

South Carolina Retirement System Investment Commission

September 30, 2010 Quarterly Report

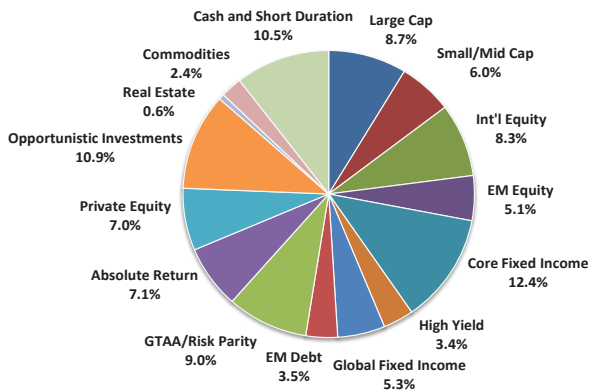
Pursuant to S.C. Code, Ann. §9-16-90 (A)

TOTAL FUND SUMMARY AS OF 9/30/10

Market Value: \$24,431.1 million

	Quarter	1 Year	3 Years	5 Years
RSIC Return	7.54%	10.82%	-1.59%	2.57%
<i>Policy Benchmark</i>	7.63%	9.05%	-2.58%	1.89%
<i>Strategy Benchmark</i>	7.40%	8.02%	-2.07%	2.19%

TOTAL FUND ASSET ALLOCATION AS OF 9/30/10



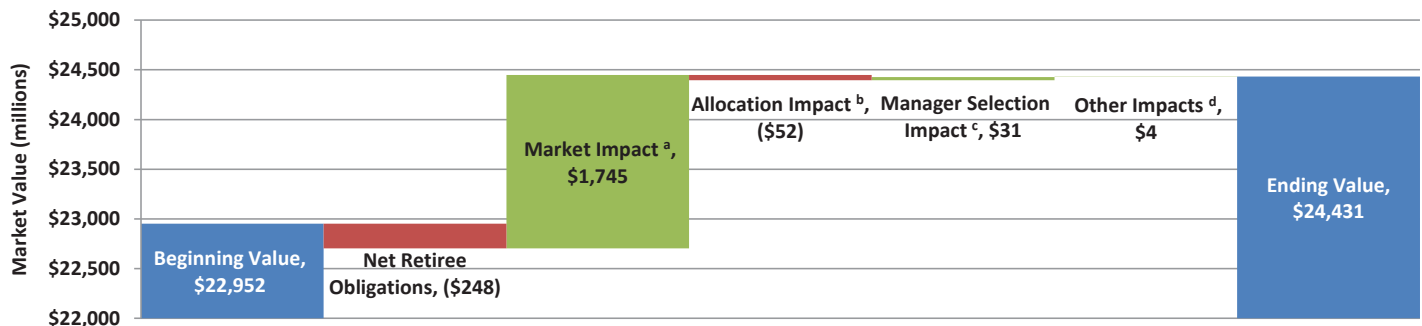
ASSET ALLOCATION AND BENCHMARK RETURNS

	6/30/10 Weight	Change From 6/30/10	Benchmark Return	Benchmark Name
Large Cap Equity	8.2%	0.4%	11.3%	S&P 500
Small/Mid Cap Equity	8.1%	-2.1%	12.2%	Russell 2500
International Equity	6.6%	1.7%	16.5%	Morgan Stanley Capital Int'l Europe, Australia, Far East
Emerging Markets Equity	4.4%	0.6%	18.0%	Morgan Stanley Capital Int'l Emerging Markets Equity
Core Fixed Income	13.2%	-0.9%	2.5%	Barclays Capital Aggregate Bond
High Yield	3.4%	0.0%	6.7%	Barclays Capital U.S. Corporate High Yield
Global Fixed Income	5.0%	0.2%	7.3%	Barclays Capital Global Aggregate Bond
EM Debt	3.5%	0.0%	8.2%	JPM Emerging Market Bond Global Diversified
GTAA/Risk Parity	8.8%	0.2%	11.1%	50% Citi World Government Bond; 50% MSCI World
Opportunistic Alpha	7.4%	-0.3%	3.1%	HFRI Global Hedge Fund Index
Private Equity	4.2%	2.8%	N/A	Venture Economics
Opportunistic Credit	10.0%	0.9%	3.5%	Blended Benchmark ¹
Real Estate	0.6%	0.0%	3.9%	National Council of Real Estate Investment Fiduciaries
Liquid Real Assets	2.3%	0.1%	7.2%	Blended Benchmark ²
Short Duration	3.3%	0.8%	0.5%	Merrill Lynch 0-3 Year Treasury Index
Cash	10.9%	-4.6%	0.0%	3 Month Treasury Bill

¹ 33% Barclays Capital High Yield; 33% S&P/LSTA Leveraged Loan; 33% Barclays Capital MBS Index

² 50% DJ/UBS Commodity Index; 50% Barclays Capital World Government Inflation-linked Index

DOLLAR IMPACTS TO PLAN VALUE 6/30/10 - 9/30/10



^a Market Impact shows the estimated change in plan value from a portfolio invested to mirror the Policy Benchmark.

^b Allocation Impact represents the value from asset allocation decisions to deviate from the Policy Benchmark weights.

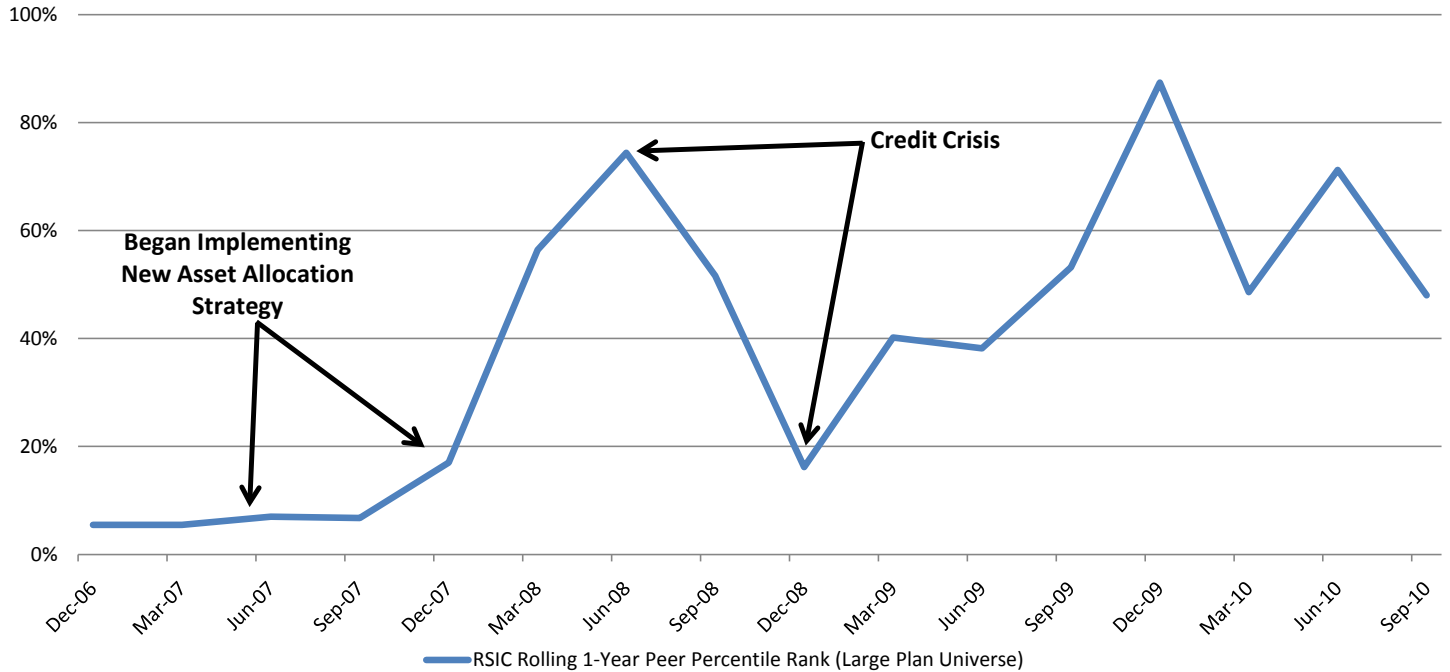
^c Manager Selection Impact indicates whether, in aggregate, managers performed better or worse than the Strategy Benchmarks for their asset classes.

^d Other Impacts include the impact from the timing of trades, partial-month returns, fees and expenses, as well as other minor portfolio impacts.

EXECUTIVE SUMMARY:

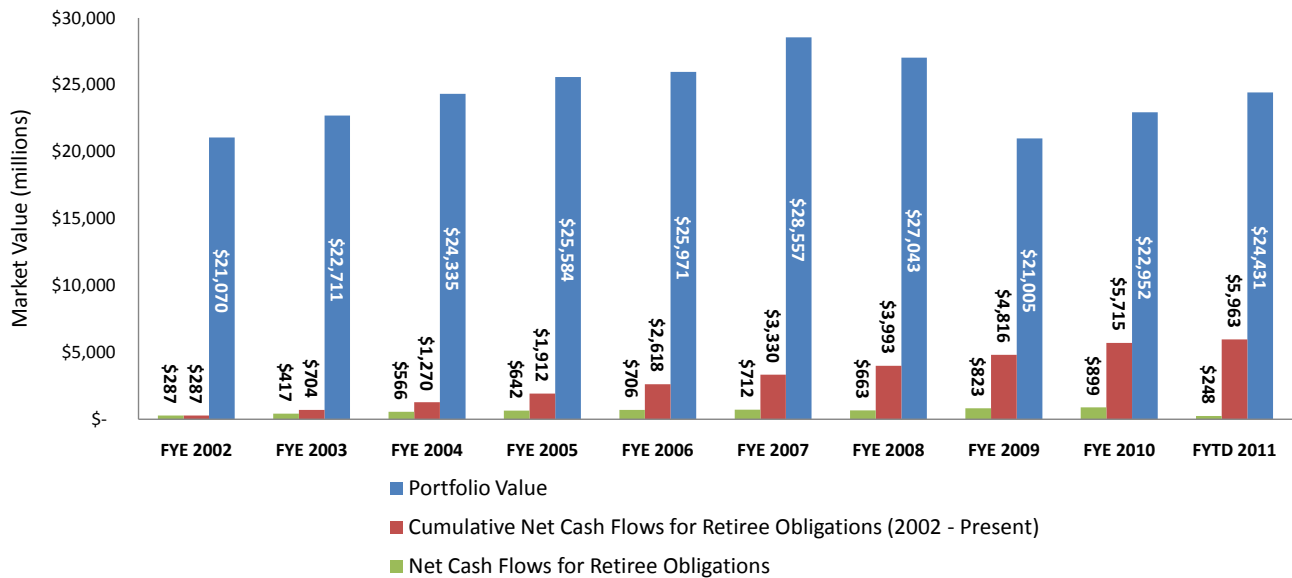
- All major asset classes generated positive returns during the quarter.
- Small Cap Core, Global Fixed Income, and Opportunistic Credit were the composites with the greatest performance relative to their benchmarks, while SMID Value, Global Asset Allocation, and Real Estate generated the weakest relative performance.
- Manager selection offset the majority of the negative impact from tactical allocation decisions.
- The Portfolio's conservative positioning (underweight equities / overweight fixed income and cash) created headwinds to the Portfolio's performance, and contributed to the decline in return-ranking relative to its peer group universe.

RSIC TOTAL RETURN RANKING AS OF 9/30/10



*The percentile rankings represent the RSIC's mean ranking taken from five separate peer group universes in which 100 is best and 1 is worst.

PORTFOLIO VALUE AND NET RETIREE OBLIGATION CASH FLOWS



KEY DEVELOPMENTS DURING THE QUARTER:

- The Commission approved the Service Provider Selection Policy.
- The Commission approved hiring six emerging markets equity managers funds, DFA and Schroders were funded during the quarter.
- A limited IMA was negotiated and executed with DFA that included waiver of S.C. Code, Ann. §9-16-360 (B); employees and affiliates are subject to DFA's Code of Ethics, which is substantially consistent with S.C. Code, Ann. §9-16-360 (B).
- The Commission approved investments in four real estate funds during the quarter.

Commissioners: Allen Gillespie || Blaine Ewing, III || Converse Chellis || James Powers || Travis Pritchett || Reynolds Willaims
 Robert L. Borden || Chief Executive Officer / Chief Investment Officer || (803) 737-6885
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