

Commission Meeting Agenda

Thursday, June 5, 2025 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 2025 Minutes
- II. CEO's Report
 - A. Delegation Limit Modification – Approval
- III. CIO's Report
 - A. Investment Performance Update
- IV. Fiduciary Training – Verus
- V. Delegated Investment Report
- VI. Executive Session – To discuss investment matters, including specific co-investments and private equity investments, and certain portions of the Consolidated Annual Investment Plan and Statement of Investment Objectives and Policies, 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 10, 2025 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. Melissa Schumpert, Vice-Chair

Mr. William J. Condon, Jr.

Mr. Kenneth F. Deon

Dr. Holley H. Ulbrich (absent)

Mr. Reynolds Williams

Mr. Dan Roach (absent)

Ms. Peggy Boykin, PEBA Executive Director

I. Call to Order and Consent Agenda

Chair William H. Hancock called the meeting of the South Carolina Retirement System Investment Commission ("Commission" or "RSIC") to order at 9:02 a.m. Ms. Peggy Boykin made a motion to adopt the agenda as presented. Mr. Kenneth F. Deon seconded the motion, which was unanimously approved.

Mr. Deon then made a motion to approve the minutes of the Commission's February 13, 2025, meeting. Mr. William J. Condon, Jr. seconded the motion, which was unanimously approved.

A link to the entire meeting below:

[2025 04 10 Commission Meeting](#)

II. Educational Presentation – Commercial Real Estate

Mr. Michael R. Hitchcock, Chief Executive Officer ("CEO") recognized Ms. Kathleen McCarthy, Global Co-Head of Real Estate from Blackstone Real Estate. Ms. McCarthy provided the Commissioners with a brief educational presentation on Commercial Real Estate.

A link to the discussion is below:

<https://www.youtube.com/watch?v=fqAWsnpwh-k&t=115s>

III. Executive Session

Mr. Deon made a motion to recede into executive session to discuss investment matters, including comprehensive reviews of the bonds, portable alpha and real estate portfolios' performance and a discussion of various underlying holdings, and certain portions of the Consolidated Annual Investment Plan and Statement of Investment Objectives and Policies, 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 Ann. Section 30-4-70(a)(1)-(2). Mr. Condon seconded the motion, which was approved unanimously. The Commission receded into executive session at 9:45 a.m.

IV. Potential Action Resulting from Executive Session

The Commission reconvened in open session. The Chair announced that no action was taken by the Commission during executive session.

V. Committee Reports

Chair Hancock reported that the Human Resources and Compensation Committee and the Audit and Enterprise Risk Management Committee had not met since the last Commission meeting on February 13, 2025, and there was nothing to report.

VI. CEO's Reports

Chair Hancock then recognized Mr. Hitchcock for the CEO's report. Mr. Hitchcock began by reviewing the proposed Annual Investment Plan and Statement of Investment Policies and Procedures ("AIP/SIOP"). The proposed AIP/SIOP that was provided to the Commissioners for review was substantially similar to the version that was presented at the February 2025 Commission meeting. He noted that Staff had made a few technical and conforming changes to the proposed AIP/SIOP since the February meeting. The majority of the changes were to incorporate the results of the five-year asset allocation exercise that the Commission recently completed. The Chair noted that all Commissioners had had an opportunity to review the updated draft prior to the meeting, after asking for any questions, he requested a motion to approve the AIP/SIOP.

Mr. Deon then moved that the Commission (i) adopts the recommendation of the CEO and CIO to approve the proposed revisions to the AIP/SIOP for fiscal year 2025- 20265, as set forth in the red-numbered document pages 110 to 165, with an effective date of July 1, 2025, (ii) certifies that RSIC is in compliance with the Sudan Divestment Policy without taking additional action due to the method of implementation utilized in the Portfolio; and (iii) authorizes Staff to finalize the AIP/SIOP by making any technical revisions or formatting edits consistent with the action taken by the Commission. Ms. Melissa Schumpert seconded the motion, which was approved unanimously.

A link to the discussion is below:

<https://www.youtube.com/watch?v=fqAWsnpwh-k&t=2541s>

VII. CIO's Report

Mr. Geoffrey Berg, Chief Investment Officer ("CIO"), introduced Mr. Bryan Moore, Deputy Chief Investment Officer, for the investment performance review through December 31, 2024. Mr. Moore noted that the Plan's market value of \$47 billion as of December 31, 2024 remained near an all-time high. He reported that for the three-year period ending December 31, 2024, the Plan outperformed the Policy Benchmark by approximately 2 percent, adding over \$2.5 billion in value. While the policy benchmark did not exceed the assumed rate of return of 7 percent over the over the trailing five- and ten-year periods, the implementation by Staff over those periods resulted in a five-year return of 7.82 percent, and a ten-year return of 7.16 percent for the Plan.

Mr. Moore reviewed asset class performance, noting that every asset class had outperformed its benchmark for the trailing three years. He noted that Private Credit had remained resilient, while Real Estate valuations appeared to be bottoming out.

Mr. Moore reviewed the portfolio performance framework with the Commission. Two key highlights noted by Mr. Moore were (1) Value from Diversification improved from the prior quarter across all time periods and (2) the modest fiscal-year-to-date difference between the Plan return and the policy benchmark reflected the Portfolio's lower relative risk posture, while helping to maintain the Portfolio's significant value add over the Policy portfolio over the trailing one-, three- and five-year periods. After a brief discussion, Mr. Moore concluded his report.

A link to the CIO's Report is below:

<https://www.youtube.com/watch?v=fqAWsnpwh-k&list=PLWggBnJJX7ksfB95gcRpo3MfftYDIRmly&index=1&t=2757s>

VIII. Delegated Investment Report

Chair Hancock then recognized Mr. Moore for the delegated investment report. The following delegated investments were closed by Staff since the February 13, 2025, Commission meeting.

Delegated Investments (February 13, 2025 to April 9, 2025)			
Asset Class	Investment	Investment Amount	RSIC Commitment Date
Private Equity	Hg Saturn 4 A, L.P.	\$100 M	February 14, 2025

IX. Adjournment

There being no further business, Mr. Condon made a motion to adjourn. Ms.

Schumpert seconded the motion, which was approved unanimously. The Commission adjourned at 1:15 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 10:00 a.m., on April 8, 2025.]

Delegation Policy



Background

- In 2014 the fiduciary audit suggested the Commission consider delegating day-to-day investment decision-making to the CIO.
- This recommendation was included in the 2017 Pension legislation.
 - Limited the size of liquid (<2%) and illiquid (<1%) investments
- RSIC's policy (adopted in September 2017) added additional constraints.
 - Limited REIT investments to 1%
 - Limited illiquid (including private market) investments to 0.75%
 - 5% aggregate limit on delegated investments between Commission meetings
 - Required the CIO to provide Commission with a monthly investment pipeline (now quarterly)
 - Requires Commission approval for an investment with important direct South Carolina connections
 - Requires Commission approval for an investment that is meaningfully different than prior investments

- In the 2018 Fiduciary Performance Audit, Funston Advisory Services stated:
 - *“The Commission is also to be commended for delegating most investment manager selection decisions to the CIO, effective as of October 2017. Together with a qualified, well-resourced staff, an effective investment policy statement, and appropriate governance policies and processes in place, we consider this to be leading practice.”*

Proposed Amendment

- We would like to raise the limit on illiquid investment from 0.75% to 1%, to align with state law.
 - **Moving target/plan growth:** The Plan's value is expected to increase significantly. Additional sizing flexibility for certain strategies (mostly Private Credit, Real Estate, and Infrastructure) is helpful.
 - **Manager quality:** In "core" mandates (most notably in core Real Estate, Infrastructure, Private Debt, etc.) we would rather invest with our highest conviction partners.
 - **Negotiating power:** Larger investments can strengthen our negotiating position.

RSIC Performance Analysis

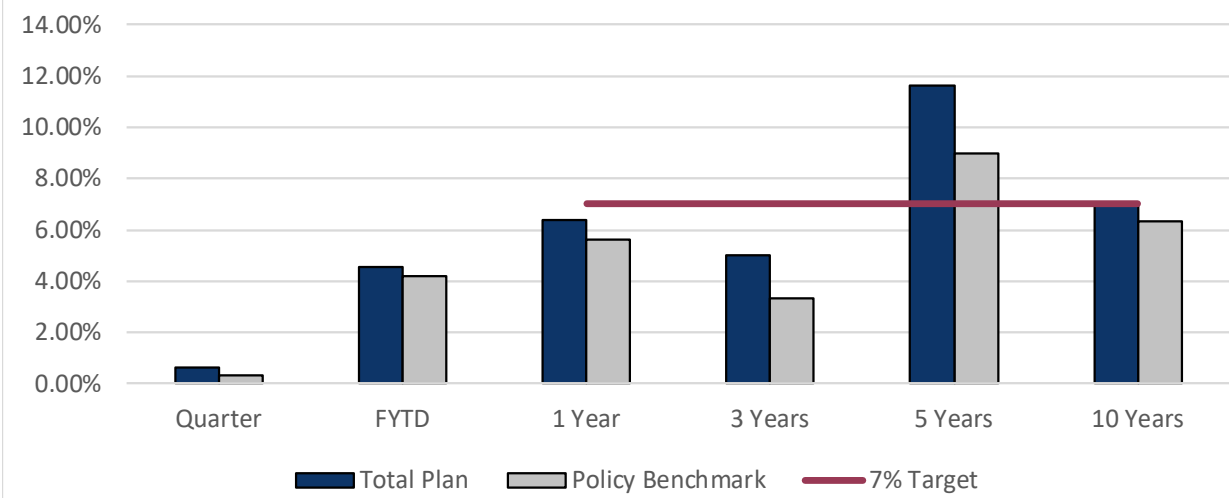
Data as of 03-31-2025



1. Over the past three years, the Plan has delivered an annualized excess return of +1.66%, generating approximately \$2.2 billion in additional value beyond the Policy Benchmark.
2. Both RSIC Investment and Operations teams are actively preparing for the transition to the new five-year Strategic Asset Allocation (“SAA”) on July 1, 2025.
3. We maintain ample liquidity to explore and act on market opportunities once the SAA transition is successfully executed.

Performance - Plan & Policy Benchmark²

Net of Fee Returns by Time Period²



Rolling period performance as of March 31, 2025 ¹							
Executive Summary	Market Value (millions)	Annualized					
		Quarter	FYTD	1 Year	3 Years	5 Years	10 Years
Total Plan	\$47,200	0.63%	4.55%	6.36%	5.00%	11.65%	7.02%
Policy Benchmark		0.32%	4.21%	5.60%	3.34%	8.97%	6.36%
Excess Return (%)		0.31%	0.34%	0.76%	1.66%	2.68%	0.66%
Excess Return (\$ millions)		\$147	\$161	\$342	\$2,168	\$5,478	\$2,726
Net Benefit Payments (\$ millions)		\$46	\$270	\$348	-\$95	-\$1,252	-\$6,285



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

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As of March 31, 2025

Trailing Performance as of 03/31/2025	Portfolio Weight	Annualized				
		Quarter	FYTD	1 Year	3 Years	5 Years
Public Equity	45.7%	-1.46%	4.08%	6.68%	6.73%	15.42%
<i>Benchmark</i>		<i>-1.61%</i>	<i>3.83%</i>	<i>6.30%</i>	<i>6.31%</i>	<i>15.00%</i>
Bonds	22.6%	2.97%	3.66%	4.08%	0.28%	1.45%
<i>Benchmark</i>		<i>2.78%</i>	<i>4.81%</i>	<i>4.88%</i>	<i>0.52%</i>	<i>0.10%</i>
Private Equity	13.3%	2.73%	6.38%	9.09%	4.78%	14.60%
<i>Benchmark</i>		<i>0.70%</i>	<i>4.47%</i>	<i>5.61%</i>	<i>0.83%</i>	<i>10.70%</i>
Private Debt	7.3%	2.59%	7.70%	10.89%	8.89%	10.32%
<i>Benchmark</i>		<i>2.44%</i>	<i>7.27%</i>	<i>10.46%</i>	<i>8.51%</i>	<i>7.36%</i>
Real Assets	11.1%	0.20%	1.58%	1.50%	0.65%	7.04%
<i>Benchmark</i>		<i>0.85%</i>	<i>1.85%</i>	<i>1.17%</i>	<i>-5.07%</i>	<i>2.74%</i>
Portable Alpha Hedge Funds	9.9%	-0.17%	2.81%	2.56%	2.89%	7.45%
Total Plan	100.0%	0.63%	4.55%	6.36%	5.00%	11.65%
<i>RSIC Policy Benchmark</i>		<i>0.32%</i>	<i>4.21%</i>	<i>5.60%</i>	<i>3.34%</i>	<i>8.97%</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. Performance is expressed net of SOFR as an estimate for Overlay financing costs.

Key Highlights:

Quarterly performance was quite mild heading into a very volatile April.

With the roll-off of Q1 2020, five-year returns underwent a notable shift, reflecting the strong recovery following the initial pandemic volatility.



Portfolio Performance Framework

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As of March 31, 2025

Reference Portfolio		Policy Benchmark		Implementation Benchmark		Plan Return	
FYTD	4.17%	FYTD	4.21%	FYTD	4.68%	FYTD	4.55%
1-Year	5.93%	1-Year	5.60%	1-Year	6.21%	1-Year	6.36%
3-Years	4.69%	3-Years	3.34%	3-Years	3.69%	3-Years	5.00%
5-Years	10.35%	5-Years	8.97%	5-Years	10.44%	5-Years	11.65%

Value from Diversification		Quality of Portfolio Structure		Quality of Manager Selection	
FYTD	0.04%	FYTD	0.47%	FYTD	-0.12%
1-Year	-0.33%	1-Year	0.61%	1-Year	0.15%
3-Years	-1.34%	3-Years	0.35%	3-Years	1.31%
5-Years	-1.38%	5-Years	1.47%	5-Years	1.21%

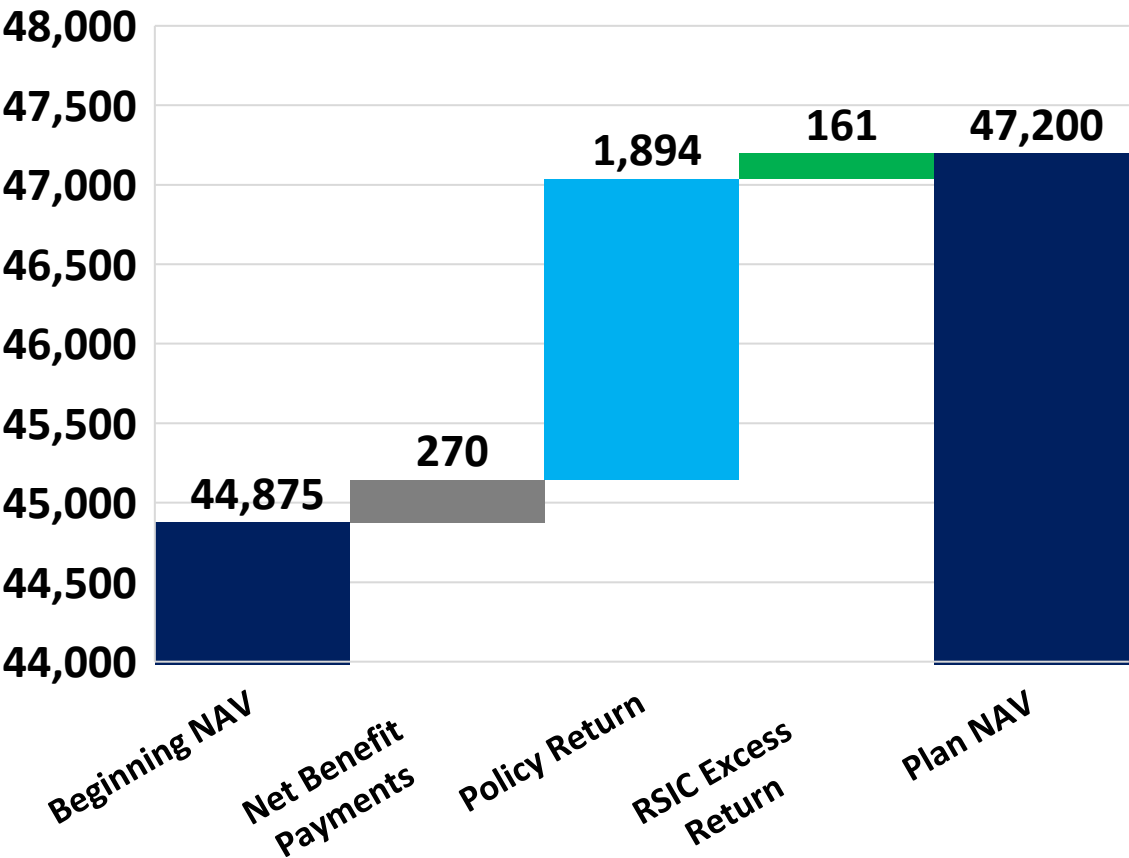
Actual vs Reference		Actual vs Policy	
FYTD	0.38%	FYTD	0.34%
1-Year	0.44%	1-Year	0.76%
3-Years	0.32%	3-Years	1.66%
5-Years	1.29%	5-Years	2.68%

Key Highlights:

5-year returns reflect outcomes achieved from the depths of COVID-19.

The implementation decisions of the RSIC team have generated substantial value, overcoming the challenges posed by the 'Value from Diversification' headwind.

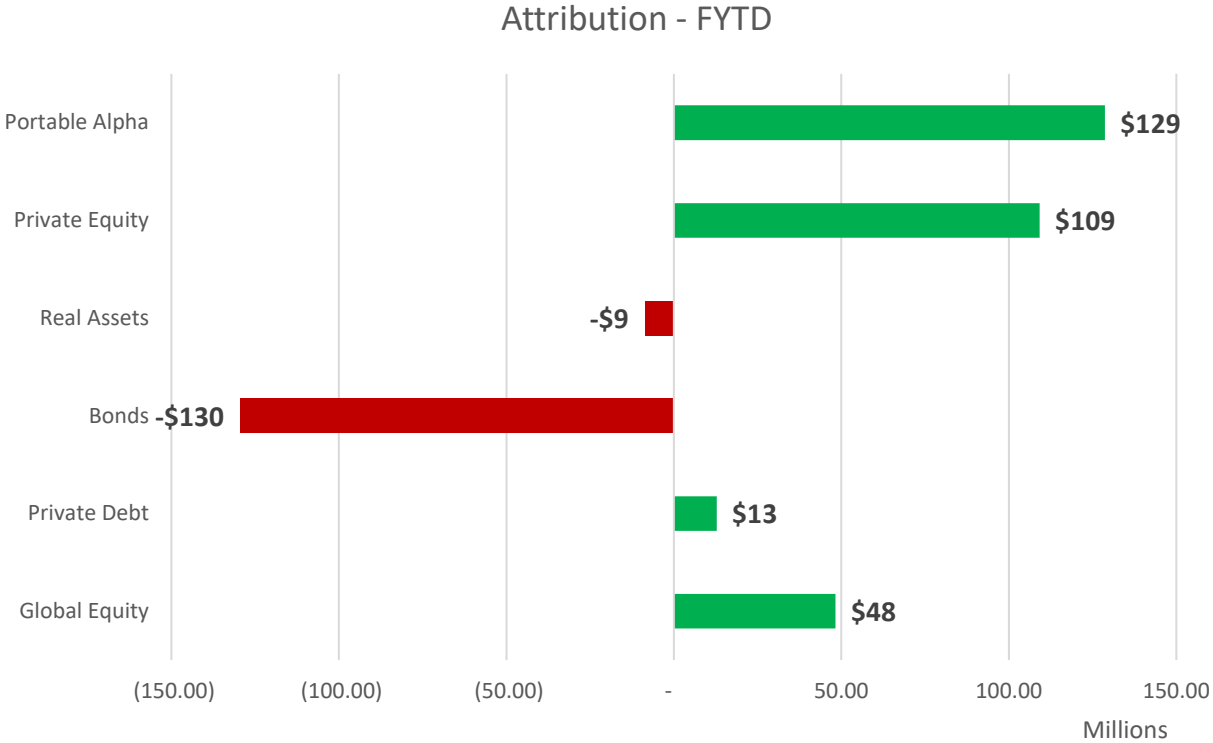
FYTD RSIC Value Added as of 03/31/25



Key Highlights:

The underperformance in Bonds stems from holding a slightly longer Treasury duration and a lower credit allocation compared to the benchmark.

The team's execution in Portable Alpha and Private Equity continues to fuel outperformance this fiscal year.



FYTD Performance Attribution

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As of March 31, 2025

Attribution Table (BPS)	Allocation	Implementation	Selection	Total
Bonds	-1	-12	-16	-29
Private Debt	0	0	3	3
Global Equity	0	0	12	11
Private Equity	1	0	24	25
Real Assets	1	59	-62	-2
Portable Alpha	0	0	29	29
Total	0	46	-10	36

Key Highlights:

Bonds impacted by longer duration treasury positioning and lower relative weight to credit.

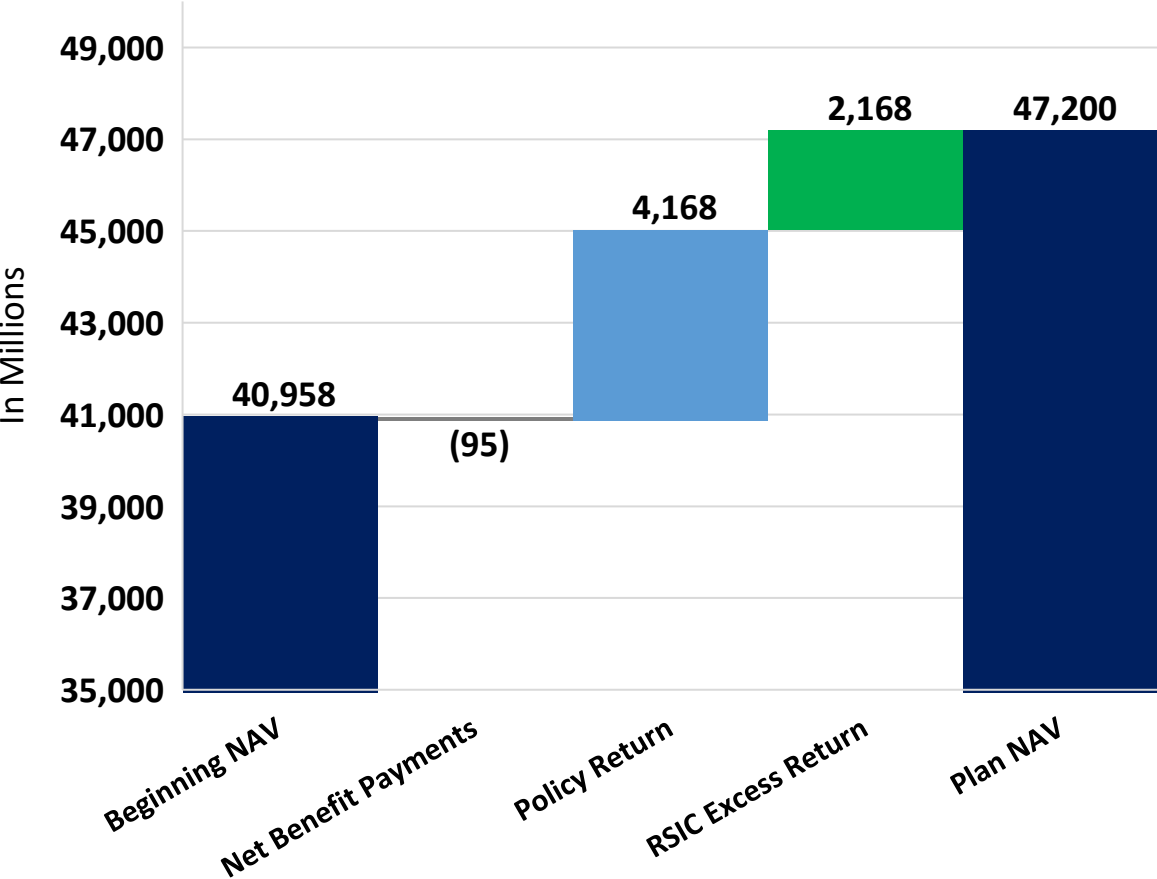
Private Equity selection is a key driver given numerous positive outcomes in the portfolio.

Real Assets contribution remains flat. Attribution shows large offsetting impacts within implementation and selection effects resulting from the use of a public index to proxy private infrastructure.

The total Allocation Effect remains unchanged, as most asset classes are positioned close to their target weights.

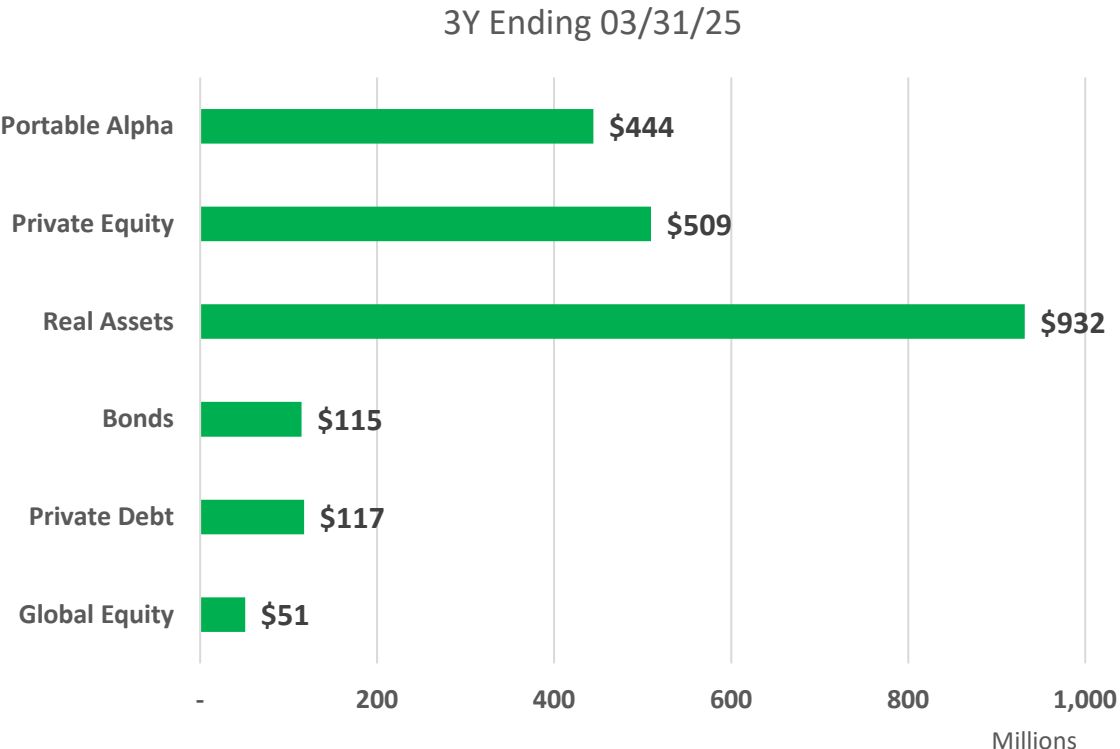
3-Year Performance Attribution

3Y - RSIC Value Added
As of 03/31/25



Key Highlights:

Despite a challenging three-year total return environment, the team has delivered significant value-add across all asset classes, contributing more than one-third of the Plan growth during this period.



Total Portfolio Risk Assessment – Expected vs. Realized

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As of March 31, 2025

Expected Total Risk: Measures the volatility of the portfolio (liquid proxies for illiquid)	<i>Expected Total Risk</i>	Reference Portfolio	Policy	Actual
		13.4%	12.8%	13.9%
		↓	↓	↓
Realized Risk: Reflects the actual volatility of returns	<i>Realized Risk</i>	Reference	Policy	Actual
		13.4%	9.3%	8.1%

1. Over the past three years, the Plan has delivered an annualized excess return of +1.66%, generating approximately \$2.2 billion in additional value beyond the Policy Benchmark.
2. Both RSIC Investment and Operations teams are actively preparing for the transition to the new five-year Strategic Asset Allocation (“SAA”) on July 1, 2025.
3. We maintain ample liquidity to explore and act on market opportunities once the SAA transition is successfully executed.

Appendix

Asset Allocation and SIOP Compliance⁵

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As of March 31, 2025

Exposure Report as of 03/31/2025	Net Exposure	Policy Targets	Over / Under	Allowable Ranges	SIOP Compliance
Public Equity	45.70%	46.0%	-0.3%	30% - 60%	Yes
Bonds	22.62%	26.0%	-3.4%	15% - 35%	Yes
Private Equity	13.32%	9.0%	4.3%	5% - 13%	No
Private Debt	7.30%	7.0%	0.3%	3% - 11%	Yes
Real Assets	11.07%	12.0%	-0.9%	6% - 18%	Yes
Portable Alpha Hedge Funds	9.85%	n/a	9.9%	0% - 15%	Yes
Total Plan	100.00%	100.0%	0.0%	n/a	Yes
Total Private Markets	31.44%	28.0%	3.4%	0% - 30%	No

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

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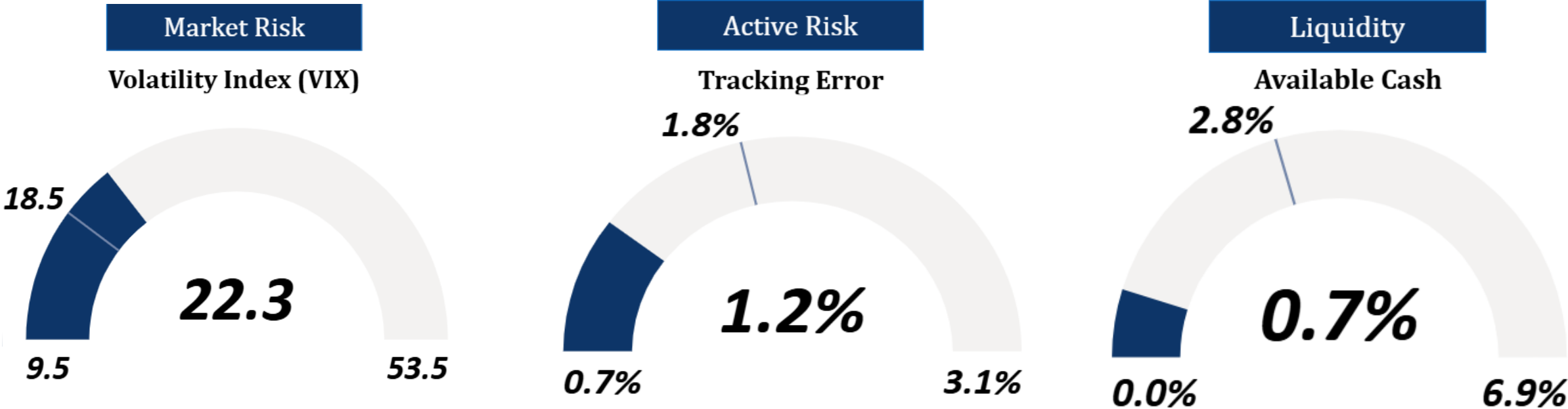
As of March 31, 2025

Trailing Performance as of 03/31/2025	Portfolio Weight	Annualized				
		Quarter	FYTD	1 Year	3 Years	5 Years
Public Equity	45.7%	-1.46%	4.08%	6.68%	6.73%	15.42%
<i>Benchmark</i>		<i>-1.61%</i>	<i>3.83%</i>	<i>6.30%</i>	<i>6.31%</i>	<i>15.00%</i>
Bonds	22.6%	2.97%	3.66%	4.08%	0.28%	1.45%
<i>Benchmark</i>		<i>2.78%</i>	<i>4.81%</i>	<i>4.88%</i>	<i>0.52%</i>	<i>0.10%</i>
IG Fixed	20.5%	3.26%	3.50%	3.12%	-1.40%	-1.32%
IG Floating (Hedged)	0.9%	4.35%	6.86%	8.54%	5.44%	n/a
EMD	0.1%	7.36%	12.50%	13.68%	-12.86%	-5.92%
Mixed Credit	0.4%	0.66%	6.67%	10.11%	7.89%	11.27%
Cash and Short Duration (Net)	0.8%	1.05%	3.55%	4.90%	4.28%	2.65%
Private Equity	13.3%	2.73%	6.38%	9.09%	4.78%	14.60%
<i>Benchmark</i>		<i>0.70%</i>	<i>4.47%</i>	<i>5.61%</i>	<i>0.83%</i>	<i>10.70%</i>
Private Debt	7.3%	2.59%	7.70%	10.89%	8.89%	10.32%
<i>Benchmark</i>		<i>2.44%</i>	<i>7.27%</i>	<i>10.46%</i>	<i>8.51%</i>	<i>7.36%</i>
Real Assets	11.1%	0.20%	1.58%	1.50%	0.65%	7.04%
<i>Benchmark</i>		<i>0.85%</i>	<i>1.85%</i>	<i>1.17%</i>	<i>-5.07%</i>	<i>2.74%</i>
Private Real Estate	7.8%	-0.49%	-1.20%	-1.81%	-1.96%	4.66%
Public Real Estate	0.1%	1.08%	13.76%	14.22%	1.44%	13.14%
Private Infrastructure	3.0%	1.83%	5.30%	6.55%	8.27%	8.03%
Public Infrastructure	0.1%	6.53%	15.97%	15.20%	1.71%	9.28%
Portable Alpha Hedge Funds	9.9%	-0.17%	2.81%	2.56%	2.89%	7.45%
Total Plan	100.0%	0.63%	4.55%	6.36%	5.00%	11.65%
<i>RSIC Policy Benchmark</i>		<i>0.32%</i>	<i>4.21%</i>	<i>5.60%</i>	<i>3.34%</i>	<i>8.97%</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. Performance is expressed net of SOFR as an estimate for Overlay financing costs.

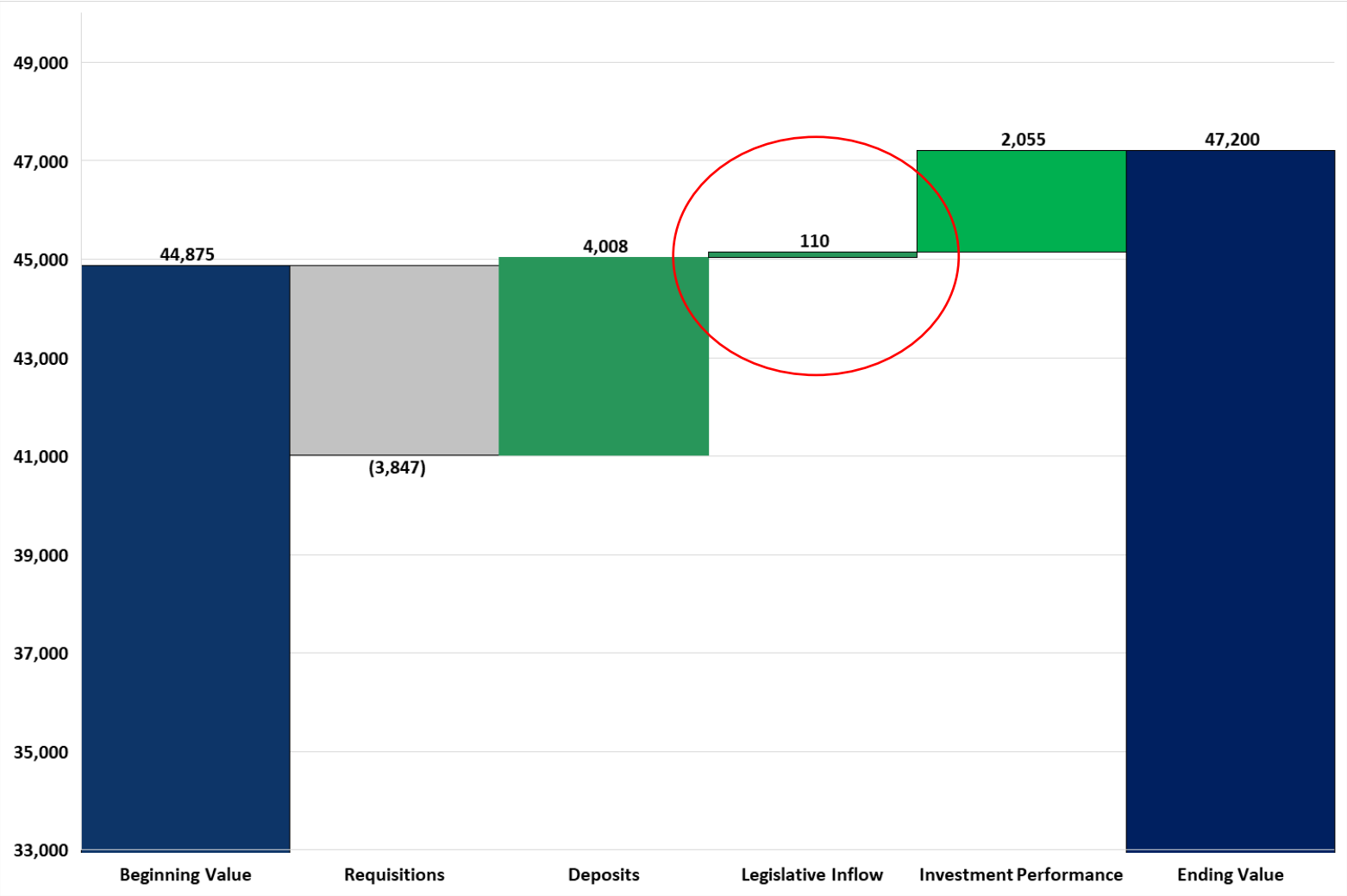
Plan Level Risk Monitoring

As of March 31, 2025



FYTD Benefits and Performance

As of March 31, 2025



Other flows include a \$110 million legislative inflow.

Asset Allocation and SIOP Compliance⁵

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Exposures as of March 31, 2025

Exposure Report as of 03/31/2025	Net Exposure	Policy Targets	Over / Under	Allowable Ranges	SIOP Compliance
Public Equity	45.70%	46.0%	-0.3%	30% - 60%	Yes
Bonds	22.62%	26.0%	-3.4%	15% - 35%	Yes
Investment Grade - Fixed	20.49%	26.0%	-5.5%	10% - 35%	Yes
Investment Grade - Floating	0.91%	n/a	0.9%	0% - 5%	Yes
EMD	0.08%	n/a	0.1%	0% - 6%	Yes
Mixed Credit	0.36%	n/a	0.4%	0% - 8%	Yes
Cash and Short Duration (Net)	0.79%	n/a	0.8%	0% - 7%	Yes
Private Equity	13.32%	9.0%	4.3%	5% - 13%	No
Private Debt	7.30%	7.0%	0.3%	3% - 11%	Yes
Real Assets	11.07%	12.0%	-0.9%	6% - 18%	Yes
Private Real Estate	7.78%	9.0%	-1.2%	n/a	Yes
Public Real Estate	0.12%	n/a	0.1%	n/a	Yes
Private Infrastructure	3.05%	3.0%	0.0%	n/a	Yes
Public Infrastructure	0.12%	n/a	0.1%	n/a	Yes
Portable Alpha Hedge Funds	9.85%	n/a	9.9%	0% - 15%	Yes
Total Plan	100.00%	100.0%	0.0%	n/a	Yes
Total Private Markets	31.44%	28.0%	3.4%	0% - 30%	No

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, SOFR 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.
- Net benefit payments include a one-time \$45 million payment that occurred in October 2023 to cover securities lending collateral losses incurred during the Global Financial Crisis of 2008.
- 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, 2025



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

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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, 2025

Allocation vs. Targets and Policy Quarter Ending March 31, 2025

	MV at 03/31/2025	Overlay Exposures	Net Position	% of Total System	% of Total System (Net)	Policy Targets	Allowable Ranges	SIOP Compliance?
Total System	47,199,976,508	-	47,199,976,508	100%	100%	100%		
Public Equity	20,350,111,783	1,219,170,536	21,569,282,319	43.1%	45.7%	46%	30% - 60%	Yes
Public Equity	20,350,111,783	1,219,170,536	21,569,282,319	43.1%	45.7%	46%	30% - 60%	Yes
Bonds	7,246,943,930	3,431,214,808	10,678,158,737	15.4%	22.6%	26%	15% - 35%	Yes
Investment Grade - Fixed	135,588,599	9,535,554,585	9,671,143,184	0.3%	20.5%	0%	10% - 35%	Yes
Investment Grade - Floating	427,748,791	-	427,748,791	0.9%	0.9%	0%	0% - 5%	Yes
Emerging Market Debt	36,948,707	-	36,948,707	0.1%	0.1%	0%	0% - 6%	Yes
Mixed Credit	169,719,595	-	169,719,595	0.4%	0.4%	0%	0% - 8%	Yes
Cash and Short Duration	6,476,938,237	(6,104,339,777)	372,598,460	13.7%	0.8%	0%	0% - 7%	Yes
Private Equity	6,285,165,261	-	6,285,165,261	13.3%	13.3%	9%	5% - 13%	No
Private Debt	3,443,825,784	-	3,443,825,784	7.3%	7.3%	7%	3% - 11%	Yes
Real Assets	5,223,544,407	-	5,223,544,407	11.1%	11.1%	12%	6% - 18%	Yes
Real Estate	3,729,781,866	-	3,729,781,866	7.9%	7.9%	9%	5% - 13%	Yes
Infrastructure	1,493,762,541	-	1,493,762,541	3.2%	3.2%	3%	0% - 5%	Yes
Portable Alpha Hedge Funds	4,650,385,344	(4,650,385,344)	-	9.9%	0.0%	0%	0% - 15%	Yes

Includes cash in the Russell Overlay separate account

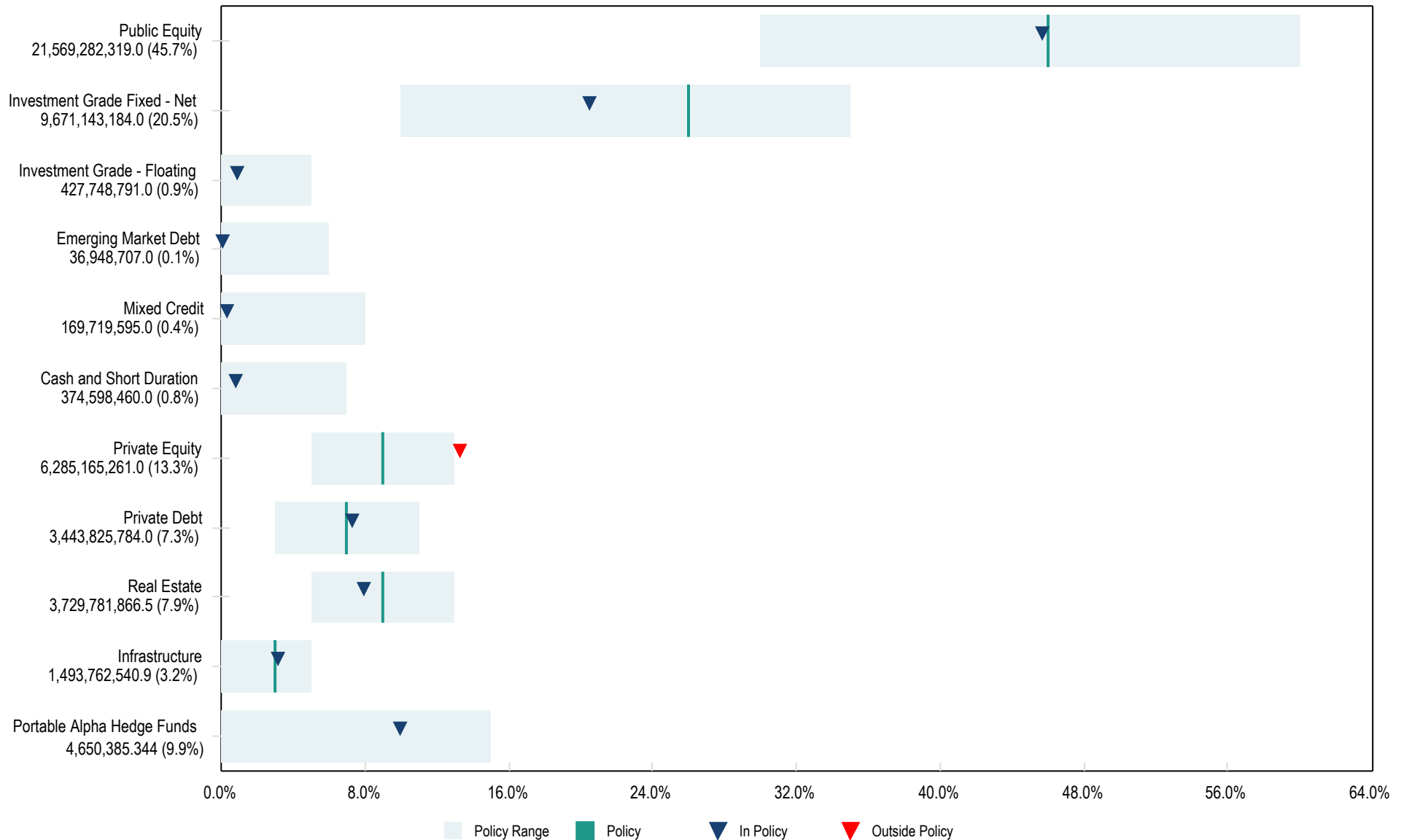
Percentages may not sum to 100% due to rounding

Total Retirement System Asset Allocation Compliance

South Carolina Retirement System Investment Commission
Period Ending: March 31, 2025

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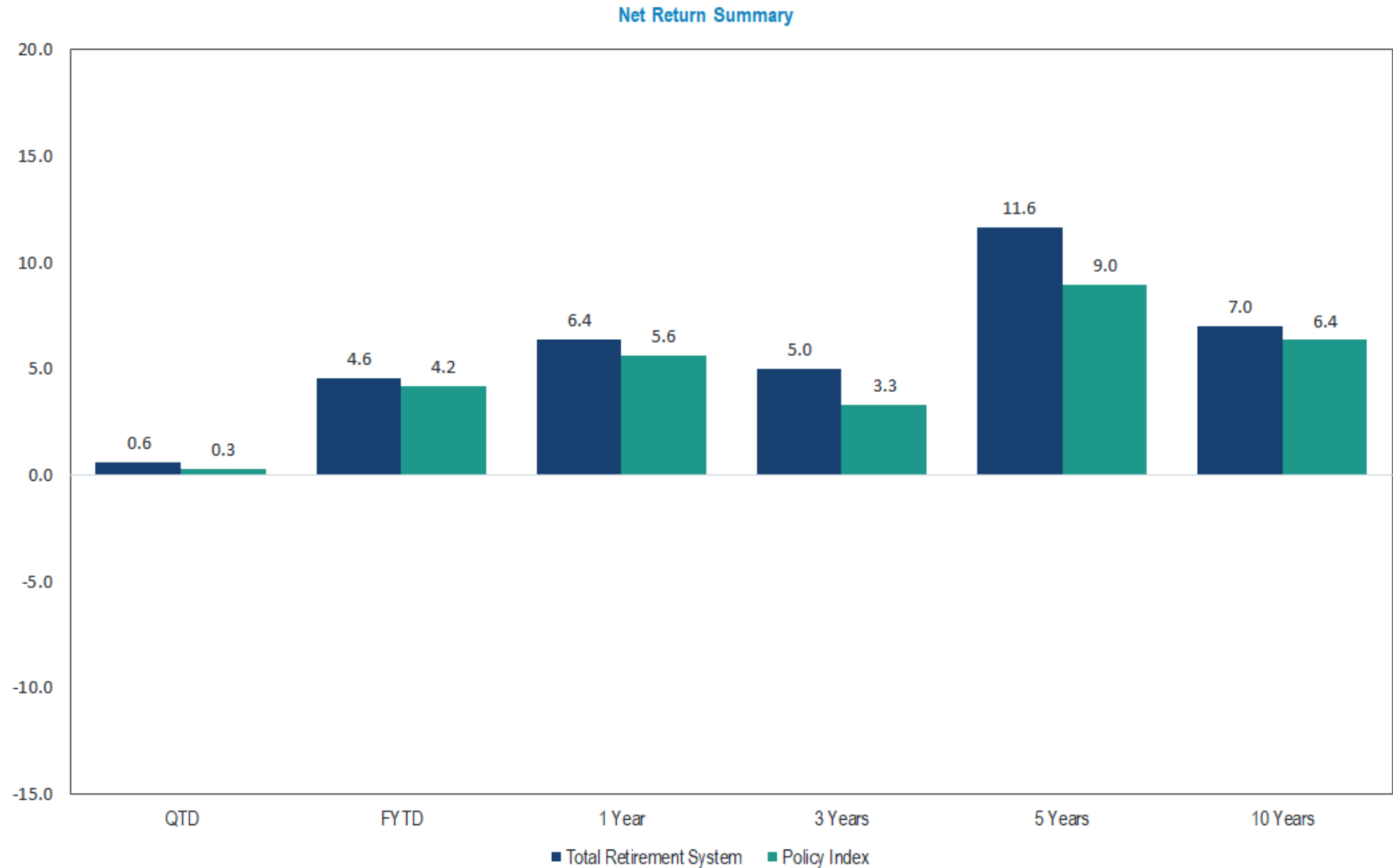
Actual vs. Policy Ranges:
(Including Overlay)



Total Retirement System
Net Return Summary

South Carolina Retirement System Investment Commission
Period Ending: March 31, 2025

31



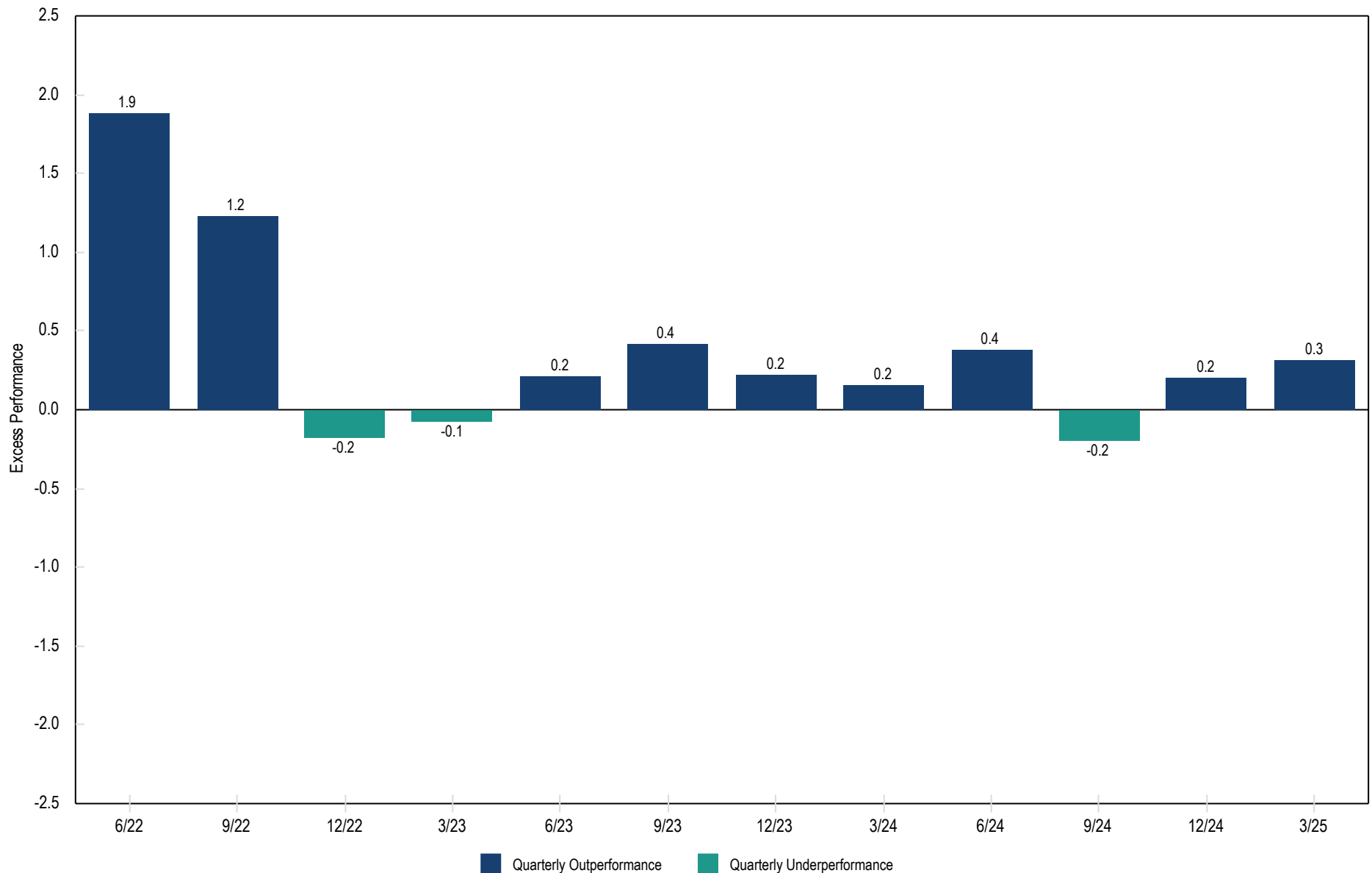
Returns for periods greater than one year are annualized.

Total Retirement System
Excess Performance Relative to Policy (Net of Fees)

South Carolina Retirement System Investment Commission
Period Ending: March 31, 2025

32

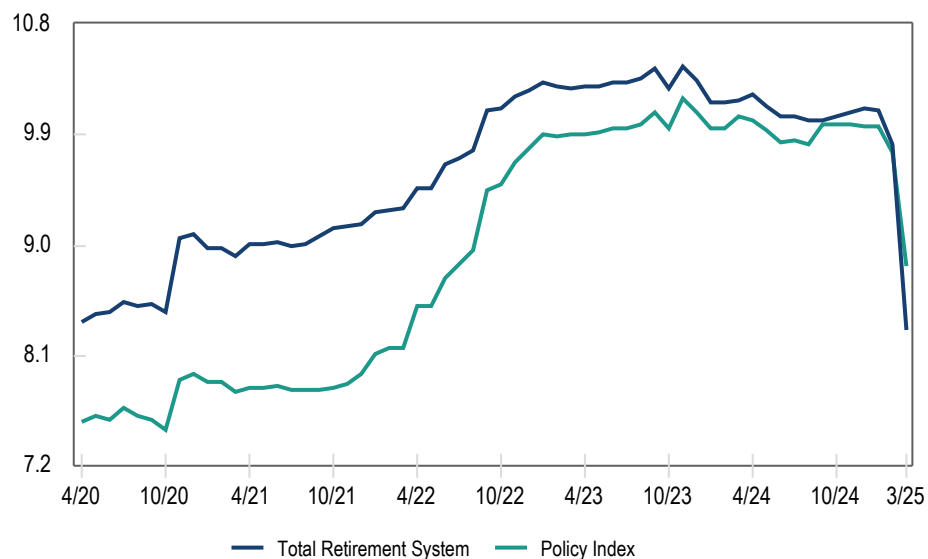
Quarterly Excess Performance vs. Policy Benchmark



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

South Carolina Retirement System Investment Commission
Period Ending: March 31, 2025

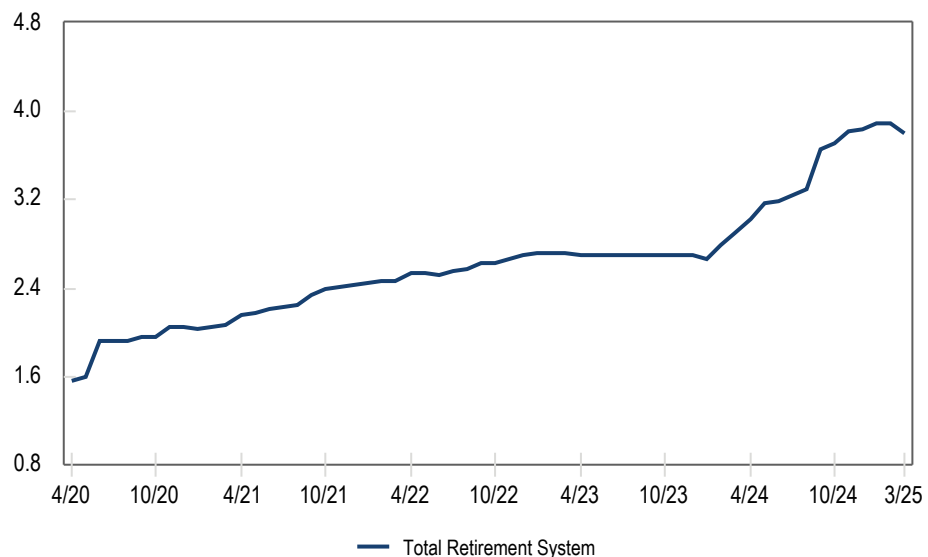
Rolling 5 Year Std. Deviation



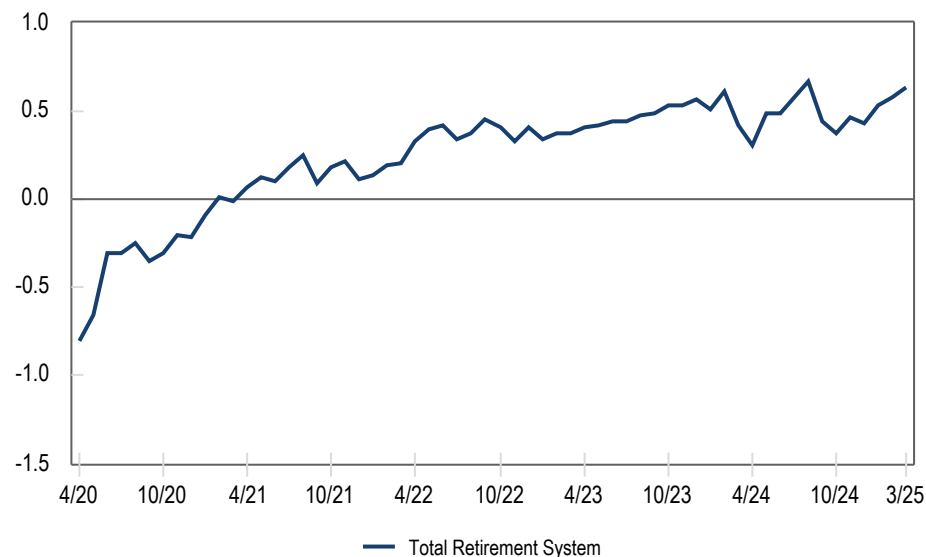
Rolling 5 Year Sharpe Ratio



Rolling 5 Year Tracking Error



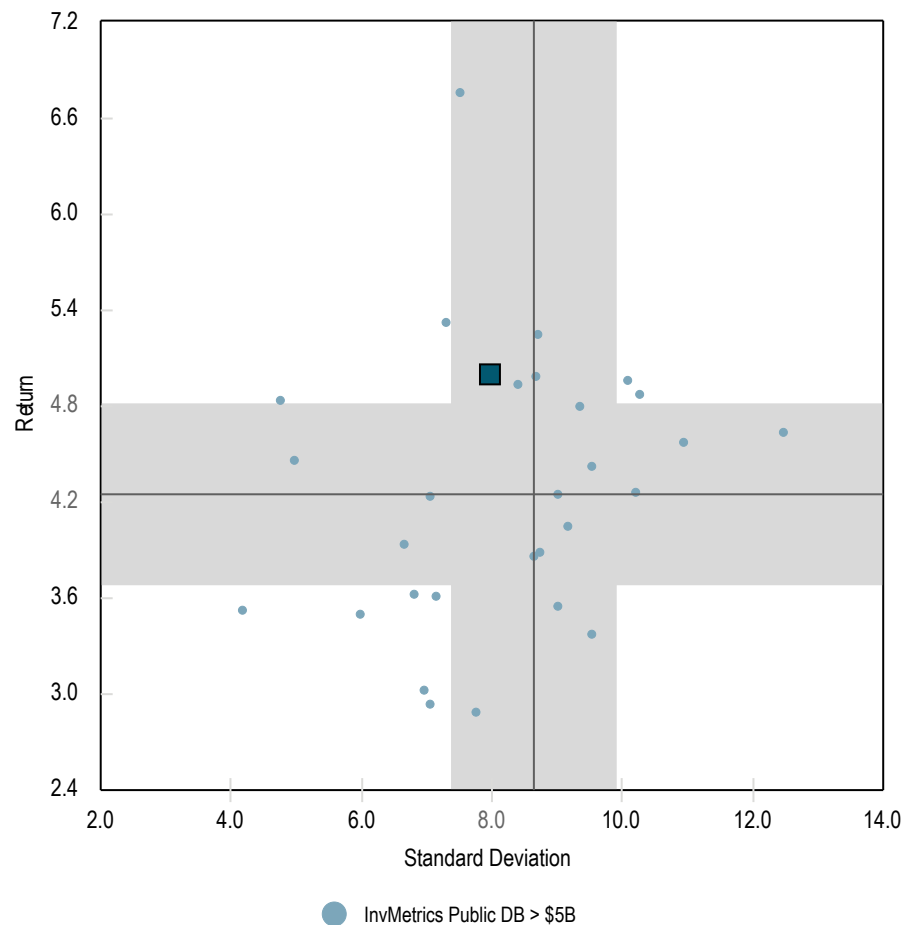
Rolling 5 Year Information Ratio



Total Retirement System Risk Analysis - (Net of Fees)

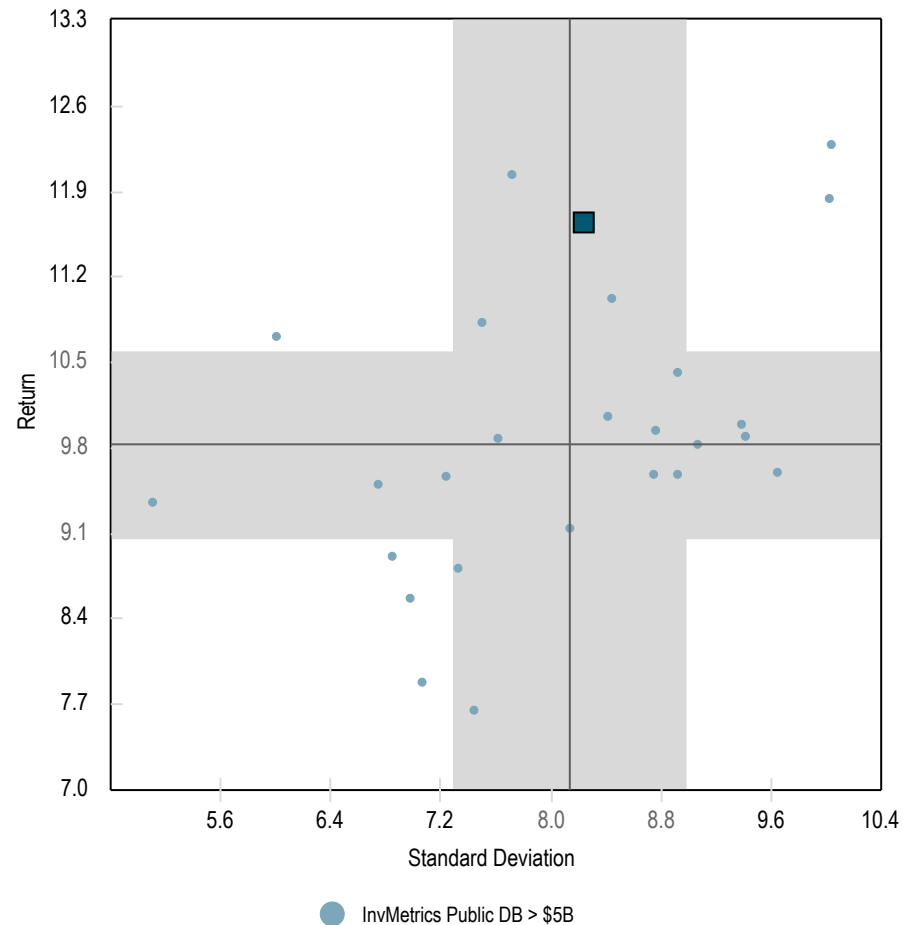
South Carolina Retirement System Investment Commission
Period Ending: March 31, 2025

3 Years Return vs. Standard Deviation



	Return	Standard Deviation
■ Total Retirement System	5.00	7.96
— Median	4.25	8.64
Population	29	29

5 Years Return vs. Standard Deviation



	Return	Standard Deviation
■ Total Retirement System	11.65	8.24
— Median	9.83	8.14
Population	25	25

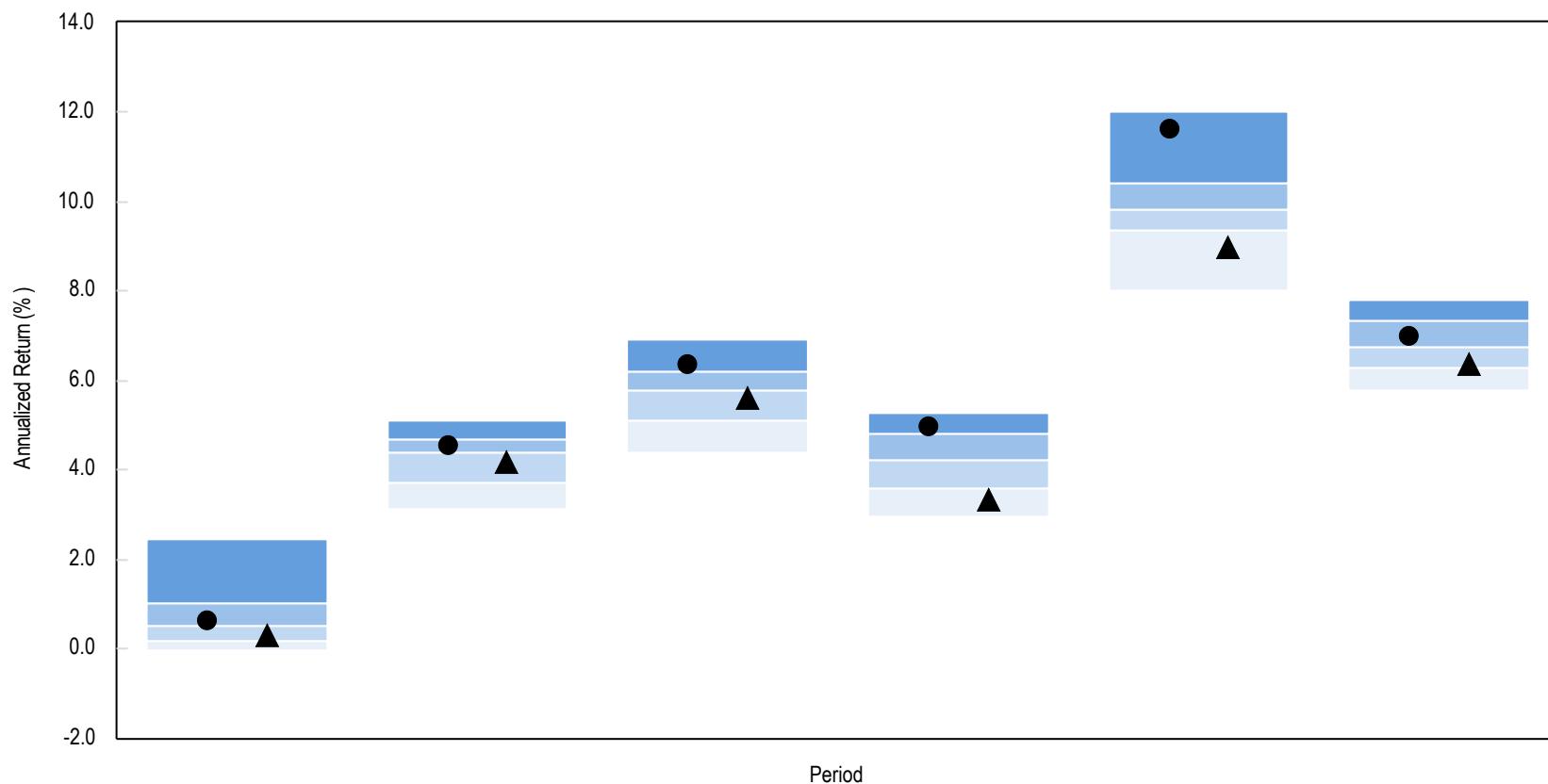
Total Retirement System

South Carolina Retirement System Investment Commission

Peer Universe Comparison: Cumulative Performance (Net of Fees)

Period Ending: March 31, 2025

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



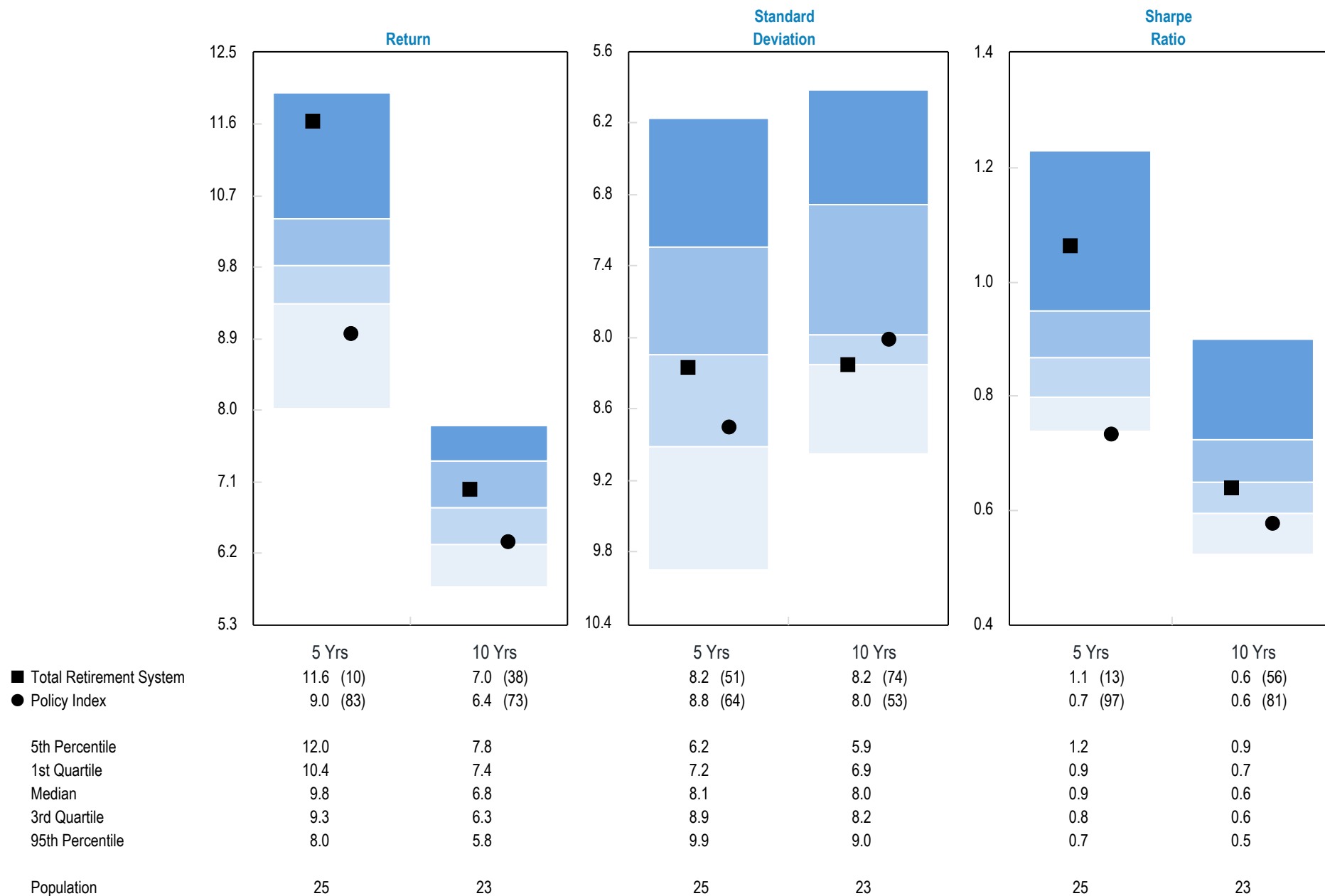
	QTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
● Total Retirement System	0.63 (44)	4.55 (42)	6.36 (19)	5.00 (11)	11.65 (10)	7.02 (38)
▲ Policy Index	0.32 (63)	4.20 (57)	5.61 (60)	3.34 (90)	8.97 (83)	6.36 (73)
5th Percentile	2.47	5.13	6.92	5.30	12.00	7.81
1st Quartile	1.03	4.70	6.19	4.84	10.41	7.37
Median	0.53	4.39	5.80	4.25	9.83	6.77
3rd Quartile	0.18	3.73	5.11	3.61	9.35	6.32
95th Percentile	-0.03	3.15	4.41	2.97	8.02	5.78
Population	29	29	29	29	25	23

Total Retirement System

South Carolina Retirement System Investment Commission

Plan Sponsor Peer Group - Risk Statistics > \$5Bn

Period Ending: March 31, 2025



Parentheses contain percentile rankings.

Total Retirement System

Asset Class Performance Summary (Net of Fees)

South Carolina Retirement System Investment Commission

Period Ending: March 31, 2025

	Market Value	% of Portfolio	QTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception	Inception Date
Total Retirement System	47,199,976,508	100.0	0.6	4.6	6.4	5.0	11.6	7.0	6.1	Oct-05
<i>Policy Index</i>			0.3	4.2	5.6	3.3	9.0	6.4	5.4	
Public Equity	20,350,111,783	43.1	-1.5	4.1	6.6	6.6	15.5	8.0	6.5	Oct-05
<i>Public Equity Blended Benchmark</i>			-1.6	3.8	6.3	6.3	15.0	8.5	7.2	
Total Bonds	6,320,258,344	13.4	1.2	4.0	5.6	3.4	4.5	3.0	3.4	Oct-05
<i>Bonds Blended Benchmark</i>			2.8	4.8	4.9	0.5	-0.4	1.5	3.1	
Investment Grade - Fixed	135,588,599	0.3	3.6	7.8	9.5	2.0	1.9	2.7	2.9	Jan-15
Investment Grade - Floating	427,748,791	0.9	1.7	5.5	7.7	5.7	-	-	6.5	Jul-20
Mixed Credit	169,719,595	0.4	0.7	6.7	10.1	7.9	11.3	6.0	6.6	May-08
<i>50% S&P LSTA Lev. Loan/50% Blmbg. High Yield</i>			0.7	5.7	7.3	6.2	8.2	5.1	5.7	
Emerging Market Debt	36,948,707	0.1	7.4	12.5	13.7	-12.9	-5.9	-2.4	0.4	Jul-09
<i>50% JPM EMBI Gbl Div (USD)/50% JPM GBI EM Gbl Div</i>			3.3	6.1	5.4	3.1	2.9	2.3	3.7	
Cash - Short Duration	5,550,252,651	11.8	1.0	3.5	4.9	3.9	2.8	1.9	2.0	Oct-05
<i>90 Day U.S. Treasury Bill</i>			1.0	3.6	5.0	4.2	2.6	1.9	1.6	
<i>Short Duration</i>	<i>175,444,276</i>	<i>0.4</i>	<i>1.2</i>	<i>4.1</i>	<i>5.5</i>	<i>4.3</i>	<i>3.7</i>	<i>2.6</i>	<i>2.4</i>	<i>Mar-10</i>
<i>Bloomberg U.S. Gov/Credit 1-3 Year Index</i>			1.6	4.6	5.6	3.1	1.6	1.7	1.6	
Private Equity	6,285,165,261	13.3	2.7	6.4	9.1	4.8	14.6	11.6	9.2	Apr-07
<i>Private Equity Blended Benchmark</i>			0.7	4.4	5.8	0.9	14.0	13.9	12.0	
Private Debt	3,443,825,784	7.3	2.6	7.7	10.9	8.9	10.3	6.9	7.4	Jun-08
<i>S&P LSTA Lev. Loan + 150 bps 3-mo lag</i>			2.7	7.5	10.6	8.7	7.4	6.7	5.9	
Real Assets	5,223,544,407	11.1	0.2	1.5	1.5	0.6	7.0	7.6	6.8	Jul-08
<i>Real Assets Blended Benchmark</i>			0.8	1.8	1.2	-5.1	2.8	4.0	2.7	
Private Real Estate	3,674,373,651	7.8	-0.5	-1.2	-1.8	-2.0	4.7	7.2	6.4	Jul-08
<i>Private Real Estate Blended Benchmark</i>			0.8	1.8	1.2	-5.1	2.1	5.2	4.3	
Public Real Estate	55,408,216	0.1	1.1	12.0	12.4	0.7	12.6	-	6.5	Jul-16
<i>FTSE NAREIT Equity REIT</i>			0.9	9.9	9.9	-0.6	11.3	5.3	4.8	
Private Infrastructure	1,438,000,022	3.0	1.8	5.1	6.4	8.0	7.9	-	7.2	Jul-18
<i>Dow Jones Brookfield Global Infrastructure</i>			7.5	19.2	19.1	3.9	10.3	5.6	6.7	
Public Infrastructure	55,762,519	0.1	6.5	16.0	15.2	1.7	9.3	-	6.2	Jun-16
<i>Dow Jones Brookfield Global Infrastructure</i>			7.5	19.2	19.1	3.9	10.3	5.6	6.9	
Hedge Funds Portable Alpha	4,650,385,344	9.9	0.9	6.6	7.7	7.6	10.5	6.1	8.1	Jul-07
<i>HFRI FOF: Conservative Index</i>			0.8	3.7	4.5	4.2	6.9	3.6	2.4	
<i>SOFR/LIBOR Blend</i>			1.1	3.7	5.0	4.3	2.7	2.1	1.6	
Russell Overlay	926,685,586	2.0								

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, 2025

	Anlzd Return	Anlzd Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
Total Retirement System	11.6	8.2	0.6	0.9	1.1	3.8
<i>Policy Index</i>	9.0	8.8	-	1.0	0.7	0.0
Public Equity	15.5	15.9	2.0	1.0	0.8	0.2
<i>Public Equity Blended Benchmark</i>	15.0	15.9	-	1.0	0.8	0.0
Total Bonds	4.5	2.7	0.9	0.2	0.7	5.2
<i>Bonds Blended Benchmark</i>	-0.4	6.3	-	1.0	-0.4	0.0
Mixed Credit	11.3	4.7	0.4	0.2	1.7	6.4
<i>50% S&P LSTA Lev. Loan/50% Blmbg. High Yield</i>	8.2	5.4	-	1.0	1.0	0.0
Emerging Market Debt	-5.9	22.4	-0.3	0.4	-0.2	23.0
<i>50% JPM EMBI Gbl Div (USD)/50% JPM GBI EM Gbl Div</i>	2.9	9.6	-	1.0	0.1	0.0
Cash - Short Duration	2.8	0.9	0.3	0.8	0.3	0.7
<i>90 Day U.S. Treasury Bill</i>	2.6	0.7	-	1.0	-	0.0
<i>Short Duration</i>	3.7	1.3	0.9	0.7	0.9	1.2
<i>90 Day U.S. Treasury Bill</i>	2.6	0.7	-	1.0	-	0.0
Private Equity	14.6	6.9	0.0	0.1	1.6	14.3
<i>Private Equity Blended Benchmark</i>	14.0	13.7	-	1.0	0.8	0.0
Private Debt	10.3	3.6	0.3	-0.1	2.0	8.1
<i>S&P LSTA Lev. Loan + 150 bps 3-mo lag</i>	7.4	7.0	-	1.0	0.7	0.0
Real Assets	7.0	4.3	0.6	0.3	0.9	6.4
<i>Real Assets Blended Benchmark</i>	2.8	7.5	-	1.0	0.1	0.0
Private Real Estate	4.7	4.9	0.4	0.4	0.4	5.9
<i>Private Real Estate Blended Benchmark</i>	2.1	7.4	-	1.0	0.0	0.0
Public Real Estate	12.6	19.0	1.0	1.0	0.6	2.7
<i>FTSE NAREIT All Equity REITs</i>	9.6	19.2	-	1.0	0.4	0.0
Private Infrastructure	7.9	3.2	-0.2	0.0	1.6	15.6
<i>Dow Jones Brookfield Global Infrastructure</i>	10.3	15.7	-	1.0	0.5	0.0
Public Infrastructure	9.3	15.6	-0.5	1.0	0.5	2.2
<i>Dow Jones Brookfield Global Infrastructure</i>	10.3	15.7	-	1.0	0.5	0.0
Hedge Funds Portable Alpha	10.5	3.2	1.2	0.7	2.2	2.7
<i>HFRI FOF: Conservative Index</i>	6.9	2.6	-	1.0	1.5	0.0
<i>SOFR/LIBOR Blend</i>	2.7	0.6	-	0.0	1.1	

Page excludes managers with less than 5 years of history.

South Carolina Retirement System Investment Commission

Period Ending: March 31, 2025

Benchmark Composition

Public Equity Benchmark

April 2022 - Present	MSCI AC World IMI Index (Net)
Oct 2005 - March 2022	Global Public Equity Blended Benchmark*

Bonds Blended Benchmark

Oct 2005 - Present	Bloomberg U.S. Aggregate Index
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Real Assets Blended Benchmark

July 2022 - Present	NCREIF ODCE Monthly (Net)
July 2008 - June 2022	Real Assets Blended Benchmark*

Private Equity Blended Benchmark

Jan 1999 - Present	Burgis ALL PE Universe
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Private Real Estate Blended Benchmark

July 2022 - Present	NCREIF ODCE Monthly (Net)
July 2008 - June 2022	Private Real Estate Blended Benchmark*
Jan 1978 - June 2008	NCREIF Fund Index-Open End Diversified Core Equity (VW) Net

* no information on blend composition; periodic performance was provided

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PERSPECTIVES THAT DRIVE ENTERPRISE SUCCESS



JUNE 2025

Fiduciary Training Presentation

South Carolina RSIC

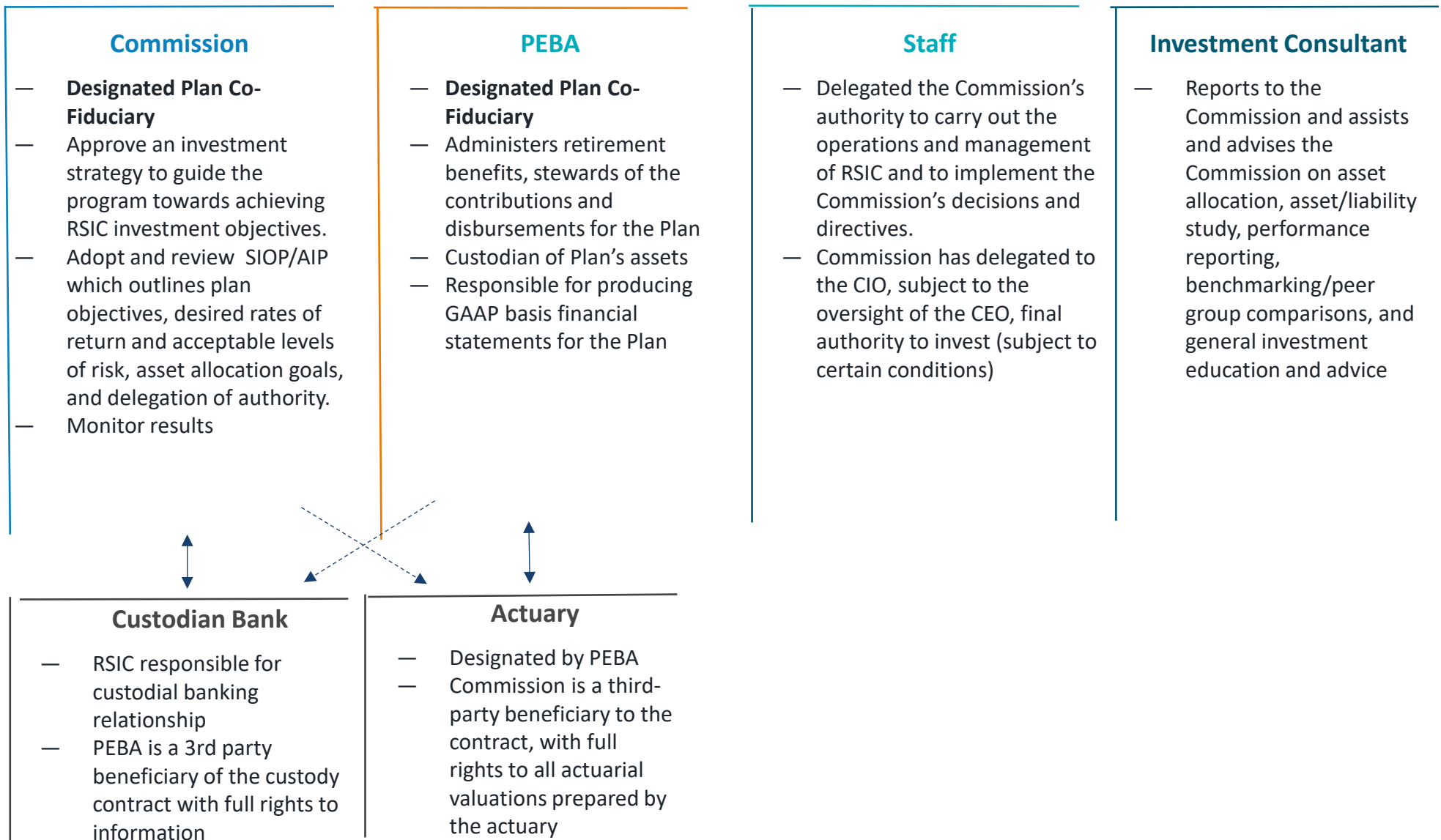
Definition of governance

- 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.

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.

RSIC governance structure



What does it mean to be a fiduciary?

A fiduciary is generally defined as a person who:

A person or entity that is legally and ethically obligated to act in the best interest of another party. Fiduciaries are required to make decisions with care, diligence and integrity.

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

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
- Monitor and manage investments

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 as outlined in the South Carolina Retirement System Investment Commission Governance Policy Manual :

- 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 South Carolina Retirement System Investment Commission Governance Policy Manual 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. (§9-16-40).
- At all times meet high ethical standards to avoid even the appearance of impropriety.

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.

- The SIOP outlines the Commission and staff must only consider pecuniary factors when making an investment decisions or when allocating capital to an external investment manager.
- Non-pecuniary factors are any factor or consideration that is collateral to or not reasonably likely to affect or impact the financial risk and return of the investment and include but are not limited to the promotion, furtherance, or achievement of environmental, social, or political goals, objectives, or outcomes.
 - The closing documentation of every investment must include the CEO’s certification that the decision to make the investment is based on pecuniary factors and is not being made to promote, further, or achieve any nonpecuniary goal, objective, or outcome.

Best practices for fiduciaries

- Know and understand standards, laws, and trust provisions that apply
- Frame decisions in a manner consistent with the law, established best practices, and RSIC enterprise objectives.
- Diversify investment portfolio to specific risk and return profile for the Plan
- Review and approve an Investment Policy statement (in this case, the SIOP)
- Delegate and rely on staff's expertise as appropriate
- Use prudent experts and document due diligence
- Monitor the activity of the prudent experts
- Control and monitor investment expenses
- Avoid conflicts of interest and prohibited transactions
- Ask questions!!

Delegated Investments (April 10, 2025 to June 4, 2025)¹

Asset Class	Investment	Investment Amount	RSIC Commitment Date
	None		

¹ Section III of the Commission’s Investment Authority Delegation Policy (“Delegation Policy”) limits the size of delegated investments depending upon type and also provides that the “amount of delegation for new investments approved pursuant to this policy shall not exceed 5% of the total value of Plan assets between regularly scheduled Commission meetings.” All of the delegated investments listed in this report comply with the Delegation Policy’s size limits and “between meetings” test.

