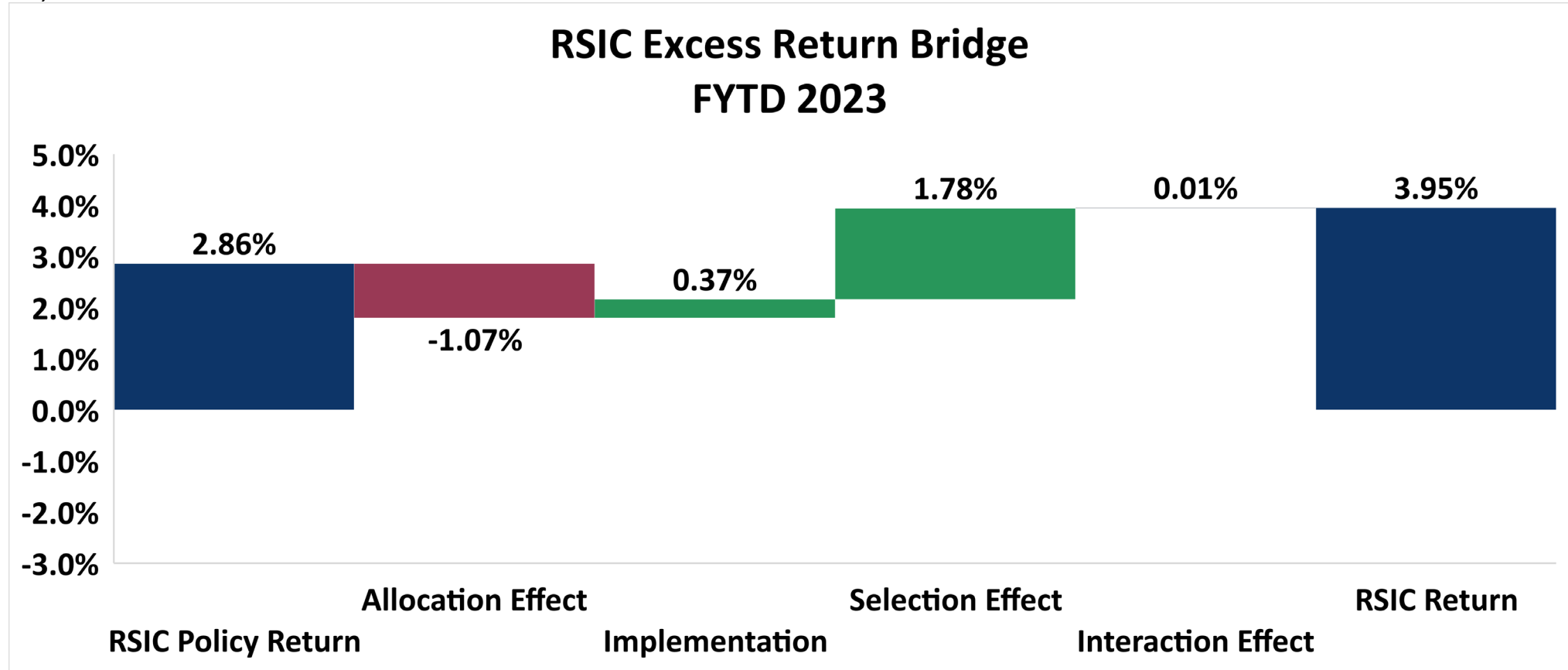
Attribution – FYTD – Selection:

As of March 31, 2023



Attribution – FYTD – Return Bridge:

As of March 31, 2023



Attribution – FYTD – Attribution Heatmap:

As of March 31, 2023

Attribution Table (BPS)	Allocation	Implementation	Selection	Total
Bonds	22	13	-21	14
Private Debt	-6	0	24	18
Global Equity	-32	-1	13	-20
Private Equity	-66	0	81	15
Real Assets	-25	30	81	86
Portable Alpha	n/a	-6	0	-6
Total	-107	37	178	109

- Sources of underperformance:
 - Overweight Private Markets/Underweight Public Equity
 - Portable Alpha underperforming SOFR
- Sources of outperformance:
 - Underweight to Bonds
 - Private Markets Selection
 - Floating rate IG
 - Infrastructure in Real Assets



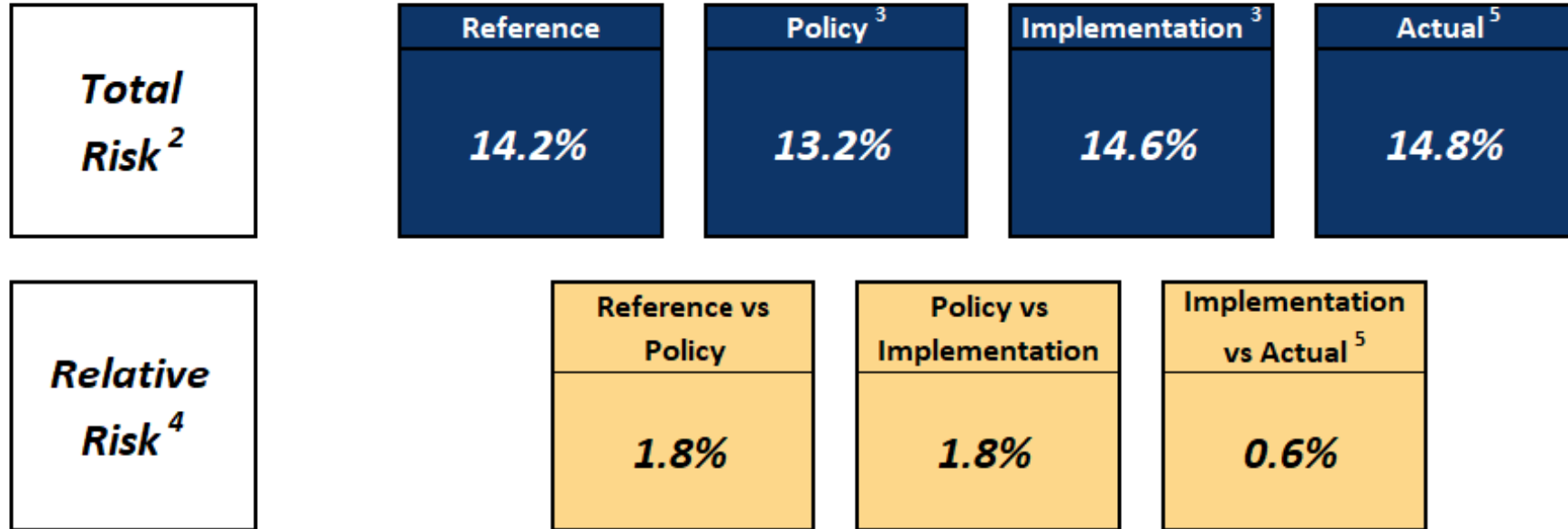
Asset Allocation and SIOP Compliance⁵

As of March 31, 2023

Exposure Report as of 03/31/2023	Net Exposure	Policy Targets	Over / Under	Allowable Ranges	SIOP Compliance
Public Equity	43.9%	46.0%	-2.1%	30% - 60%	Yes
Bonds	19.0%	26.0%	-7.0%	15% - 35%	Yes
Private Equity	15.0%	9.0%	6.0%	5% - 13%	No
Private Debt	9.1%	7.0%	2.1%	3% - 11%	Yes
Real Assets	12.9%	12.0%	0.9%	6% - 18%	Yes
Portable Alpha Hedge Funds	12.0%	n/a	12.0%	0% - 15%	Yes
Total Plan	100.0%	100.0%	0.0%	n/a	Yes
Total Private Markets	35.9%	28.0%	7.9%	0% - 30%	No



As of March 31, 2023

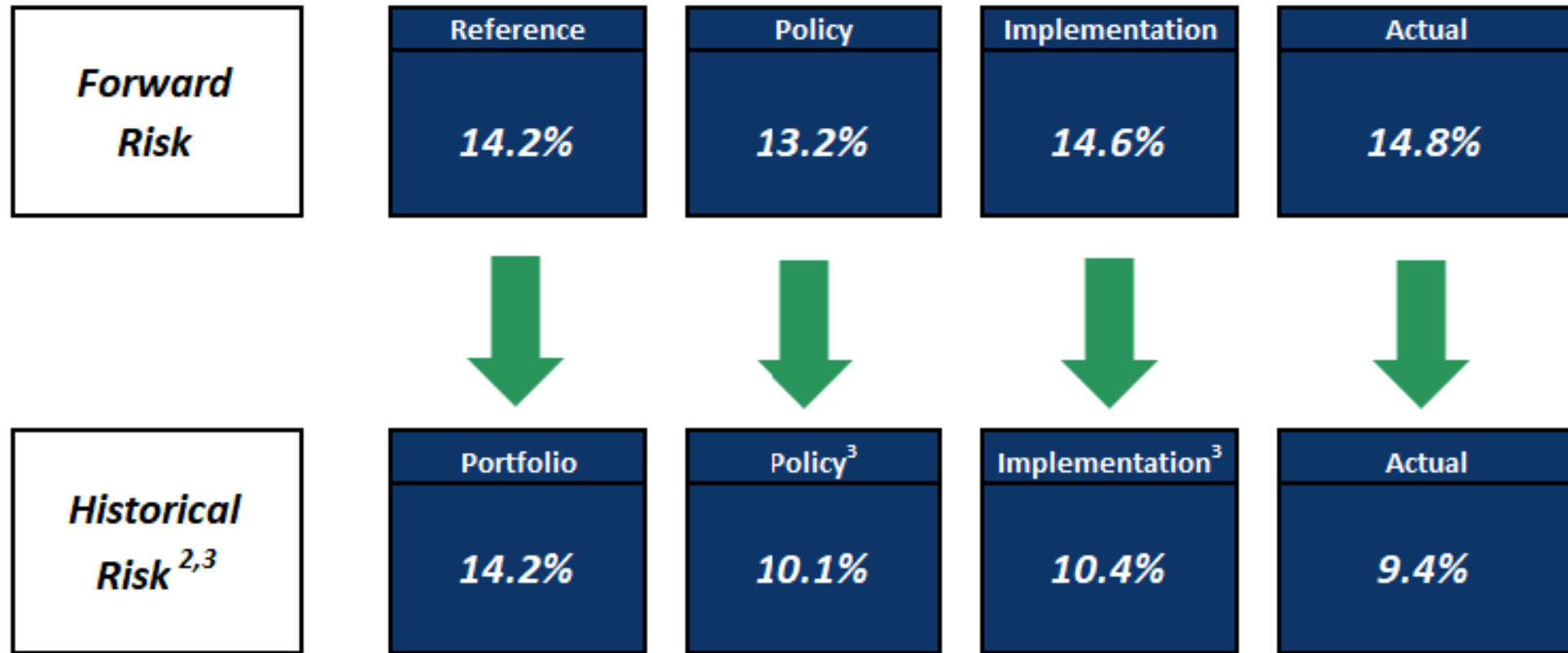


Footnotes:

- 1 Estimates based on an equal weighted (no-decay) model employing three years of monthly data.
- 2 Total risk shown as volatility, or annualized standard deviation of returns based on current positioning
- 3 Private benchmarks proxied with public alternatives
- 4 Relative risk shown as relative volatility, or annualized standard deviation of the excess returns of one portfolio vs the other
- 5 Actual risk and actual vs implementation relative risk estimated from a set of assumptions and exposures

Realized vs Forward Risk Measurements¹

As of March 31, 2023



Footnotes:

- 1 Historical risk reflects actual historical volatility (rather than expected volatility) for RSIC portfolio, using the past 3 years of monthly data
- 2 Historical risk reflects actual historical positioning (rather than current positioning)
- 3 Policy and Implementation portfolio risk calculated using underlying performance benchmarks (rather than public proxy-based risk benchmarks)

Appendix

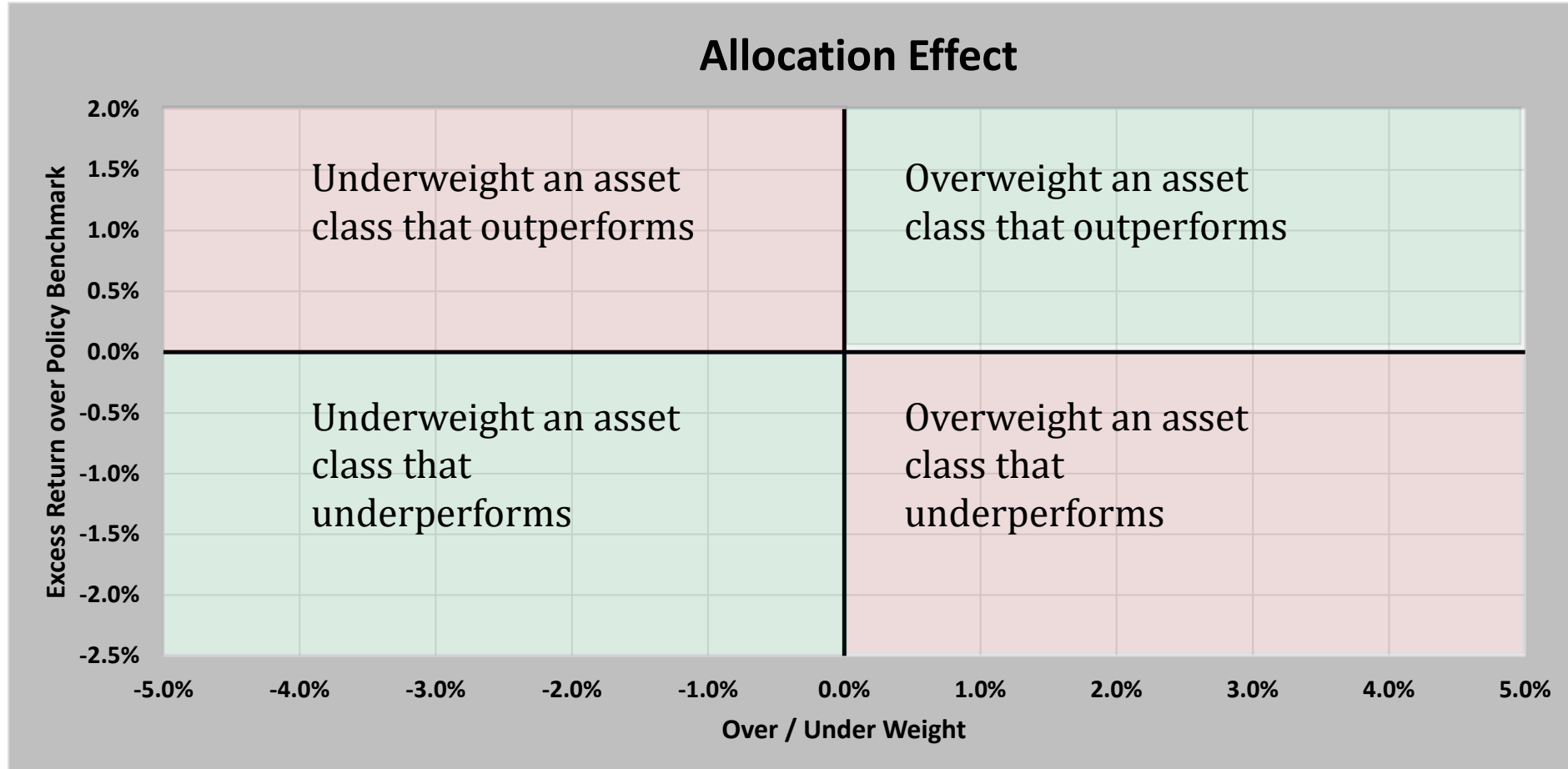
Attribution Analysis – How it works

As of March 31, 2023



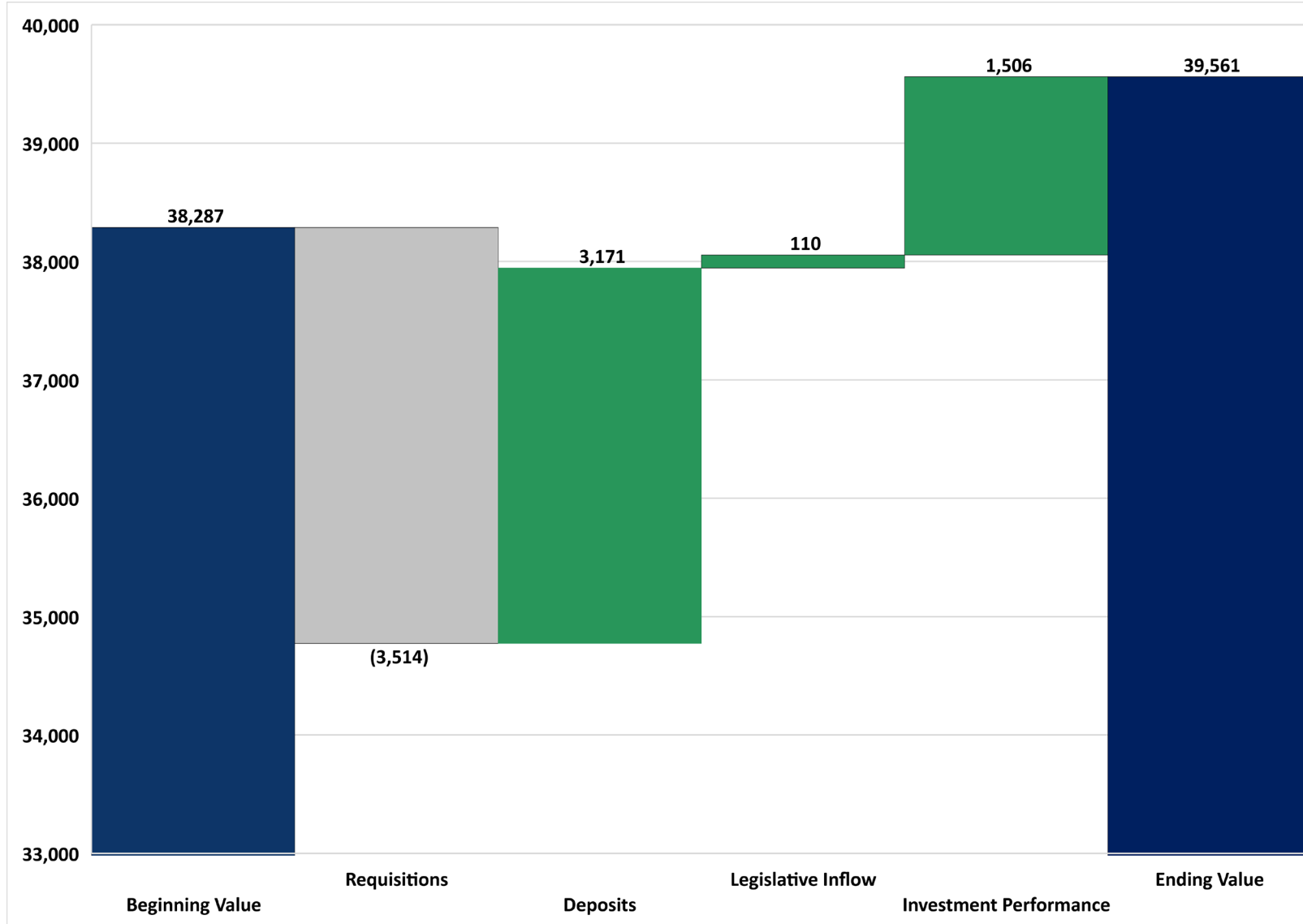
Attribution Analysis – How it works

As of March 31, 2023



FYTD Benefits and Performance

As of March 31, 2023



Asset Allocation and SIOP Compliance⁵

Exposures as of March 31, 2023

Exposure Report as of 03/31/2023	Net Exposure	Policy Targets	Over / Under	Allowable Ranges	SIOP Compliance
Public Equity	43.9%	46.0%	-2.1%	30% - 60%	Yes
Bonds	19.0%	26.0%	-7.0%	15% - 35%	Yes
Investment Grade - Fixed	13.3%	26.0%	-12.7%	10% - 35%	Yes
Investment Grade - Floating	3.2%	n/a	3.2%	0% - 5%	Yes
EMD	0.1%	n/a	0.1%	0% - 6%	Yes
Mixed Credit	0.4%	n/a	0.4%	0% - 8%	Yes
Cash and Short Duration (Net)	2.1%	n/a	2.1%	0% - 7%	Yes
Private Equity	15.0%	9.0%	6.0%	5% - 13%	No
Private Debt	9.1%	7.0%	2.1%	3% - 11%	Yes
Real Assets	12.9%	12.0%	0.9%	6% - 18%	Yes
Private Real Estate	8.9%	9.0%	-0.1%	n/a	Yes
Public Real Estate	0.7%	n/a	0.7%	n/a	Yes
Private Infrastructure	2.9%	3.0%	-0.1%	n/a	Yes
Public Infrastructure	0.4%	n/a	0.4%	n/a	Yes
Portable Alpha Hedge Funds	12.0%	n/a	12.0%	0% - 15%	Yes
Total Plan	100.0%	100.0%	0.0%	n/a	Yes
Total Private Markets	35.9%	28.0%	7.9%	0% - 30%	No



Performance – Plan & Asset Classes^{1,3,4,5}

Exposures as of March 31, 2023

Trailing Performance as of 03/31/2023	Portfolio Weight	Annualized				
		Quarter	FYTD	1 Year	3 Years	5 Years
Public Equity	43.9%	7.07%	9.99%	-7.25%	16.04%	6.36%
<i>Benchmark</i>		<i>6.95%</i>	<i>9.68%</i>	<i>-7.68%</i>	<i>15.61%</i>	<i>6.48%</i>
Bonds	19.0%	3.00%	-0.56%	-4.55%	0.57%	0.27%
<i>Benchmark</i>		<i>2.96%</i>	<i>-0.09%</i>	<i>-4.78%</i>	<i>-1.96%</i>	<i>-0.11%</i>
IG Fixed	13.3%	3.70%	-1.41%	-5.40%	-2.62%	0.70%
IG Floating (Hedged)	3.2%	2.98%	4.20%	-1.06%	n/a	n/a
EMD	0.1%	-47.90%	-46.87%	-50.03%	-17.73%	-13.73%
Mixed Credit	0.4%	3.83%	0.78%	-1.03%	10.36%	4.64%
Cash and Short Duration (Ne	2.1%	1.11%	2.51%	2.66%	1.05%	1.52%
Private Equity	15.0%	0.81%	-1.99%	1.11%	20.22%	13.51%
<i>Benchmark</i>		<i>0.57%</i>	<i>-6.83%</i>	<i>-8.37%</i>	<i>14.28%</i>	<i>13.64%</i>
Private Debt	9.1%	1.94%	2.96%	4.87%	9.90%	6.33%
<i>Benchmark</i>		<i>2.87%</i>	<i>0.43%</i>	<i>0.87%</i>	<i>4.04%</i>	<i>4.80%</i>
Real Assets	12.9%	0.11%	-0.29%	3.78%	12.67%	10.21%
<i>Benchmark</i>		<i>-3.33%</i>	<i>-8.04%</i>	<i>-3.86%</i>	<i>7.56%</i>	<i>7.05%</i>
Private Real Estate	8.9%	-2.39%	-3.38%	3.82%	11.43%	9.81%
Public Real Estate	0.7%	4.16%	-2.12%	-17.35%	13.66%	8.06%
Private Infrastructure	2.9%	6.45%	11.46%	11.68%	8.98%	n/a
Public Infrastructure	0.4%	1.89%	-0.74%	-8.25%	10.77%	7.44%
Portable Alpha Hedge Funds	12.0%	-1.21%	-0.58%	2.63%	10.52%	5.05%
Total Plan	100.0%	3.74%	3.95%	-2.49%	13.48%	6.66%
<i>RSIC Policy Benchmark</i>		<i>3.81%</i>	<i>2.86%</i>	<i>-5.45%</i>	<i>9.61%</i>	<i>5.61%</i>

*Portable Alpha Hedge Funds are expressed as gross exposure but, as collateral supporting the Overlay program, net to zero when calculating total Plan market value. 3 and 5 year Portable Alpha hedge fund returns are considered supplemental information provided by Staff to illustrate performance of these hedge funds even though they were classified under a different asset class during these periods. Performance is expressed net of LIBOR as an estimate for Overlay financing costs.



Footnotes

1. The Policy Benchmark is calculated quarterly using a blend of asset class policy benchmarks and the policy weights for the respective asset classes. Prior to 12/31/2020 the Policy Benchmark was calculated monthly. Asset class benchmarks represent current policy benchmarks blended with past policy benchmarks which may have changed over time. Some asset class policy benchmarks revise over time and these revisions are reflected in subsequent policy benchmark calculations. See Benchmark Disclosure page for current definitions.
2. Benefit payments are the net of Plan contributions and disbursements.
3. “Bonds” asset class includes Cash and Short Duration market value which is the aggregate cash held at the custodian, Russell Investments, and strategic partnerships, short duration within the portfolio, and hedge funds used in collateral pool for Portable Alpha program, net of the notional exposure in the overlay.
4. Asset class returns include Overlay returns as a blend of physical and synthetic returns. Synthetic returns are provided by Russell Investments gross of financing costs. To accommodate for financing costs, LIBOR is added to the synthetic returns and removed from the collateral return. Asset class returns calculated using Caissa, a third-party multi-asset class analytics system.
5. Asset class weights include Overlay exposures which are net notional exposures provided by Russell Investments. RSIC rebalances quarterly and reported exposures reflect any trades made at quarter end that have not settled yet.

Disclosures

- Plan Returns are provided by BNY Mellon. All returns are time-weighted, total return calculations. Net of fee performance is calculated and presented after the deduction of fees and expenses. Periods greater than one year are annualized. Past performance is no guarantee of future results. Asset class returns are based on values obtained from BNY Mellon and adjusted for overlay exposures provided by Russell Investments. Policy benchmark is the blend of asset class policy benchmarks using policy weights. Asset class benchmarks and policy weights are reviewed annually by the Commission’s consultant and adopted by the Commission and have changed over time. The policy benchmark return history represents a blend of these past policies. Total Plan trailing periods reflect a performance correction that affected the time period 03/31/2015 through 06/30/2022.
- Overlay allocation detail is provided by Russell Investments.
- This report was compiled by the staff of the South Carolina Retirement System Investment Commission and has not been reviewed, approved or verified by the external investment managers. No information contained herein should be used to calculate returns or compare multiple funds, including private equity funds.
- Effective October 1, 2005, the State Retirement System Preservation and Investment Reform Act (“Act 153”) established the Commission and devolved fiduciary responsibility for investment and management of the assets of the South Carolina Retirement Systems upon RSIC.

Allocation / exposure percentages might not add up to totals due to rounding.

Benchmarks

- **Core Fixed Income:** Bloomberg US Aggregate Bond Index
- **Global Public Equity Blend:** MSCI All Country World Index IMI
- **Private Equity Blend:** Burgiss All PE Benchmark
- **Private Debt :** S&P/LSTA Leveraged Loan Index + 150 basis points on a 3-month lag
- **Private Real Estate Blend:** NCREIF-Open Ended Diversified Core (ODCE) Index *Net of Fees*

Benchmarks Displayed in this report represent current policy benchmarks as of the SIOP effective 7/1/2020. Asset class benchmarks and policy weights are reviewed annually by the Commission's consultant and adopted by the Commission and have changed over time. The policy benchmark return history represents a blend of these past policies.

South Carolina Retirement System Investment Commission

Investment Performance Review
Period Ending: March 31, 2023

Verus⁷⁷⁷®

[VERUSINVESTMENTS.COM](https://www.verusinvestments.com)

SEATTLE 206.622.3700

CHICAGO 312.815.5228

PITTSBURGH 412.784.6678

LOS ANGELES 310.297.1777

SAN FRANCISCO 415.362.3484

Total Retirement System
Asset Allocation vs. Policy

South Carolina Retirement System Investment Commission
Period Ending: March 31, 2023

Allocation vs. Targets and Policy
Quarter Ending March 31, 2023

	MV at 3/31/2023	Overlay Exposures	Net Position	% of Total System	% of Total System (Net)	Policy Targets	Allowable Ranges	SIOB Compliance?
Total System	39,561,026,178	-	39,561,026,178	100%	100%	100%		
Public Equity	15,165,014,033	2,218,858,691	17,383,872,724	38%	44%	46%	30% - 60%	Yes
Public Equity	15,165,014,033	2,218,858,691	17,383,872,724	38%	44%	46%	30% - 60%	Yes
Bonds	5,024,932,277	2,510,521,072	7,535,453,349	13%	19%	26%	15% - 35%	Yes
Investment Grade - Fixed	427,306,758	4,849,854,146	5,277,160,904	1%	13%	0%	10% - 35%	Yes
Investment Grade - Floating	1,263,544,432	-	1,263,544,432	3%	3%	0%	0% - 5%	Yes
Emerging Market Debt	27,475,973	-	27,475,973	0%	0%	0%	0% - 6%	Yes
Mixed Credit	150,684,257	-	150,684,257	0%	0%	0%	0% - 8%	Yes
Cash and Short Duration	3,155,920,857	(2,339,333,074)	816,587,783	8%	2%	0%	0% - 7%	Yes
Private Equity	5,916,160,094	-	5,916,160,094	15%	15%	9%	5% - 13%	No
Private Debt	3,607,853,415	-	3,607,853,415	9%	9%	7%	3% - 11%	Yes
Real Assets	5,117,686,595	-	5,117,686,595	13%	13%	12%	6% - 18%	Yes
Real Estate	3,806,910,809	-	3,806,910,809	10%	10%	9%	5% - 13%	Yes
Infrastructure	1,310,775,787	-	1,310,775,787	3%	3%	3%	0% - 5%	Yes
Portable Alpha Hedge Funds	4,729,379,763	(4,729,379,763)	-	12%	0%	0%	0% - 15%	Yes

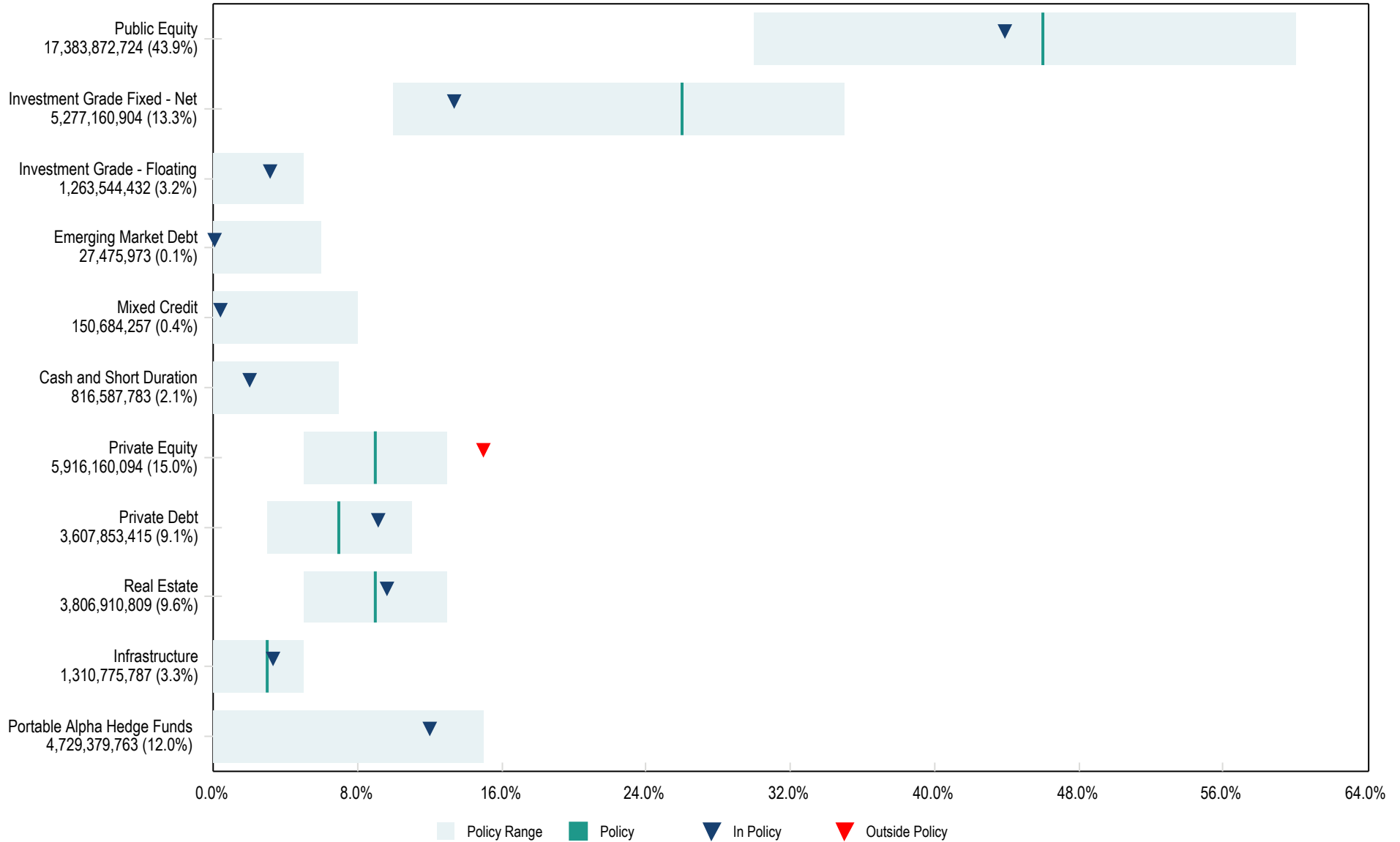
Includes cash in the Russell Overlay separate account

Percentages may not sum to 100% due to rounding

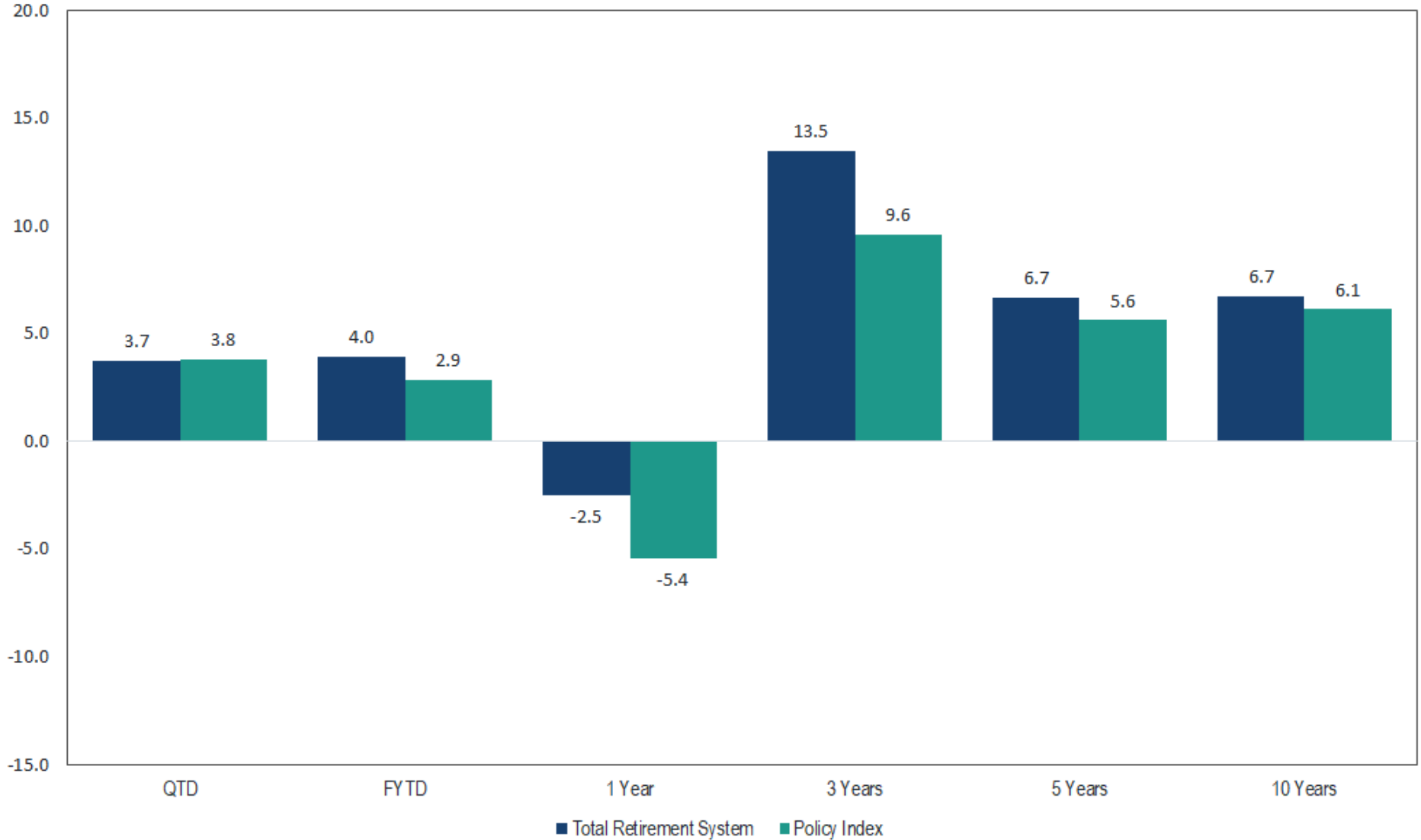
Total Retirement System Asset Allocation Compliance

South Carolina Retirement System Investment Commission Period Ending: March 31, 2023

Actual vs. Policy Ranges:
(Including Overlay)

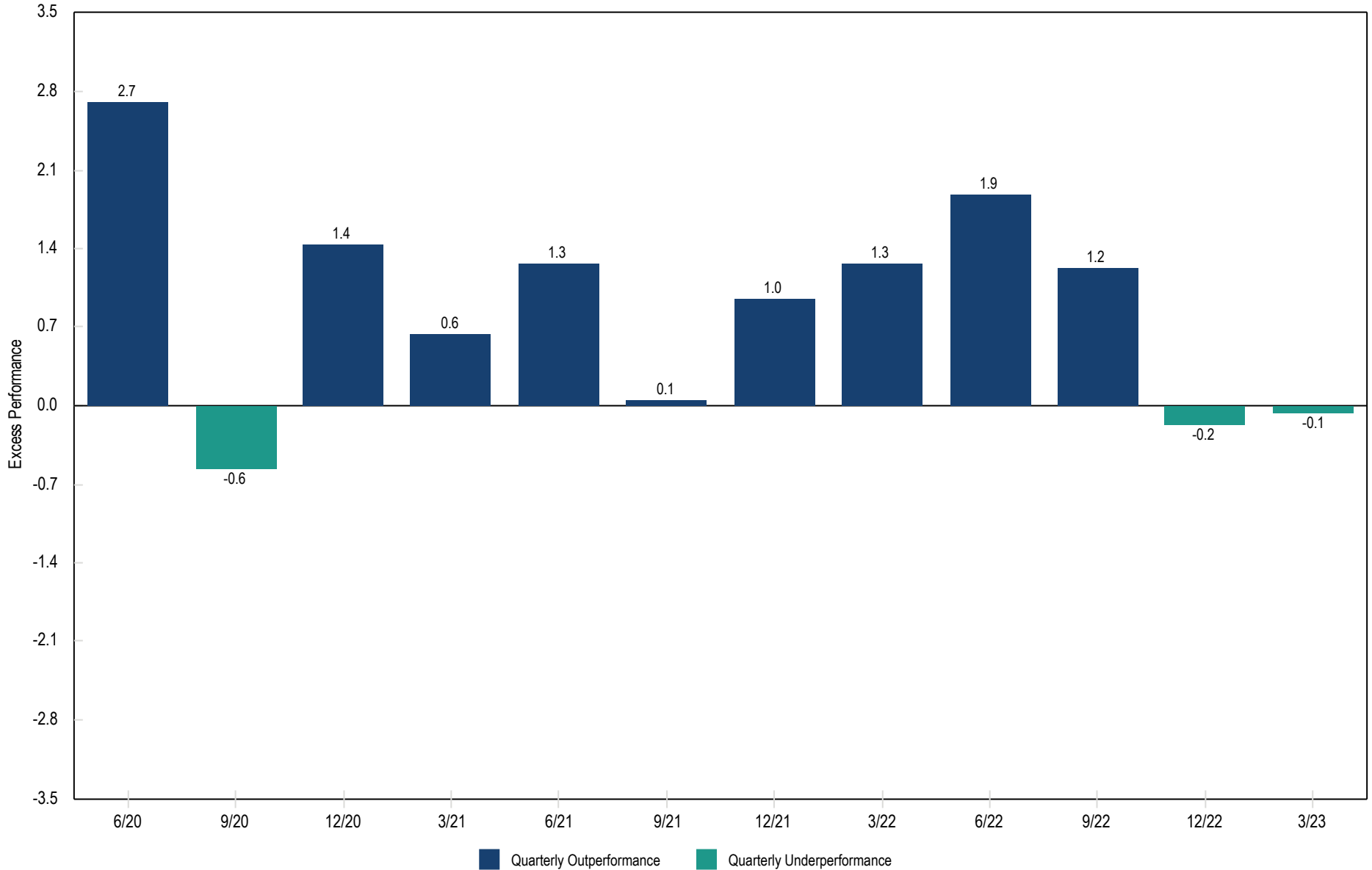


Net Return Summary



Returns for periods greater than one year are annualized.

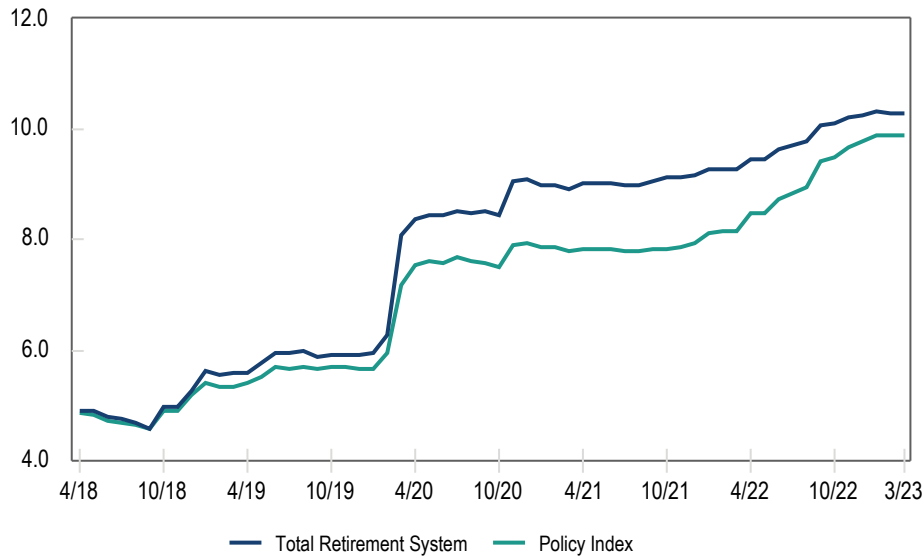
Quarterly Excess Performance vs. Policy Benchmark



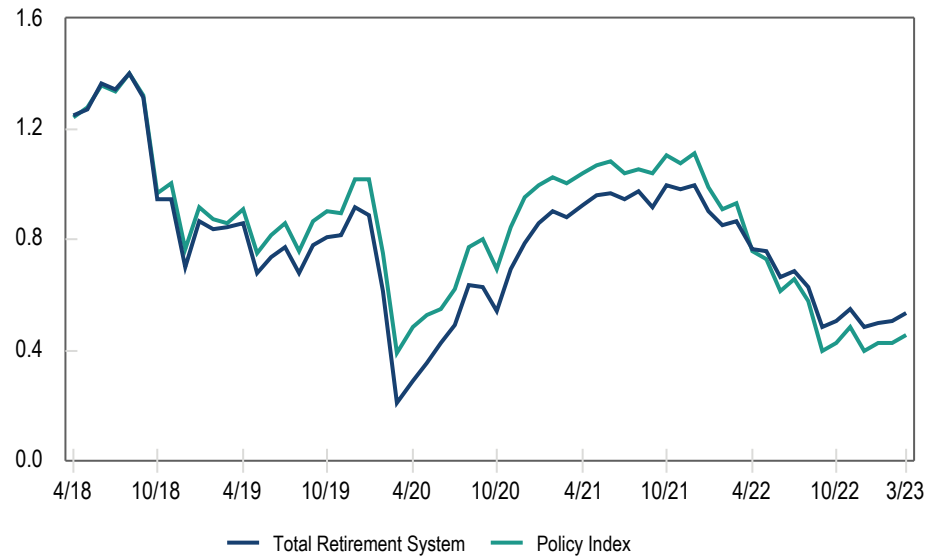
Total Retirement System Risk Analysis - 5 Years (Net of Fees)

South Carolina Retirement System Investment Commission Period Ending: March 31, 2023

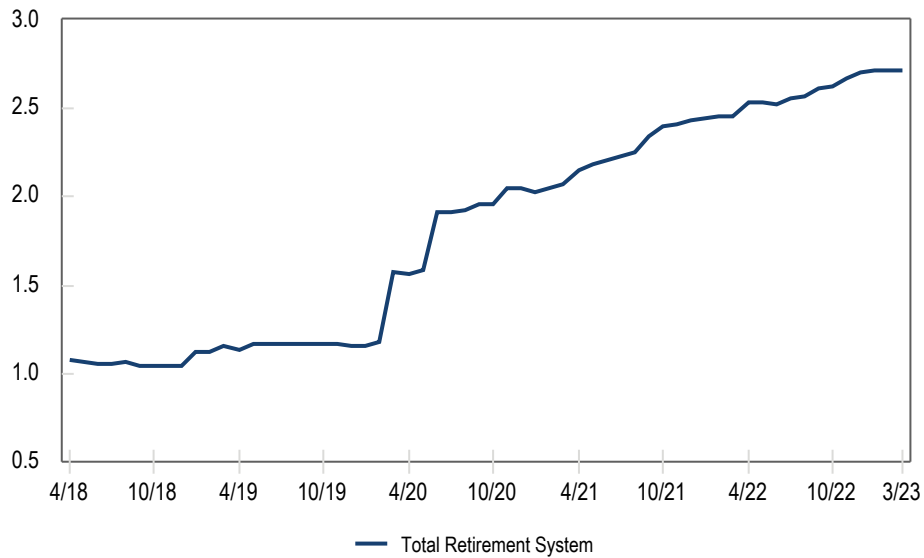
Rolling 5 Year Std. Deviation



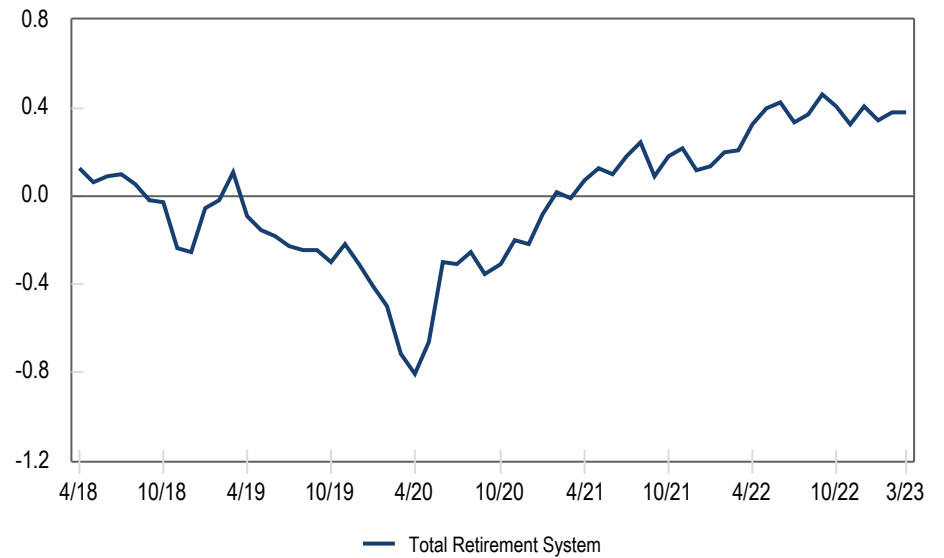
Rolling 5 Year Sharpe Ratio



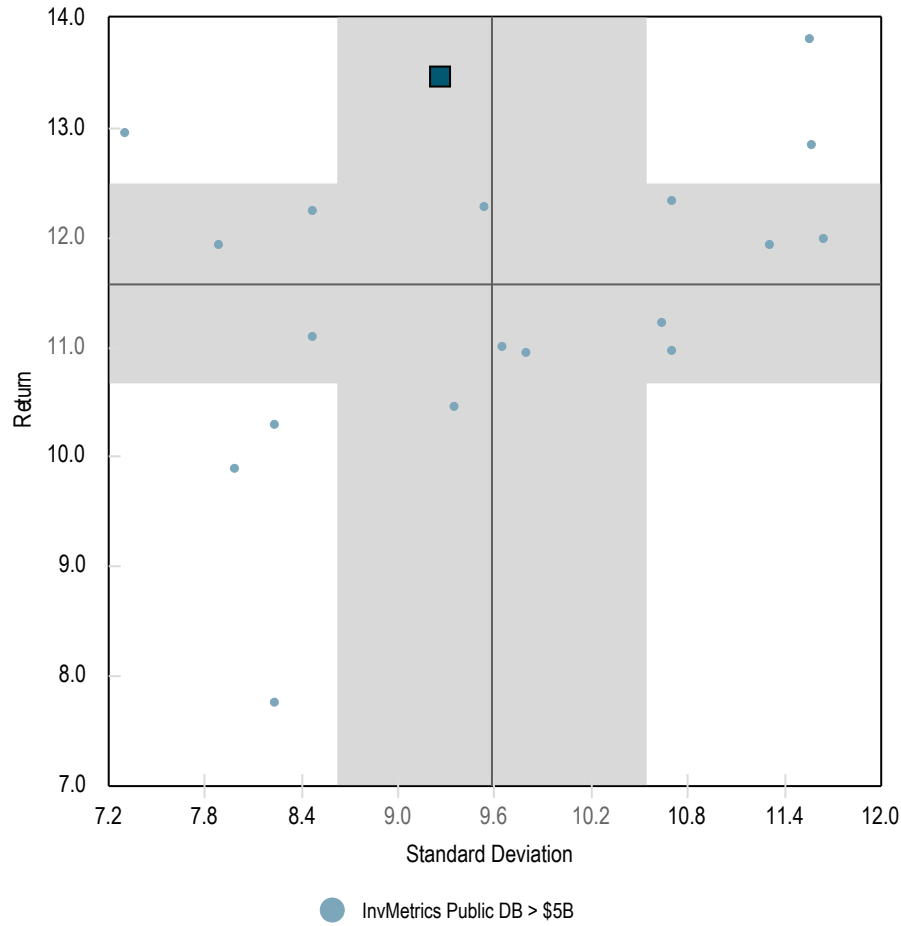
Rolling 5 Year Tracking Error



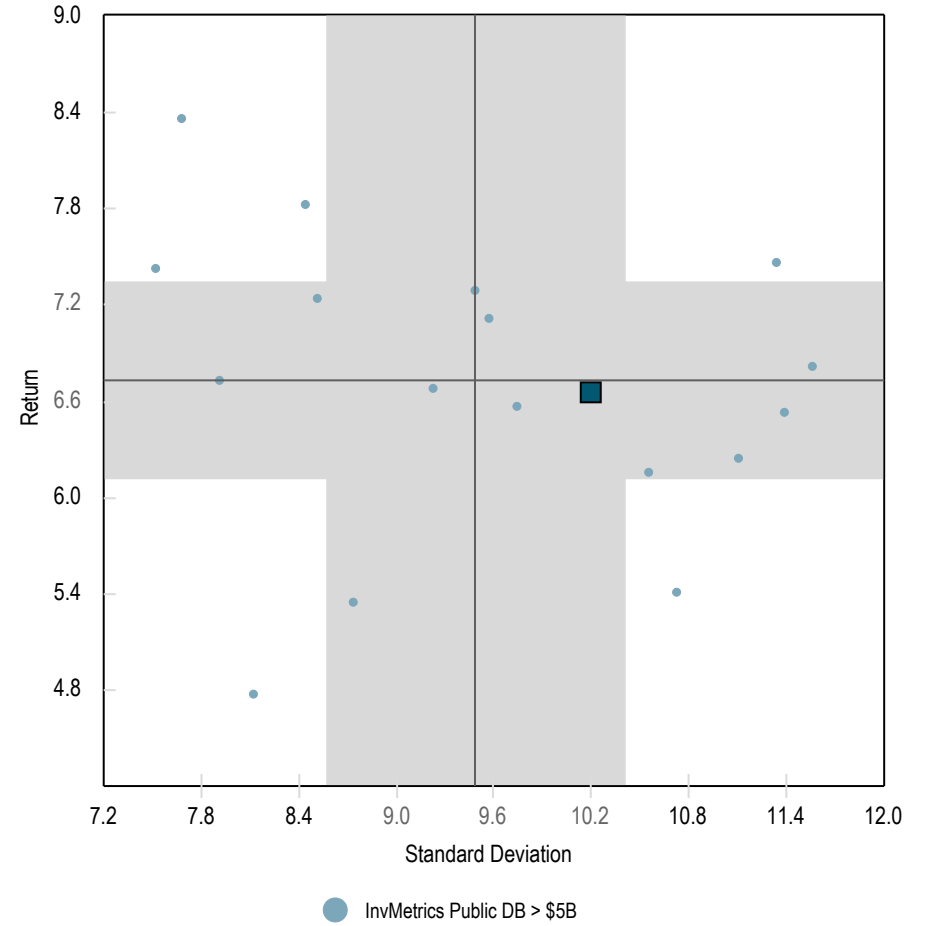
Rolling 5 Year Information Ratio



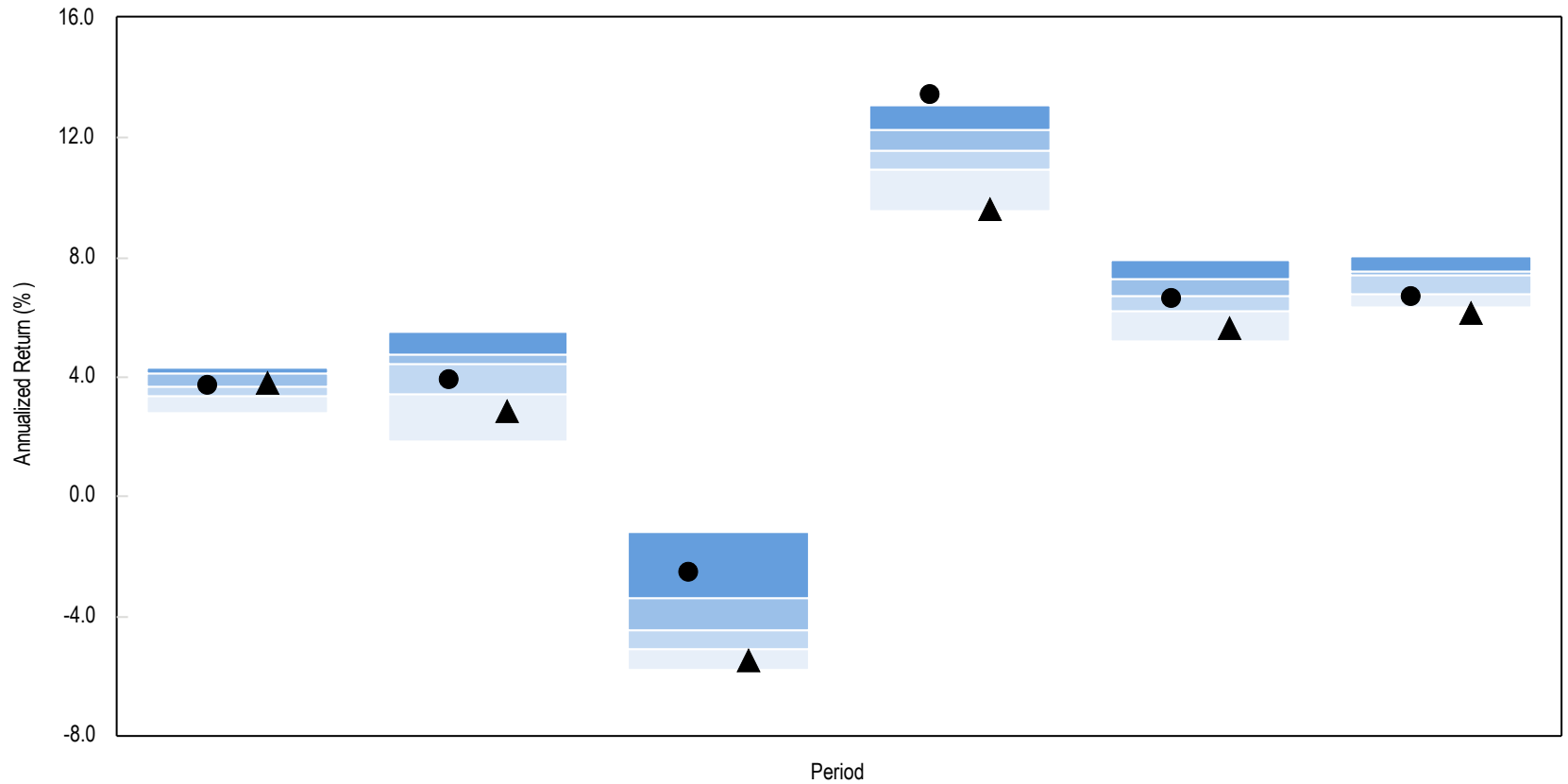
3 Years Return vs. Standard Deviation



5 Years Return vs. Standard Deviation



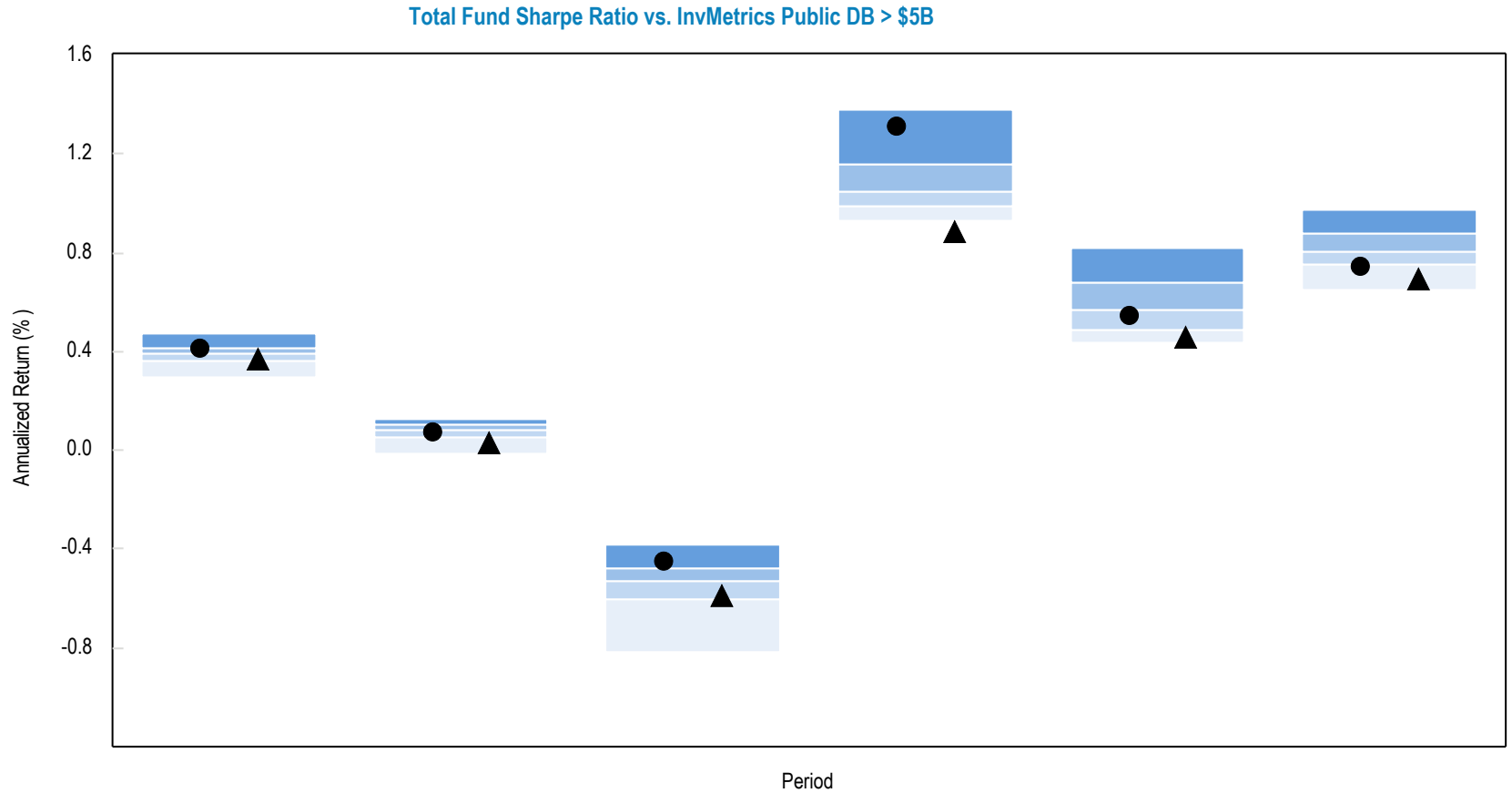
Total Fund Cumulative Performance vs. InvMetrics Public DB > \$5B



	QTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
● Total Retirement System	3.74 (49)	3.95 (65)	-2.49 (10)	13.48 (3)	6.66 (58)	6.72 (77)
▲ Policy Index	3.81 (46)	2.86 (87)	-5.45 (90)	9.61 (95)	5.61 (86)	6.12 (100)
5th Percentile	4.34	5.49	-1.20	13.08	7.94	8.04
1st Quartile	4.10	4.77	-3.40	12.27	7.29	7.56
Median	3.70	4.43	-4.49	11.58	6.73	7.40
3rd Quartile	3.38	3.42	-5.12	10.95	6.24	6.77
95th Percentile	2.78	1.87	-5.79	9.58	5.23	6.34
Population	24	23	19	18	17	16

Total Retirement System
Peer Universe Comparison: Sharpe Ratio

South Carolina Retirement System Investment Commission
Period Ending: March 31, 2023



	QTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
● Total Retirement System	0.41 (23)	0.07 (59)	-0.45 (11)	1.31 (11)	0.54 (58)	0.74 (78)
▲ Policy Index	0.37 (72)	0.03 (87)	-0.59 (71)	0.88 (98)	0.46 (90)	0.69 (90)
5th Percentile	0.47	0.13	-0.38	1.38	0.82	0.98
1st Quartile	0.41	0.10	-0.48	1.16	0.68	0.88
Median	0.40	0.08	-0.53	1.05	0.57	0.80
3rd Quartile	0.36	0.05	-0.60	0.98	0.48	0.75
95th Percentile	0.29	-0.02	-0.82	0.93	0.43	0.65
Population	24	23	19	18	17	16

Total Retirement System
Asset Class Performance Summary

South Carolina Retirement System Investment Commission
Period Ending: March 31, 2023

	Market Value	% of Portfolio	QTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception	Inception Date
Total Retirement System	39,561,026,178	100.0	3.7	4.0	-2.5	13.5	6.7	6.7	5.7	Oct-05
<i>Policy Index</i>			3.8	2.9	-5.4	9.6	5.6	6.1	5.1	
Public Equity	15,165,014,033	38.3	7.0	9.9	-7.4	16.2	5.3	6.9	5.6	Oct-05
<i>Public Equity Blended Benchmark</i>			6.9	9.7	-7.7	15.6	6.6	7.9	6.5	
Total Bonds	4,030,698,473	10.2	1.1	1.3	-2.1	3.4	1.5	1.6	3.1	Oct-05
<i>Bonds Blended Benchmark</i>			3.0	-0.1	-4.8	-2.8	0.9	1.4	3.1	
<i>Investment Grade - Fixed</i>	<i>427,306,758</i>	<i>1.1</i>	<i>2.6</i>	<i>-0.4</i>	<i>-5.3</i>	<i>-0.6</i>	<i>2.0</i>	<i>-</i>	<i>2.2</i>	<i>Jul-15</i>
<i>Investment Grade - Floating</i>	<i>1,263,544,432</i>	<i>3.2</i>	<i>2.3</i>	<i>3.4</i>	<i>-1.8</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>4.2</i>	<i>Jul-20</i>
<i>Mixed Credit</i>	<i>150,684,257</i>	<i>0.4</i>	<i>3.8</i>	<i>0.8</i>	<i>-1.0</i>	<i>10.4</i>	<i>4.6</i>	<i>4.2</i>	<i>5.8</i>	<i>May-08</i>
<i>50% S&P LSTA Leveraged Loan Index/50% Blmbg. High Yield Index</i>			3.4	7.4	-0.3	7.3	3.5	4.0	5.2	
Emerging Market Debt	27,475,973	0.1	-47.9	-46.9	-50.0	-17.7	-13.7	-5.9	-1.5	Jul-09
<i>50% JPM EMBI Global Div (USD)/50% JPM GBI EM Global</i>			3.5	6.9	-3.8	0.5	-1.4	0.3	3.3	
Cash - Short Duration	2,161,687,053	5.5	1.2	2.3	2.1	1.4	1.7	1.1	1.6	Oct-05
<i>90 Day U.S. Treasury Bill</i>			1.1	2.4	2.5	0.9	1.4	0.9	1.2	
<i>Short Duration</i>	<i>184,582,372</i>	<i>0.5</i>	<i>1.4</i>	<i>2.7</i>	<i>2.0</i>	<i>2.5</i>	<i>2.2</i>	<i>1.8</i>	<i>1.9</i>	<i>Mar-10</i>
<i>Blmbg. 1-3 Year Gov/Credit index</i>			1.5	0.9	0.3	-0.4	1.3	1.0	1.1	
Private Equity	5,916,160,094	15.0	0.8	-2.0	1.1	20.2	13.5	13.4	9.6	Apr-07
<i>Private Equity Blended Benchmark</i>			0.6	-6.8	-8.4	19.8	17.9	16.2	12.9	
Private Debt	3,607,853,415	9.1	1.9	3.0	4.9	9.9	6.3	6.9	6.9	Jun-08
<i>S&P LSTA Leveraged Loan Index + 150 bps 3-mo lag</i>			3.1	0.6	0.9	4.0	4.8	5.2	5.0	
Real Assets	5,117,686,595	12.9	0.1	-0.3	3.7	12.6	10.2	11.7	7.9	Jul-08
<i>Real Assets Blended Benchmark</i>			-3.4	-8.1	-3.9	8.8	7.2	5.5	3.8	
Private Real Estate	3,526,101,042	8.9	-2.4	-3.4	3.8	11.4	9.8	12.1	8.0	Jul-08
<i>Private Real Estate Blended Benchmark</i>			-3.4	-8.1	-3.9	7.6	7.0	9.1	5.7	
Public Real Estate	280,809,766	0.7	3.4	-2.8	-17.9	13.4	7.9	-	5.0	Jul-16
<i>FTSE NAREIT Equity REIT</i>			2.7	-2.7	-19.2	12.1	6.0	6.0	3.2	
Private Infrastructure	1,142,405,508	2.9	6.5	11.4	11.1	8.8	-	-	7.4	Jul-18
<i>Dow Jones Brookfield Global Infrastructure</i>			2.5	-0.2	-7.3	10.5	6.0	5.8	5.4	
Public Infrastructure	168,370,279	0.4	1.9	-0.7	-8.3	10.8	7.5	-	6.0	Jun-16
<i>Dow Jones Brookfield Global Infrastructure</i>			2.5	-0.2	-7.3	10.5	6.0	5.8	6.0	
Hedge Funds Portable Alpha	4,729,379,763	12.0	-0.1	2.4	6.1	11.9	6.8	7.0	8.1	Jul-07
<i>HFRI Conservative Fund of Funds Less LIBOR</i>			-0.4	-0.8	-2.9	6.1	2.1	2.2	0.6	
Russell Overlay	994,233,803	2.5								

Return calculations are rounded to the nearest tenth of percent and may differ slightly from BNYM reported returns.

Total Retirement System
Risk Analysis - 5 Years (Net of Fees)

South Carolina Retirement System Investment Commission
Period Ending: March 31, 2023

	Anlzd Return	Anlzd Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
Total Retirement System	6.7	10.2	0.4	1.0	0.5	2.7
<i>Policy Index</i>	5.6	9.8	-	1.0	0.5	0.0
Public Equity	5.3	18.4	-0.8	1.0	0.3	1.4
<i>Public Equity Blended Benchmark</i>	6.6	17.9	-	1.0	0.4	0.0
Total Bonds	1.5	4.3	0.1	0.3	0.0	5.4
<i>Bonds Blended Benchmark</i>	0.9	5.4	-	1.0	-0.1	0.0
Mixed Credit	4.6	7.6	0.2	0.7	0.4	5.7
<i>50% S&P LSTA Leveraged Loan Index/50% Blmbg. U.S. Corporate High Yield Index</i>	3.5	7.8	-	1.0	0.3	0.0
Emerging Market Debt	-13.7	23.4	-0.4	0.6	-0.5	22.8
<i>50% JP Morgan EMBI Global Diversified (USD)/50% JP Morgan EMBI Global Diversified</i>	-1.4	11.1	-	1.0	-0.2	0.0
Cash - Short Duration	1.7	0.8	0.3	0.5	0.3	0.8
<i>90 Day U.S. Treasury Bill</i>	1.4	0.4	-	1.0	-	0.0
Short Duration	2.2	1.7	0.5	0.0	0.5	1.7
<i>90 Day U.S. Treasury Bill</i>	1.4	0.4	-	1.0	-	0.0
Private Equity	13.5	7.3	-	-	1.5	-
<i>Private Equity Blended Benchmark</i>	-	-	-	-	-	-
Private Debt	6.3	4.3	0.1	-0.1	1.1	8.8
<i>S&P LSTA Leveraged Loan Index + 150 bps 3-mo lag</i>	4.8	7.1	-	1.0	0.5	0.0
Real Assets	10.2	5.0	0.4	0.4	1.6	5.9
<i>Real Assets Blended Benchmark</i>	7.2	7.7	-	1.0	0.7	0.0
Private Real Estate	9.8	4.4	-	-	1.7	-
<i>Private Real Estate Blended Benchmark</i>	-	-	-	-	-	-
Public Real Estate	7.9	19.5	0.6	1.0	0.4	2.5
<i>FTSE NAREIT All Equity REITs</i>	6.3	19.6	-	1.0	0.3	0.0
Private Infrastructure	-	-	-	-	-	-
<i>Dow Jones Brookfield Global Infrastructure</i>	6.0	16.4	-	1.0	0.4	0.0
Public Infrastructure	7.5	15.5	0.6	0.9	0.5	2.2
<i>Dow Jones Brookfield Global Infrastructure</i>	6.0	16.4	-	1.0	0.4	0.0
Hedge Funds Portable Alpha	6.8	4.5	1.3	0.7	1.1	3.4
<i>HFRI Conservative Fund of Funds Less LIBOR</i>	2.1	4.5	-	1.0	0.2	0.0

Page excludes managers with less than 5 years of history.

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Verus receives universe data from InvMetrics, eVestment Alliance, and Morningstar. We believe this data to be robust and appropriate for peer comparison. Nevertheless, these universes may not be comprehensive of all peer investors/managers but rather of the investors/managers that comprise that database. The resulting universe composition is not static and will change over time. Returns are annualized when they cover more than one year. Investment managers may revise their data after report distribution. Verus will make the appropriate correction to the client account but may or may not disclose the change to the client based on the materiality of the change.



PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS



JUNE 2023

Fiduciary Training Presentation

South Carolina RSIC

Definition of governance

Governance:

A compilation of decisions that sets expectations, establishes policies, grants powers and provides oversight of an organization to ensure it effectively carries out its mission and objectives.

- This presentation is designed to assist the South Carolina RSIC fiduciaries in reviewing the governance system in place and understanding the role and expectations of being a fiduciary to the RSIC.
- This presentation is intended for educational purposes only. It is not expressing legal advice, and Verus does not provide any recommendations in this presentation.

What does it mean to be a fiduciary?

A fiduciary is generally defined as a person who:

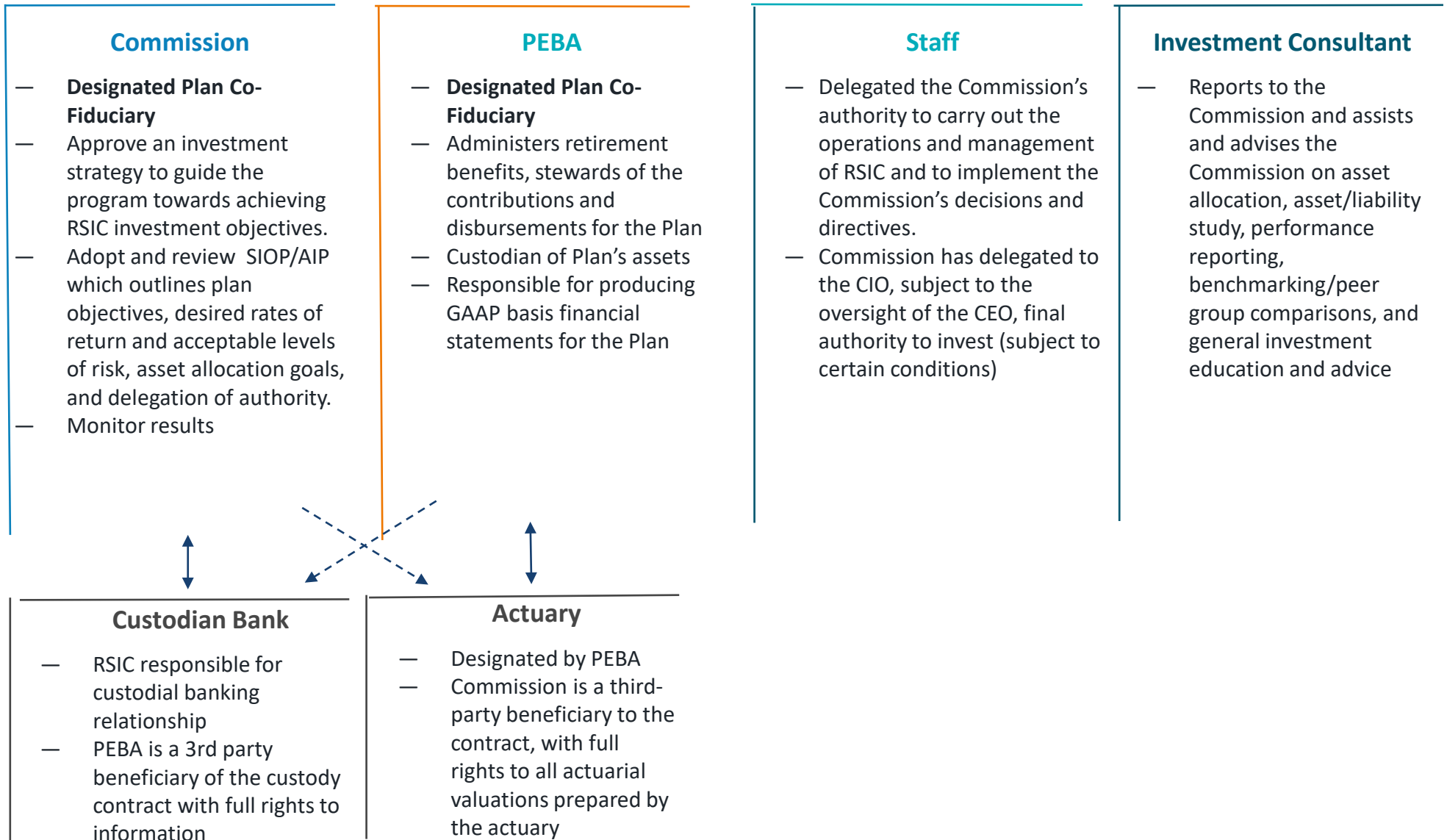
- Manages property or assets for the benefit of another;
- Exercises discretionary authority or management control; and/or
- Acts in a professional capacity of trust and renders investment advice.

Fiduciary liability is not determined by investment performance, but rather by whether established prudent investment practices were followed.

Best practices for fiduciaries

- Know and understand standards, laws, and trust provisions that apply
- Diversify investment portfolio to specific risk and return profile for the Plan
- Prepare an Investment Policy statement (in this case, the SIOP)
- Use prudent experts and document due diligence
- Control and monitor investment expenses
- Monitor the activity of the prudent experts
- Avoid conflicts of interest and prohibited transactions
- Delegate and rely on staff's expertise as appropriate

RSIC governance structure



Who owns the investment decisions?

Commission

- Ultimate fiduciary
- Define enterprise objectives
- Develop and monitor investment policy
- Can and should rely on advice from subject matter experts
- Has delegated most direct investment approval to CIO, under CEO's review

Staff & Consultant

- Help Commissioners define enterprise objectives and develop investment strategy and investment policy
- Source investment ideas, conduct due diligence, and make investment recommendations to CIO for approval

Implementers

- Investment staff
- Investment Consultant
- Investment managers

Standards for Discharge of Commission Duties

As fiduciaries, each Commission member shall discharge his or her duties with respect to the Retirement System:

- Solely in the interest of the Retirement System and its participants and beneficiaries
- For the exclusive purpose of providing benefits to participants and beneficiaries and paying reasonable expenses of administering the Retirement System
- With the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose;
- Impartially, taking into account any differing interest of participants and beneficiaries;
- Incurring only costs that are appropriate and reasonable; and
- In accordance with a good faith interpretation of the Code of Laws of South Carolina, 1976, as amended. (§9-16-40)

Responsibilities of Individual Commission Members

Responsibilities of Individual Commission members as outlined in the SIOP include:

- Be informed about RSIC's mission and policies
- Attend Commission meetings, or if unable to attend, notify the CEO and/or the Chair as soon as possible to ensure that a quorum will be present.
- Review agenda and supporting materials prior to Commission and Committee meetings.
- Serve on Commission Committees and offer to take on special assignments.
- Keep up to date on developments in the pension and public fund area.
- Comply with ethics, fiduciary standards, conflict of interest, disclosure, and confidentiality laws and policies.
- Counsel and work with the CEO as appropriate.
- Assist the Commission in carrying out its fiduciary responsibilities
- At all times meet high ethical standards to avoid even the appearance of impropriety.

Current drivers of concern for public fund fiduciaries

- Spotlight on conflicts of interest, both actual and perceived
- Compliance with established federal and state laws
- Greater emphasis on ethics and ethical practices
- ESG & Pecuniary Factors
- Litigation risk

What is a pecuniary factor?

A “pecuniary factor” is defined as a factor that a fiduciary prudently determines will have a material effect on the risk or return of an investment based on appropriate investment horizons consistent with the plan’s investment objectives and funding policies.

- In October 2020, the U.S. Department of Labor (“DOL”) released its final rule relating to a fiduciary’s consideration of environmental, social and governance (“ESG”) factors.
 - The final rule required a fiduciary to base its investment decisions solely on pecuniary factors and not subordinate the interests of participants and their beneficiaries to any non-pecuniary objectives.
- In November 2022, the U.S. Department of Labor released a final rule with revised regulations:
 - A fiduciary’s decision must be based on the factors that the fiduciary “reasonably determines are relevant to a risk and return analysis, using appropriate investment horizons consistent with the plan’s investment objectives and taking into account the funding policy of the plan”.
 - The risk and return factors may include the economic effects of climate change and other ESG factors.
 - The weight given to any factor “should appropriately reflect an assessment of its impact on risk and return.”
- Under the revised final rule, an ERISA fiduciary is not required to consider ESG factors when making an investment decision.
- Public retirement systems are not governed by ERISA, but ERISA often serves as a governance framework

Final thoughts

- Commissioners serve a critical role
 - Spend time focusing on the important decisions that affect strategy of the Plan, and delegate implementation to staff and consultant with oversight.
 - Frame decisions in a manner consistent with the law, established best practices, and RSIC enterprise objectives.
 - Priorities change over time, so don't be afraid to periodically revisit.
- What not to focus on or try to do
 - Becoming a de facto investment professional
 - Concern about never making an investment mistake
- Always remember the only bad question is the one that wasn't asked

Delegated Investments (April 20, 2023 to May 31, 2023)

Asset Class	Investment	Investment Amount	RSIC Commitment Date
Private Equity	Industry Ventures Secondary X, LP	Up to \$75 M	May 15, 2023
Private Equity	Falfurrias Growth Partners I, LP	Up to \$30 M	May 19, 2023

