RSIC

Retirement System Investment Commission

Commission Meeting Agenda

Thursday, April 10, 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 February 2025 Minutes

II. Educational Presentation – Commercial Real Estate

III. Executive Session to discuss investment matters, including comprehensive reviews of the bonds, portable alpha, and real asset 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 Section 30-4-70(a)(1)-(2).

IV. Potential Actions Resulting from Executive Session

V. Committee Reports

VI. CEO's Report
   A. Consolidated Annual Investment Plan and Statement of Investment Objectives and Policies - Approval

VII. CIO's Report
   A. Quarterly Investment Performance Update

VIII. Delegated Investment Report

IX. 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

February 13, 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 (absent)
Ms. Melissa Schumpert, Vice-Chair
Mr. William J. Condon, Jr.
Mr. Kenneth F. Deon
Dr. Holley H. Ulbrich
Mr. Dan Roach
Mr. Reynolds Williams (absent)
Ms. Peggy Boykin, PEBA Executive Director (absent)

I. Call to Order and Consent Agenda

Vice-Chair Melissa Schumpert called the meeting of the South Carolina Retirement System Investment Commission ("Commission" or "RSIC") to order at 9:40 a.m. Vice-Chair Schumpert recognized Mr. Michael Hitchcock, Chief Executive Officer, to introduce a new Commissioner, Mr. Dan Roach. Mr. Hitchcock stated that Mr. Roach was appointed by Governor Henry McMaster to succeed Mr. Edward Giobbe as a Commissioner.

Dr. Holley H. Ulbrich 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 December 12, 2024, meeting. Dr. Ulbrich seconded the motion, which was unanimously approved.

A link to the entire meeting is below:

[2025 02 13 Commission Meeting - YouTube]

II. Chair's Report

Vice-Chair Schumpert stated that she had nothing to report.

III. Committee Reports

Vice-Chair Schumpert noted that the Audit and Enterprise Risk Management Committee ("AERMC") had met since the last Commission meeting, and a report was made available to the Commissioners for review prior to the meeting. Hearing no questions, she concluded the report.

IV. Actuarial Update - GRS Actuarial Consultants

Vice-Chair Schumpert recognized Mr. Joe Newton and Mr. Danny White of GRS Actuarial Consultants ("GRS"), the actuaries for the South Carolina Retirement System ("SCRS"), to provide an update on actuarial valuations as of July 1, 2024. Mr. White began the presentation with a summary of historical membership demographics for SCRS, including a breakdown of the beneficiaries by non-disabled retiree, disabled retiree, and beneficiary as well as a breakdown of contributions versus benefit payments since 2012. Mr. White then presented a summary of the 2024 valuations for both SCRS and the Police Officers Retirement System of South Carolina.

Mr. Newton discussed the historical and projected asset liabilities for SCRS. He then provided a brief history of SCRS' unfunded, accrued actuarial liability. Mr. Newton ended the presentation with a valuation comment summary. After some final remarks, the presentation concluded.

A link to GRS presentation is provided below:

https://www.youtube.com/watch?v=lZ5RTv11Mpg&list=PLWggBnJJX7ksfB95gcRpo3MfttYDlRmly&index=1&t=323s

V. Delegated Investment Report

Vice-Chair Schumpert then recognized Mr. Geoffrey Berg, Chief Investment Officer, for the delegated investment report. The following delegated investments were closed by Staff following the December 12, 2024, Commission meeting.

Delegated Investments (December 12, 2024 to January 30, 2025)			
Asset Class	Investment	Investment Amount	RSIC Commitment Date
Private Equity	Falfurrias Capital Partners VI, L.P.	$60 M	December 20, 2024
Private Equity	Cendana Sandstorm, L.P.	$200 M	December 23, 2024

VI. Executive Session

Mr. Deon made a motion to recede into executive session to discuss investment matters 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, including a discussion of the bonds portfolio; 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. William J. Condon, Jr., seconded the motion, which was approved unanimously. The Commission receded into executive session at 10:32 a.m.

VII. Potential Action Resulting from Executive Session

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

VIII. Adjournment

There being no further business, Mr. Condon moved to adjourn the meeting. Mr. Deon seconded the motion, which passed unanimously, and the meeting adjourned at 1:20 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 9:46 a.m., on February 11, 2025.]

Kathleen McCarthy
Global Co-Head of Real Estate, Blackstone

Kathleen McCarthy is the Global Co-Head of Blackstone Real Estate. Blackstone is the largest owner of commercial real estate globally and an industry leader in opportunistic, core plus and debt investing across North America, Europe and Asia. Ms. McCarthy focuses on driving performance and growth for Blackstone's Real Estate business.

Ms. McCarthy previously served as Global Chief Operating Officer of Blackstone Real Estate. Before joining Blackstone in 2010, Ms. McCarthy worked at Goldman Sachs, where she focused on investments for the Real Estate Principal Investment Area. Ms. McCarthy began her career at Goldman Sachs in the Mergers & Acquisitions Group.

Ms. McCarthy received a BA from Yale University. Ms. McCarthy is currently serving a three-year term as Chair of the Real Estate Roundtable, the industry's top federal advocacy organization. She also serves on the boards of City Harvest and the Blackstone Charitable Foundation, and is the President of the Board of Trustees of The Nightingale-Bamford School.

Blackstone

Blackstone Real Estate Overview

APRIL 2025

Prepared at the request of and for the exclusive use of South Carolina Retirement System.

13-year, $850M+ partnership with South Carolina Retirement System

BREP

Global opportunistic real estate




$335M

invested / committed

BPP

Income-producing, substantially stabilized real estate in the U.S. & Canada



$523M

NAV

Note: All information as of December 31, 2024, unless otherwise indicated. **Past performance does not predict future returns.** There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses. See “Important Disclosure Information”, including “BREP Invested / Committed”, “Images”, “Performance Calculation” and “Fund Definitions”.

Blackstone benefits from insights and information advantage as the world's largest owner of commercial real estate

BX RE Portfolio Snapshot

$586B	62	12k+	1
TEV(1)	portfolio companies(2)	assets(2)	global investment committee

Logistics

Mileway LINK /NDURENT

Residential

LivCor sage housing AMERICAN CAMPUS COMMUNITIES LEAF LIVING TRICON RESIDENTIAL AIR COMMUNITIES

Data Centers

QTS LUMINA CloudInfra AIRTRUNK

Hotels

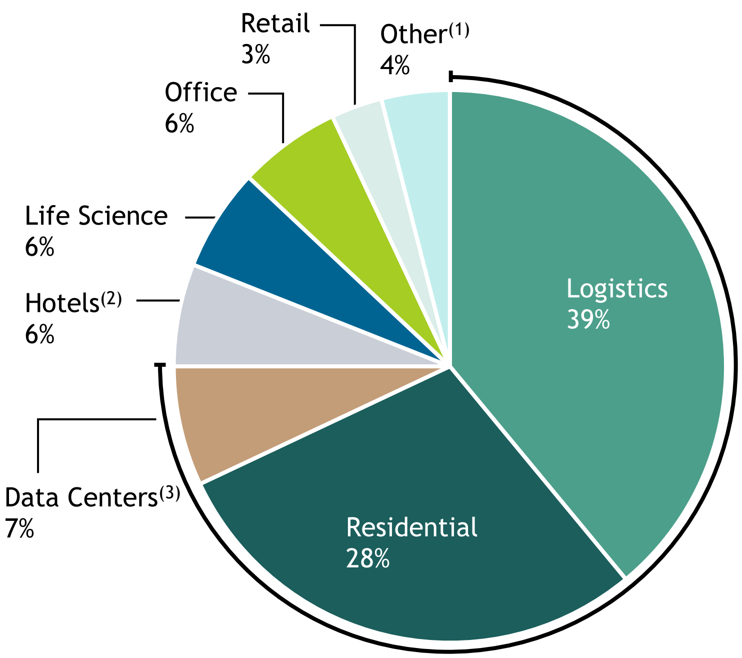
BRE HOTELS & RESORTS VILLAGE HOTELS CROWN RESORTS GREAT WOLF LODGE

Life Science Office

BioMed Realty Discover here

Note: Largest owner based on estimated market value per Real Capital Analytics. See "Other Risk Factors" and "Important Disclosure Information", including "Blackstone Proprietary Data", "Global Investment Committee", "Images" and "Logos".
(1-2) Please refer to the end of this presentation for endnotes including additional disclosure information.

Concentrated in sectors with long-term secular tailwinds



75%
logistics, residential & data centers

≈2x
increase in data center portfolio concentration vs. 2023

Note: Figures exclude debt strategies. Totals may not sum due to rounding. There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses, or that committed but not yet closed transactions will close as expected or at all. See “Other Risk Factors” and “Important Disclosure Information”, including “Opinions” and “Trends”.
(1-3) Please refer to the end of this presentation for endnotes including additional disclosure information.

Diversification in action: private real estate has performed well during S&P 500 downturns

Private Real Estate Performance vs. S&P 500[1]

Since 1980, Annual Total Returns

	1981	1990	2000	2001	2002	2018	2022	2008
S&P 500	−	−	−	−	−	−	−	−
Private Real Estate	+	+	+	+	+	+	+	−

7 of 8 years

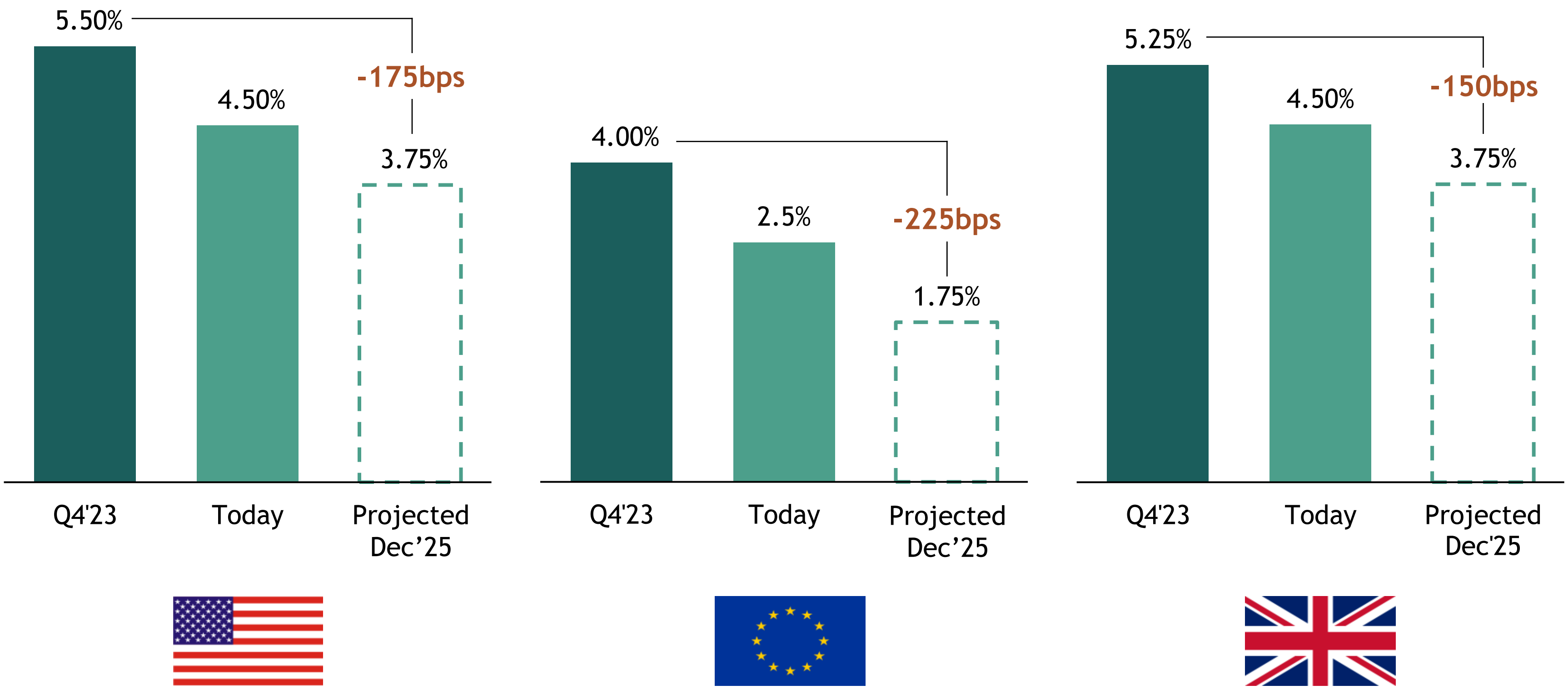
of private real estate outperformance

Note: Represents Blackstone's view of the current market environment as of the date appearing on this material only. Past performance does not predict future returns. There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses. See "Other Risk Factors" and "Important Disclosure Information", including "Opinions" and "Trends".
(1) Please refer to the end of this presentation for endnotes including additional disclosure information.

Central bank rate cuts provide a tailwind for real estate values globally

Global Central Bank Rate Cuts[1]

Benchmark Interest Rates

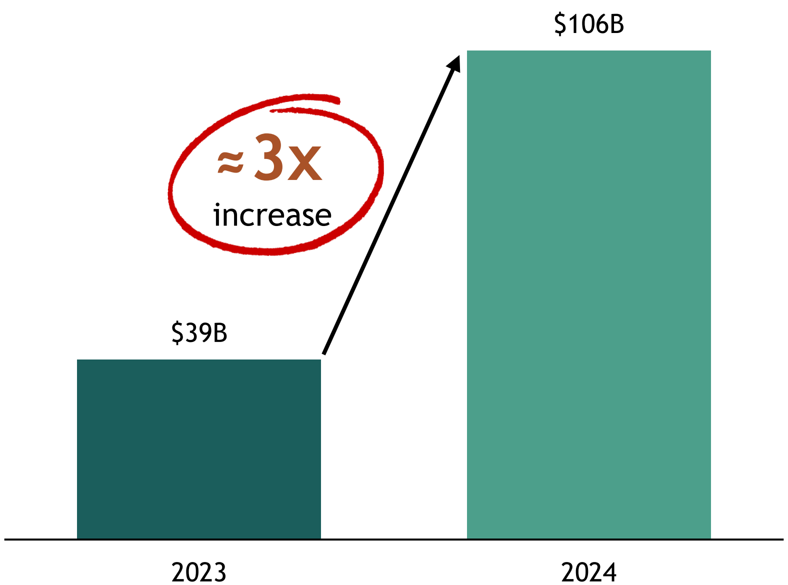


Note: See "Other Risk Factors" and "Important Disclosure Information", including "Opinions" and "Trends".
(1) Please refer to the end of this presentation for endnotes including additional disclosure information.

Greater liquidity supporting lower borrowing costs for high-quality real estate

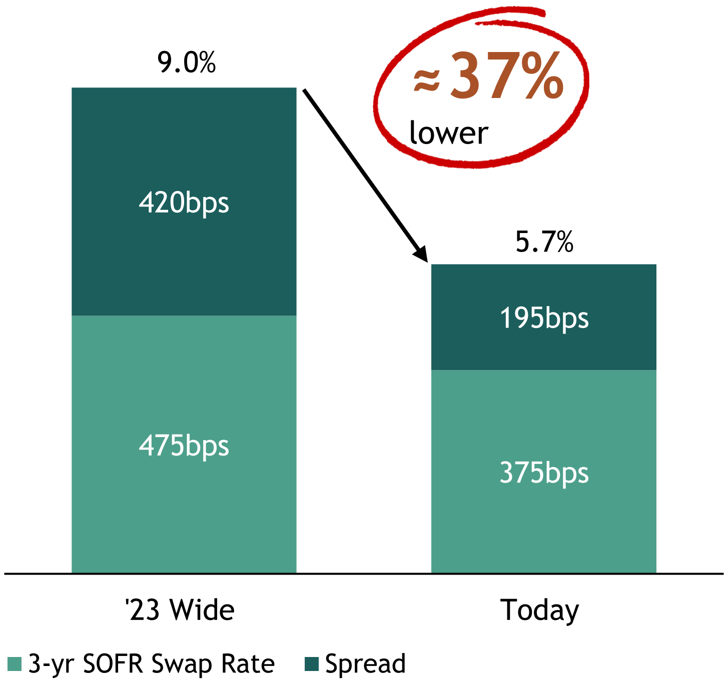
Debt More Readily Available…[1]

CMBS Issuance Volume Comparison



…And All-In Borrowing Costs Lower[2]

Representative U.S. BX Transactions

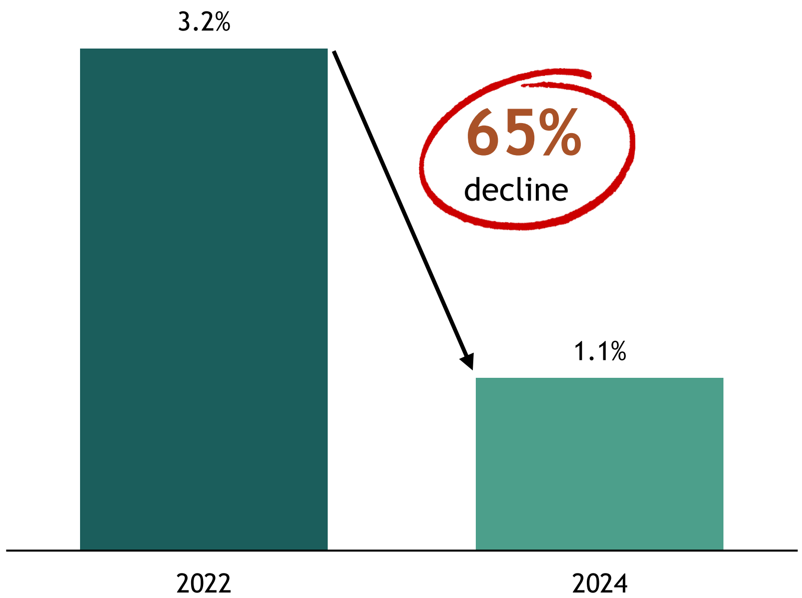


Note: See "Other Risk Factors" and "Important Disclosure Information", including "Opinions" and "Trends".
(1-2) Please refer to the end of this presentation for endnotes including additional disclosure information.

Higher costs and interest rates driving down new supply

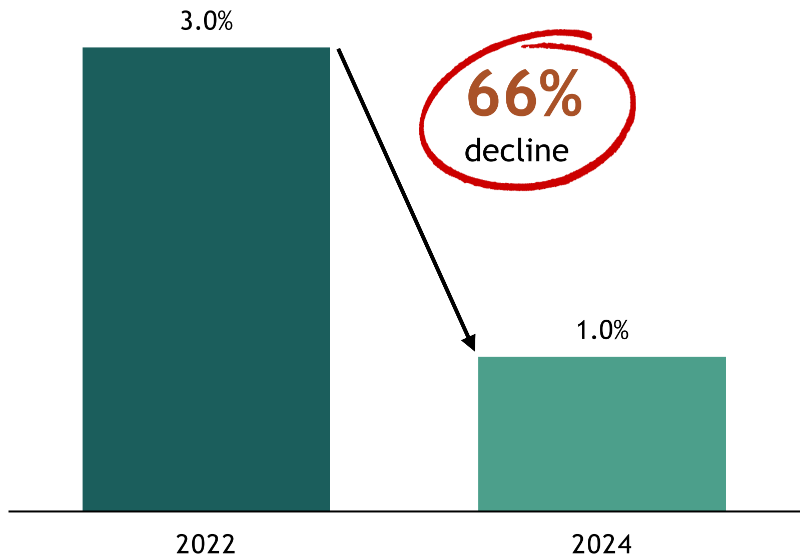
U.S. Multifamily Construction Starts[1]

% of Stock



U.S. Logistics Construction Starts[2]

% of Stock

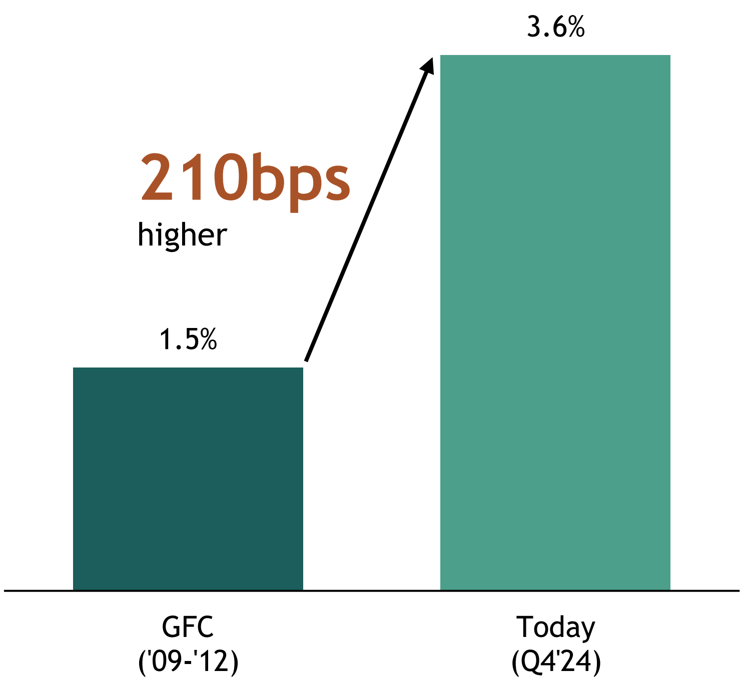


Note: See “Other Risk Factors” and “Important Disclosure Information”, including “Opinions” and “Trends”.
(1-2) Please refer to the end of this presentation for endnotes including additional disclosure information.

Cash flow growth expected to be a significant contributor to value recovery

Cash Flow Growth: U.S. REITs[(1)]

GFC vs. Today



Cash Flow Growth: Blackstone Portfolio[(2)]

2024 YoY Same-Store NOI Growth

U.S. Logistics

+6%

U.S. Rental Housing

+5%

Europe Last Mile Logistics

+4%

Note: See “Other Risk Factors” and “Important Disclosure Information”, including “Images”, “Operating Metrics”, “Opinions” and “Trends”.
(1-2) Please refer to the end of this presentation for endnotes including additional disclosure information.

Leaned in to capture value in this vintage: $28B equity invested / committed in 2024

$16.5B TEV

AirTrunk Data Centers, Asia-Pacific

$10B TEV

Privatization of Apartment Income REIT Corp. (AIR Communities), U.S.

$4B TEV

Privatization of Retail Opportunity Investments Corp., U.S.

$3B TEV

Tokyo Garden Terrace Kioicho, Japan(1)

€4B TEV

European Logistics, Europe

$592M Loan Origination

Bal Harbour Shops, Miami Beach

Note: Recent acquisitions reflects all-in TEV as of acquisition, where applicable. 2024 reflects invested and committed capital across Blackstone Real Estate Strategies. The above transactions are not representative of all investments of a given type or of investments generally. There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses. There can be no assurance that the committed but not yet closed transactions will close as expected or at all. See "Other Risk Factors" and "Important Disclosure Information", including "Case Studies", "Images" and "Trends".
(1) Please refer to the end of this presentation for endnotes including additional disclosure information.

Sector Overviews

Powerful tailwinds from e-commerce and onshoring despite potential for slowdown in leasing

Long-Term Tailwinds

≈3x e-commerce sales growth vs. total retail sales since 2019[1]

≈$620B U.S. manufacturing onshoring announced since 2021 and U.S. plant construction spend **3x** higher vs. 2021[2]

66% decline in U.S. logistics construction starts from 2022 levels[3]

Note: There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses, or that committed but not yet closed transactions will close as expected or at all. The above investment is not representative of all investments of a given type or of investments generally. See “Other Risk Factors” and “Important Disclosure Information”, including “Blackstone Proprietary Data”, “Case Studies, “Embedded Growth”, “Images”, “Opinions” and “Trends”.
(1-3) Please refer to the end of this presentation for endnotes including additional disclosure information.

Resilient performance amidst elevated supply; favorable outlook given sharp decline in new construction

U.S. Apartment REIT 2024 Same-Store NOI Growth[(1)]

Sunbelt
Pressured but Resilient

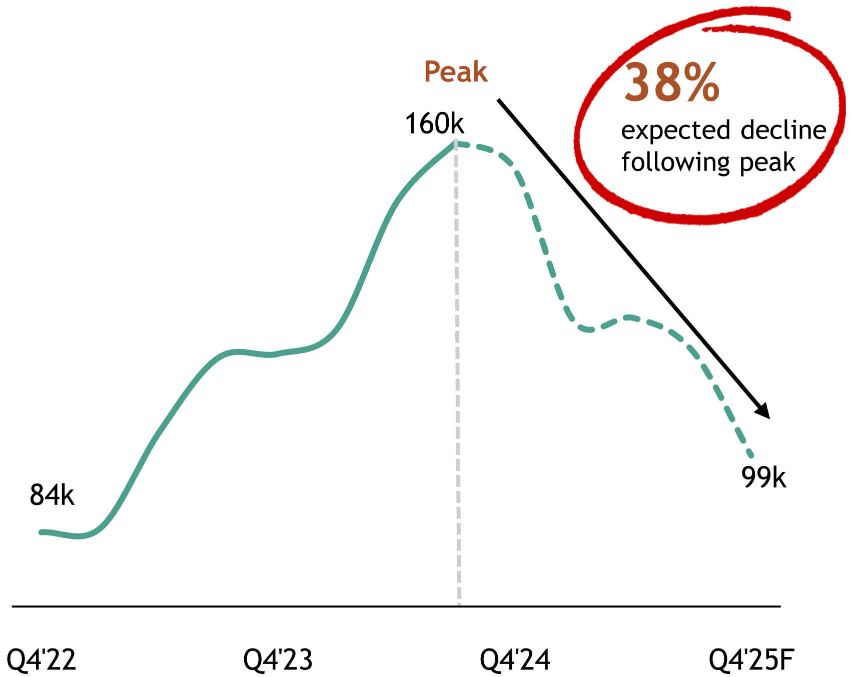
-0.4%

Coastal
Markets Outperforming

+2.9%

Supply: New Deliveries Declining[(2)]

Multifamily Deliveries Forecast, Units



Note: **Past performance does not predict future returns.** See "Other Risk Factors" and "Important Disclosure Information", including "Blackstone Proprietary Data", "Operating Metrics", "Opinions" and "Trends".
(1-2) Please refer to the end of this presentation for endnotes including additional disclosure information.

Focused on high-quality communities in locations underpinned by favorable fundamentals

Apartment Income REIT Corp.

High-Quality Rental Housing Communities in Coastal Markets

$10B

TEV

79%

concentrated in coastal markets(1)

StuyTown

11,000-Unit Community on 80 acres in Manhattan

$7B

TEV

5k

units voluntarily preserved as affordable housing

Note: Represents Blackstone's view of the current market environment as of the date appearing on this material only. The above investment is not representative of all investments of a given type or of investments generally. There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses. See “Other Risk Factors” and “Important Disclosure Information”, including “Case Studies”, “Images” and “Operating Metrics”.

(1) Based on TEV

Exceptionally high standards benefit our residents

~$14B
invested to create and improve our residential properties globally since 2014

~20%
increase in resident satisfaction rates in U.S. multifamily portfolio vs. prior owner[1]

Zero
evictions for more than two years during the COVID-19 pandemic, a notable pro-tenant approach among major U.S. landlords

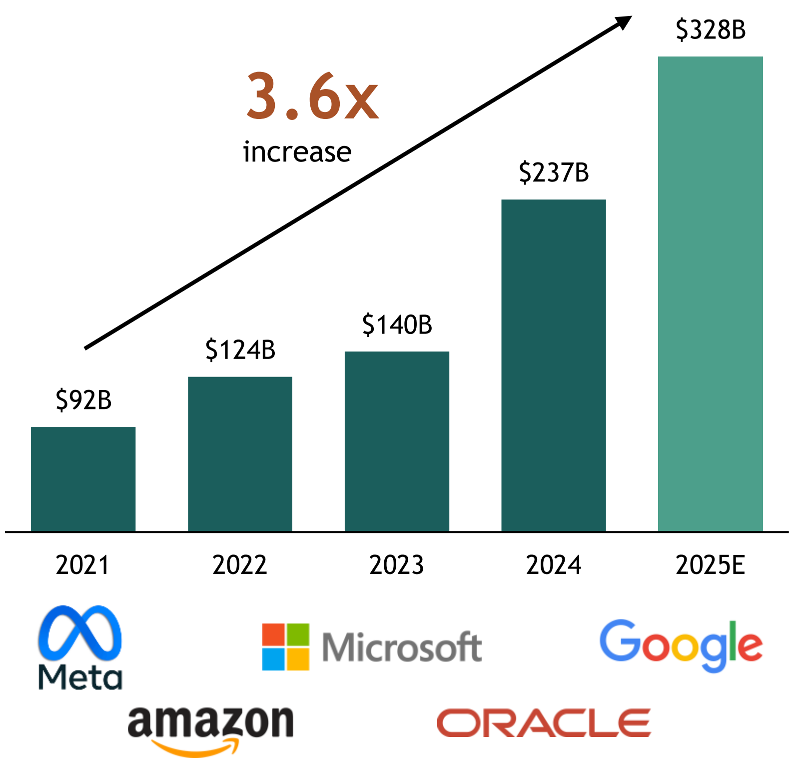
Blackstone Housing Principles

1. **Treat** every resident with dignity, fairness and respect
2. **Make** safety and security of residents a top priority
3. **Communicate** openly and transparently with the highest levels of professionalism about lease terms and community expectations
4. **Invest** meaningful capital to improve and maintain living conditions for our residents
5. **Offer** well-maintained rental homes at market rates
6. **Address** service requests promptly and to our residents' satisfaction, responding quickly to all feedback
7. **Prohibit** discrimination of any kind, complying with all Fair Housing laws. We have a zero-tolerance policy for discrimination of any kind and expect that our property management teams adhere to that same standard
8. **Comply** with all national, state, and local laws, including those pertaining to rents, security deposits, evictions, late fees, privacy, habitability, and other resident protections
9. **Engage** tenants proactively to mitigate the negative consequences of eviction. Eviction is always a last resort
10. **Enhance** sustainability and energy/resource efficiency at our properties

Note: There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses. There can be no assurance that any of the trends described herein will continue in the future or will not reverse. See "Other Risk Factors" and "Important Disclosure Information", including "Trends".
(1) Please refer to the end of this presentation for endnotes including additional disclosure information.

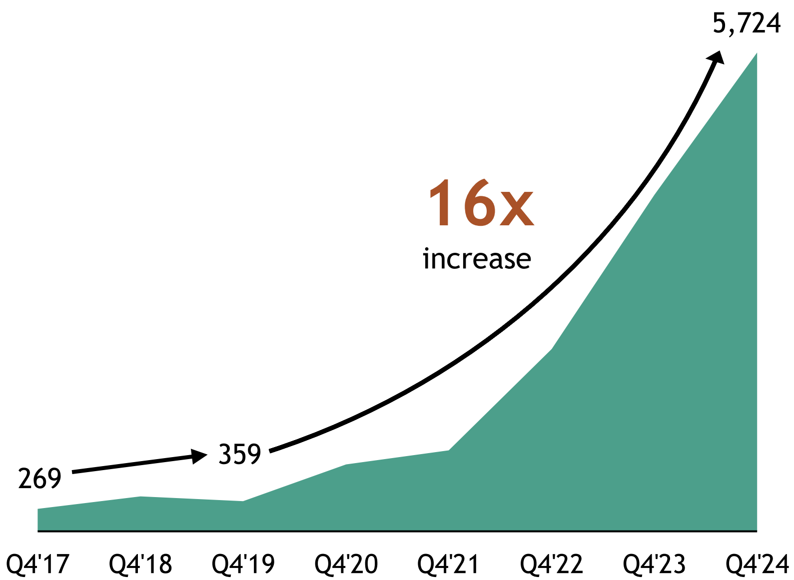
Global digitization and AI driving generational opportunity

Data Center CapEx by 5 Largest Hyperscalers(1)



Step-Function Demand Increase(2)

National Gross Data Center Absorption, Megawatts



Note: See "Other Risk Factors" and "Important Disclosure Information", including "Estimates / Targets" and "Trends".
(1-2) Please refer to the end of this presentation for endnotes including additional disclosure information.

$80B global portfolio 100% pre-leased to investment-grade tenants on 15+ year leases with flexibly designed pipeline

Jun’19

Powered Shells
U.S.

Aug’21

QTS Data Centers
U.S. & Europe

Mar’22

SKYY Data Centers
Japan

Nov’23

Lumina
India

Dec’23

Digital Realty JV
U.S. & Europe

Apr’24

QTS Data Centers
European Expansion

Sep’24

AirTrunk Data Centers
Asia-Pacific

Next Frontier

$120B
prospective development pipeline

Note: Current global portfolio reflects operating assets and in process developments. Blackstone Real Estate ownership of current portfolio and prospective development pipeline is ≈50%. There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses, or that committed but not yet closed transactions will close as expected or at all. The above investments are not representative of all investments of a given type or of investments generally. See “Other Risk Factors” and “Important Disclosure Information”, including “Case Studies” and “Images”.

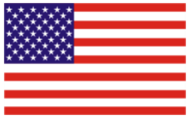
Conviction driven by long-term travel demand and limited new supply

Performance Varies by Region[1]

2024 YoY RevPAR

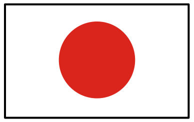
Normalization in the U.S.	+2%
Outperformance in Spain	+12%
Recovery in Japan	+19%

Supply Declining Globally



61% decline in starts vs. 2019 peak[2]

68% below 2014-2019 levels[3]

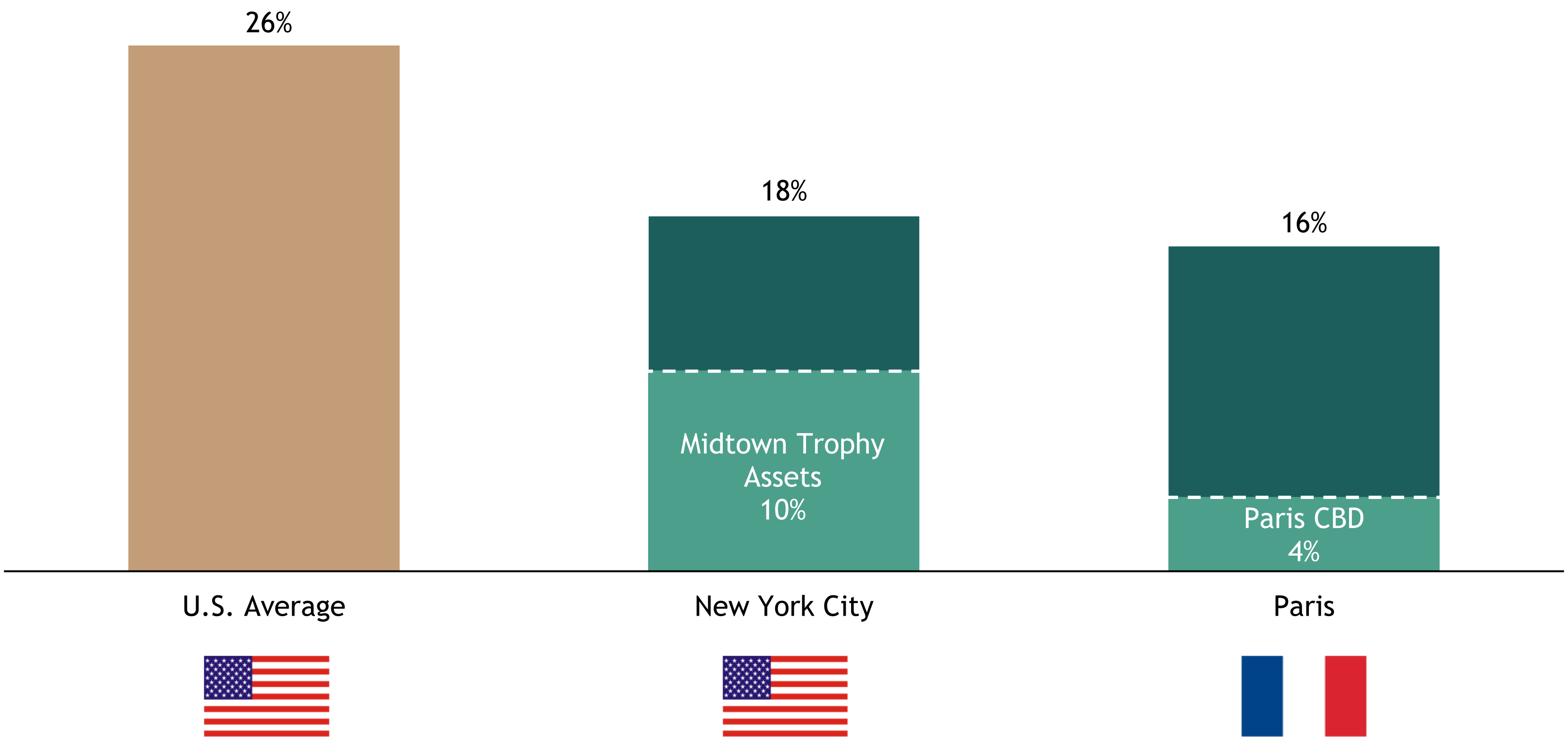


82% decline in deliveries in 2025-2027F vs. 2015-2024[4]

Note: See “Other Risk Factors” and “Important Disclosure Information”, including “Opinions” and “Trends”.
(1-4) Please refer to the end of this presentation for endnotes including additional disclosure information.

Finding pockets of opportunity to acquire high-quality office buildings in select sub-markets

Sub-Market Matters: Office Availability[1]

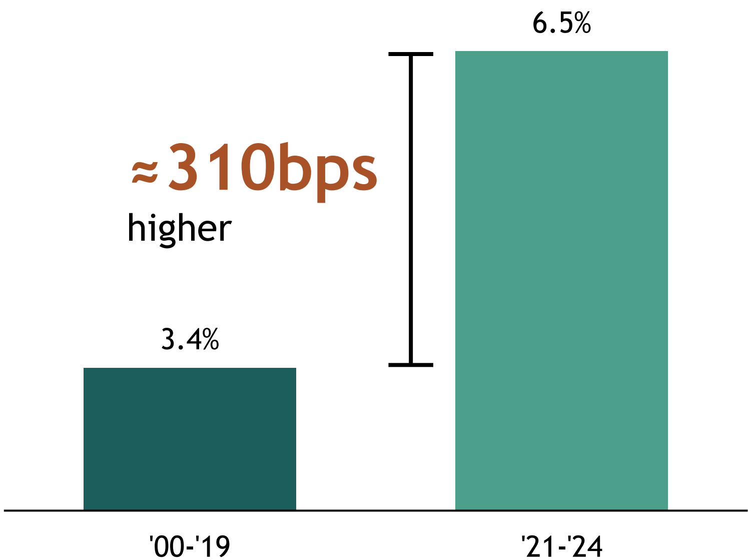


Note: See “Other Risk Factors” and “Important Disclosure Information”, including “Case Studies”, “Images”, “Operating Metrics”, “Opinions” and “Trends”.
(1) Please refer to the end of this presentation for endnotes including additional disclosure information.

Strong demand and limited new supply driving impressive strength for grocery-anchored retail

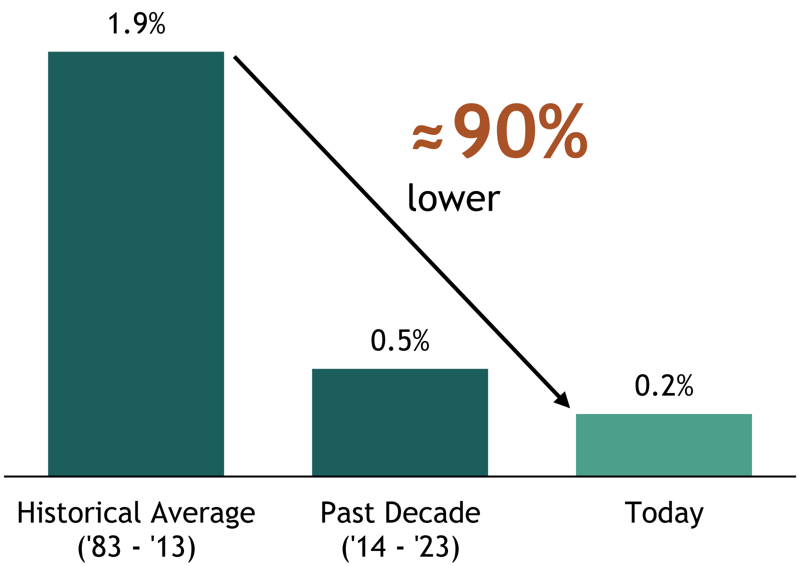
U.S. Retail Sales(1)

CAGR



U.S. Retail Supply(2)

Completions as % of Stock (TTM)



Note: See "Other Risk Factors" and "Important Disclosure Information", including "Trends".
(1-2) Please refer to the end of this presentation for endnotes including additional disclosure information.

Acquisition of a publicly traded grocery-anchored REIT

$4B
transaction[1]

10M+
sf across **93** properties

97%
grocery-anchored

0.2%
annual new supply since 2010 in portfolio's markets[2]

Los Angeles, CA

Olympia, WA

Seattle, WA

Huntington Beach, CA

Note: There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses, or that committed but not yet closed transactions will close as expected or at all. The above investment is not representative of all investments of a given type or of investments generally. See "Other Risk Factors" and "Important Disclosure Information", including "Blackstone Proprietary Data", "Case Studies", "Images", "Operating Metrics", "Recent Market Events" and "Trends".
(1-2) Please refer to the end of this presentation for endnotes including additional disclosure information.

Endnotes

Page 2:
1. Represents the total real estate value of all drawn, closed and committed investments in our BREP, Core+ and BREDS strategies plus uncalled capital.
2. Portfolio companies and asset count totals exclude BREDS investments. Asset count excludes scattered site single family rental homes.

Page 3:
1. Includes mixed / other, net lease, self storage, studios and The Arch Co.
2. Includes leisure.
3. In addition to data centers, also includes charging infrastructure and battery storage.

Page 4:
1. Reflects annual gross total returns and represents the 8 calendar-year periods since 1980 when the S&P 500 generated a negative return. Private real estate reflects the NFI-ODCE index, which reflects total returns of various private real estate funds. Indices are meant to illustrate general market performance. Comparisons shown are for informational purposes only, do not represent specific investments and are not a portfolio allocation recommendation. Over the last 20 years, (2005-2024), the S&P 500 and NFI-ODCE index have had a 0.0 correlation.

Page 5:
1. Bloomberg, as of April 8, 2025. Represents upper bound of target policy rate.

Page 6:
1. Green Street Advisors. Represents total U.S. CMBS issuance volume in 2024 compared to 2023.
2. Blackstone Proprietary Data, as of March 18, 2025. Represents estimated all-in borrowing costs for high-quality logistics transactions at ≈65-70% avg. LTV. Base rate reflects 3-year SOFR swap rate. Spread reflects weighted average spread across all rating tranches applied to estimated rating agency capital structures from each respective period. ’23 Wide reflects peak base rate and spreads for representative BX transactions in 2023.

Page 7:
1. RealPage Market Analytics. Represents annual starts as a percent of prior year-end stock figures. Data reflects institutional-quality product across RealPage Market Analytics Top 150-tracked markets.
2. CoStar, as of January 15, 2025. Represents annual starts as a percent of prior year-end stock figures.

Page 8:
1. Citi. Cash flow growth reflects weighted average quarterly same-store NOI growth for equity REITs. GFC reflects quarterly average for the years listed.
2. Reflects 2024 same-store NOI growth. European last mile logistics reflects Mileway’s owned and managed portfolio.

Page 9:
1. Transaction closed post Q4’24 quarter-end.

Page 11:
1. U.S. Census Bureau. Total retail sales exclude motor vehicles and parts dealers and gasoline stations.
2. Onshoring: Blackstone Proprietary Data, as of March 25, 2025. Construction spend: U.S. Census Bureau, as of January 31, 2025.
3. CoStar, as of January 15, 2025. Represents annual starts as a percent of prior year-end stock figures.

Page 12:
1. Citi, as of December 31, 2024. Reflects quarterly averages, weighted by market cap. Sunbelt reflects MAA, CPT. Coastal reflects AVB, EQR.
2. RealPage Market Analytics. Data reflects institutional-quality product across RealPage Market Analytics Top 150-tracked markets.

Page 14:

1. Based on Google Reviews at LivCor properties and calculated using a weighted average of reviews through January 31, 2024; includes properties with at least five Google Reviews before and after acquisition.

Page 15:

1. MSFT/AWS/Google/Meta per Morgan Stanley Equity Research, as of February 2025. Oracle per RBC Equity Research, as of November 2024.
2. DatacenterHawk. Reflects gross absorption for the trailing twelve-month periods as of the dates indicated. A copy of the source materials of such data will be provided upon request.

Page 17:

1. STR.
2. CoStar. Represents annual starts as a percent of prior year-end stock figures, with starts reflecting room deliveries adjusted for new monthly rooms under construction.
3. STR, CoStar, as of May 2024.
4. STR. Reflects deliveries as a percent of prior year-end stock figures.

Page 18:

1. U.S. and New York City: CoStar. Office based on Class A buildings greater than 100k sf, excluding owner-occupied buildings. Midtown Trophy Assets: CBRE, as of January 2025. Paris: CBRE. Paris reflects Inner Rim. Paris and Paris CBD reflect vacancy.

Page 19:

1. U.S. Census Bureau. Retail Sales: Reflects monthly, seasonally adjusted retail trade and food services spend.
2. CoStar. New supply reflects net delivered square feet over the prior-year end retail stock. Reflects annual average for historical time periods.

Page 20:

1. Reflects all-in, all-cash TEV valued at $17.50 per share, including outstanding debt.
2. CoStar, as of June 30, 2024, as of signing. Reflects portfolio markets.

Risk & Reward, Other Risk Factors, and Important Disclosures

RISK AND REWARD DISCLOSURE

Set out below is a summary of the rewards and associated risks of the investment. This summary does not purport to be a comprehensive statement. See "Other Risk Factors" and "Important Disclosure Information" for more information.

REWARDS	RISKS
Blackstone's Proprietary Data and Scale. Blackstone's vast Real Estate platform with a large TEV, scale of assets, active market participation, local expertise and real-time insights presents a strategic advantage in our market and operational data, ability to execute and manage transactions with speed and certainty, analyze trends, and underwrite potential and existing investments. Blackstone's brand and market position as a leading alternative asset manager with deep multi-faceted relationships positions us to build a high-quality portfolio and help to create value in it.	**Blackstone's Proprietary Data and Scale.** Information gained from Blackstone proprietary data is subject to change and reflects Blackstone's opinion as to whether the amount, nature and quality of the data is sufficient for the applicable conclusion, and no representations are made as to the accuracy or completeness thereof. The activity of identifying, completing and realizing attractive investments is highly competitive, and involves a high degree of uncertainty. There is no assurance that the Fund will locate investments, or fully invest its committed capital, that satisfy its objectives.
Case Studies. This document includes case studies demonstrating improved financial performance of companies following their acquisition by a Blackstone fund. Blackstone Real Estate believes it can deliver similar types of improvements to future portfolio companies.	**Case Studies.** Case studies may not be representative of all transactions of a given type or of investments generally. There can be no assurance that any Blackstone fund will be able to make comparable or equally successful investments in the future or obtain comparable returns. There can be no assurance that pending or future initiatives or closings will occur as expected or at all.
Diversification. Our portfolios are diversified primarily across our high-conviction thematic sectors. Diversification in our portfolio can reduce risk and allow us to fully capitalize on investments.	**Diversification.** Diversification does not ensure a profit or protect against losses. Certain industries or geographic regions in which Blackstone is invested may be more adversely affected from pressure factors when compared to other industries or geographic regions.
Estimates and Pipeline. Blackstone provides certain financial estimates and related underlying assumptions, and statements about plans and objectives with respect to future operations and future performance. The document refers to indicative deals in a robust Fund pipeline, illustrating our active outlook on potentially beneficial investment opportunities.	**Estimates and Pipeline.** Estimates and other forward-looking information set forth herein are based on assumptions that Blackstone believes to be reasonable as of the date hereof. Future results are inherently uncertain and subject to many factors, including market conditions and general economic conditions. There can be no assurance that any pipeline or pending but not yet closed transaction will close as expected or at all, or achieve its objectives or avoid losses.
Key Personnel. Blackstone believes our ecosystem of talent, sector and functional expertise and networks, assembled over the years, form a strong platform that we mobilize on an integrated basis to grow, optimize and protect our investments. The success of any Blackstone fund or investment is related, in large part, to the skill and expertise of certain Blackstone professionals.	**Key Personnel.** Certain Blackstone professionals will not be dedicated to the management and operation of a particular fund and/or they may perform work for other Blackstone business units and, therefore, conflicts are expected to arise in their time allocation. The involvement and role of the professionals may vary, including having no involvement at all. There can be no assurance that such professionals will be associated with a fund or business throughout its life. In the event of death, disability or departure of key Blackstone professionals, business and fund performance may be adversely affected.
Real Estate Operating Metrics. Blackstone Real Estate investments have demonstrable success in many real estate operating indicators and we believe this shows our efficient portfolio management and strong investment theme with favourable positioning for long-term growth potential.	**Real Estate Operating Metrics.** There can be no assurance that expectations on growth or operating performance will be achieved. Expectations reflected in the operating metrics (including cash-on-cash, revenues, expenses, operating income or rent growth in real estate assets) have been prepared and set out for illustrative purposes only.
Returns and Past Performance. Blackstone funds have often delivered strong inception-to-date performance.	**Returns and Past Performance. Past performance does not predict future returns.** There can be no assurance that any Blackstone fund or investment will achieve its objectives or avoid substantial losses. This document may include hypothetical performance, based on assumptions and judgments that Blackstone believes are reasonable but are subject to significant risks and limitations.
Risk Management. Blackstone maintains a robust process to manage risk and optimize returns for our limited partners. Where applicable, Blackstone seeks downside protection features in certain investments.	**Risk Management.** Risk management seeks to mitigate risk but does not eliminate risk and does not protect against losses. There can be no assurance that any downside control features will provide protection for any or all downside potential. Blackstone investment products are subject to the risk of capital loss.
Themes and Trends. According to Blackstone, recognizing significant market trends is essential to finding quality investment opportunities and achieving strong fund performance. This document includes opinions on current trends and themes. In Blackstone's view, our portfolio is well positioned for growth.	**Themes and Trends.** Trends depicted herein are set out for illustrative purposes only. There can be no assurance that Blackstone will find any opportunities relating to the identified themes or that future initiatives will occur as expected or at all. Trends may not continue or may reverse. Opinions on trends & themes represent Blackstone's current market environment view as of the stated date only.

OTHER RISK FACTORS

A detailed summary of the risks to which a Fund is subject is available in such Fund's Offering Documents. Capitalized terms used herein but not otherwise defined have the meanings set forth in the "Important Disclosure Information" section or in a Fund's Offering Documents.

Conflicts of Interest. There may be occasions when the Fund's general partner and/or the investment advisor, and their affiliates will encounter potential conflicts of interest in connection with the Fund's activities including, without limitation, the allocation of investment opportunities, relationships with Blackstone's and its affiliates' investment banking and advisory clients, and the diverse interests of such Fund's limited partner group.

Exchange Rate. Currency fluctuations may have an adverse effect on the value, price, income or costs of the product which may increase or decrease due to changes in exchange rates.

Forward-Looking Statements. Certain information contained in the Materials constitutes "forward-looking statements," which can be identified by the use of forward-looking terminology or the negatives thereof. These may include statements about plans, objectives and expectations with respect to future operations. Such forward-looking statements are inherently uncertain and there are or may be important factors that could cause actual outcomes or results to differ materially from those indicated in such statements. Blackstone believes these factors include, but are not limited to, those described under the section entitled "Risk Factors" in its Annual Report on Form 10-K for the most recent fiscal year, and any such updated factors included in its periodic filings with the Securities and Exchange Commission, which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in the Materials and in the filings. Blackstone undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Illiquidity and Variable Valuation. There is no organized secondary market for investors' interests in the Fund nor is there an organized market for which to sell the Fund's underlying investments, and none is expected to develop. Further, the valuation of the Fund's investments will be difficult, may be based on imperfect information, and is subject to inherent uncertainties. The resulting values may differ from values that would have been determined had a ready market existed for such investments, from values placed on such investments by other investors, and from prices at which such investments may ultimately be sold.

Leverage; Borrowings Under a Subscription Facility. The Fund may use leverage, and the Fund may utilize borrowings from Blackstone Inc. or under its subscription-based credit facility in advance of or in lieu of receiving investors' capital contributions. The use of leverage or borrowings magnifies investment, market and certain other risks and may be significant. The Fund's performance may be affected by the availability and terms of any leverage as such leverage will enhance returns from investments to the extent such returns exceed the costs of borrowings by the Fund. The leveraged capital structure of such assets will increase their exposure to certain factors such as rising interest rates, downturns in the economy, or deterioration in the financial condition of such assets or industry. In the event an investment cannot generate adequate cash flow to meet its debt service, the Fund may suffer a partial or total loss of capital invested in the investment, which may adversely affect the returns of the Fund. In the case of borrowings used in advance of or in lieu of receiving investors' capital contributions, such use will result in higher or lower reported returns than if investors' capital had been contributed at the inception of an investment because calculations of returns to investors are based on the payment date of investors' capital contributions. In addition, because a Fund will pay all expenses, including interest, associated with the use of any leverage or borrowings, investors would indirectly bear such costs.

Material Non-Public Information. In connection with other activities of Blackstone, certain Blackstone personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities, including on a Fund's behalf. As such, a Fund may not be able to initiate a transaction or sell an investment. In addition, policies and procedures maintained by Blackstone to deter the inappropriate sharing of material non-public information may limit the ability of Blackstone personnel to share information with personnel in Blackstone's other business groups, which may ultimately reduce the positive synergies expected to be realized by a Fund as part of the broader Blackstone investment platform.

No Assurance of Investment Return. Prospective investors should be aware that an investment in a Fund is speculative and involves a high degree of risk. There can be no assurance that a Fund will achieve comparable results, implement its investment strategy, achieve its objectives or avoid substantial losses or that any expected returns will be met (or that the returns will be commensurate with the risks of investing in the type of transactions described herein). The portfolio companies in which a Fund may invest (directly or indirectly) are speculative investments and will be subject to significant business and financial risks. A Fund's performance may be volatile. An investment should only be considered by sophisticated investors who can afford to lose all or a substantial amount of their investment. A Fund will incur costs which will impact the return throughout the life of such Fund. Fund costs may include, for example: fund management; fund administration and servicing; legal; compliance; record-keeping; certain kinds of distribution charges; and other operating costs. A Fund's fees and expenses may offset or exceed its profits. A more detailed description of relevant fund costs and expenses is included in a Fund's offering documents.

Real Estate Investments. A Fund's investments do and will consist primarily of real estate investments and real estate related investments. All real estate investments are subject to some degree of risk. For example, real estate investments are relatively illiquid and, therefore, will tend to limit Blackstone's ability to vary a Fund's portfolio promptly in response to changes in economic or other conditions. No assurances can be given that the fair market value of any real estate investments held by a Fund will not decrease in the future or that such Fund will recognize full value for any investment that such Fund is required to sell for liquidity reasons. Additionally, deterioration of real estate fundamentals generally may negatively impact the performance of a Fund.

Recent Market Events Risk. Local, regional, or global events such as war (e.g., Russia/Ukraine), acts of terrorism, public health issues like pandemics or epidemics (e.g., COVID-19), recessions, or other economic, political and global macro factors and events could lead to a substantial economic downturn or recession in the U.S. and global economies and have a significant impact on the Fund and its investments. The recovery from such downturns is uncertain and may last for an extended period of time or result in significant volatility, and many of the risks discussed herein associated with an investment in the Fund may be increased.

Important Disclosure Information

IMPORTANT DISCLOSURE INFORMATION

This document (together with any attachments, appendices, and related materials, the “Materials”) is provided on a confidential basis for informational due diligence purposes only and is not, and may not be relied on in any manner as legal, tax, investment, accounting or other advice or as an offer to sell, or a solicitation of an offer to buy, any security or instrument in or to participate in any trading strategy with any Blackstone fund, account or other investment vehicle (each a “Fund”), nor shall it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision. If such offer is made, it will only be made by means of an offering memorandum (collectively with additional offering documents, the “Offering Documents”), which would contain material information (including certain risks of investing in such Fund) not contained in the Materials and which would supersede and qualify in its entirety the information set forth in the Materials. Any decision to invest in a Fund should be made after reviewing the Offering Documents of such Fund, conducting such investigations as the investor deems necessary and consulting the investor’s own legal, accounting and tax advisers to make an independent determination of the suitability and consequences of an investment in such Fund. In the event that the descriptions or terms described herein are inconsistent with or contrary to the descriptions in or terms of the Offering Documents, the Offering Documents shall control. None of Blackstone, its funds, nor any of their affiliates makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein and nothing contained herein should be relied upon as a promise or representation as to past or future performance of a Fund or any other entity, transaction, or investment. All information is as of December 31, 2024 (the “Reporting Date”), unless otherwise indicated and may change materially in the future. Capitalized terms used herein but not otherwise defined have the meanings set forth in the Offering Documents.

Blackstone Securities Partners L.P. (“BSP”) is a broker dealer whose purpose is to distribute Blackstone managed or affiliated products. BSP provides services to its Blackstone affiliates, not to investors in its funds, strategies or other products. BSP does not make any recommendation regarding, and will not monitor, any investment. As such, when BSP presents an investment strategy or product to an investor, BSP does not collect the information necessary to determine and BSP does not engage in a determination regarding whether an investment in the strategy or product is in the best interests of, or is suitable for, the investor. You should exercise your own judgment and/or consult with a professional advisor to determine whether it is advisable for you to invest in any Blackstone strategy or product. Please note that BSP may not provide the kinds of financial services that you might expect from another financial intermediary, such as overseeing any brokerage or similar account. For financial advice relating to an investment in any Blackstone strategy or product, contact your own professional advisor.

Aggregated Returns. The calculation of combined or composite net IRR/net returns takes the aggregate limited partner cash flows by actual date from inception of the strategy through the current quarter end and uses the terminal value (including unrealized investments) as of the current quarter end to comprise an overall return for the strategy. This calculation is hypothetical in nature. The actual realized returns on the unrealized investments used in this calculation may differ materially from the returns indicated herein. In addition, the actual returns of each Blackstone fund, account or investment vehicle included in such combined or composite returns may be higher or lower than the Aggregated Returns presented. Furthermore, no limited partner has necessarily achieved the combined or composite returns presented in such performance information, because a limited partner’s participation in the applicable funds, accounts and/or investment vehicles may have varied. Hypothetical performance has certain inherent risks and limitations. These results do not represent the performance of any single fund, account or portfolio, the investments were not made by a single fund with coordinated objectives, guidelines and restrictions and did not in all cases involve the same Blackstone professionals who will be involved in the management of any such strategy in the future. Such hypothetical performance is not an indication of future results and no representation is being made that any fund, account or portfolio will or is likely to achieve profits or losses similar to these being shown. Results of an actual portfolio may be materially lower. See “Performance Calculation” below.

Blackstone Proprietary Data. Certain information and data provided herein is based on Blackstone proprietary knowledge and data. Portfolio companies may provide proprietary market data to Blackstone, including about local market supply and demand conditions, current market rents and operating expenses, capital expenditures, and valuations for multiple assets. Such proprietary market data is used by Blackstone to evaluate market trends as well as to underwrite potential and existing investments. While Blackstone currently believes that such information is reliable for purposes used herein, it is subject to change, and reflects Blackstone’s opinion as to whether the amount, nature and quality of the data is sufficient for the applicable conclusion, and no representations are made as to the accuracy or completeness thereof.

BPPA-A Performance. Blackstone Property Partners Asia - A L.P. (“BPPA-A”) is a parallel fund of BPP Asia that invests in all investments except Australian investments, which it is restricted from making. The performance information for BPPA-A may differ materially from the performance of BPP Asia as a result of such investment restriction.

BREDS Invested Capital. Unless otherwise indicated, Invested Capital includes amounts invested by the applicable BREDS funds and Blackstone (including its side-by-side investments), as applicable.

BREDS Invested/Committed. Invested committed includes expected equity amounts for investments pending initial capital calls, investments pending closing and/or future funding obligations. The invested/committed amount is not guaranteed and is based on several assumptions including the amount of financing available, amounts of unfunded loan commitments borrowers will draw, timing of loan repayments and other items. There can be no assurance that committed but not yet closed transactions will close as expected or at all.

BREDS Investment Strategies. BREDS invests across the capital structure in three primary investment strategies: (i) “Global Lending” reflects the origination, acquisition and syndication of commercial and residential mortgage whole and mezzanine loans;(ii) “Real Estate Securities” reflects liquid and commercial real estate related debt and structured products, including mortgage-backed and other fixed income securities; and (iii) “Structured Solutions” reflects capital solutions provided to borrowers, mostly financial institutions, including mortgage servicing rights. The diversification of investment strategies and investments may differ substantially from predecessor funds. Please refer to the Fund's Private Placement Memorandum for a full list of investment strategies the Fund may pursue.

BREDS Lending Platform. BREDS Lending Platform reflects BREDS I, BREDS II, BREDS III, BREDS IV, BREDS V, BREDS HG and BXMT and any parallel or alternative vehicles formed in connection therewith.

BREP Historical Performance Endnotes:

"The BREP Performance Summary" provided herein is solely for background purposes and should not be considered an indication of future performance.

"Funds": Pre-BREP through BREP Intl and BREP Intl II are substantially fully realized funds and BREP IV, BREP V, BREP VI, BREP Europe III, BREP VII, BREP VIII, BREP Asia I, BREP Europe IV and BREP Europe V, BREP Asia II, BREP IX and BREP Europe VI represent realized and unrealized values as of the Reporting Date. BREP Intl, BREP Intl II, BREP Europe III, BREP Europe IV, BREP Europe V and BREP Europe VI are Euro denominated funds and the Net IRRs for such funds represent the Euro denominated return. The calculation of the combined Net IRR takes the aggregate LP cash flows by actual date from inception of the strategy through the current quarter end and uses the terminal value (including unrealized investments) as of the current quarter end to comprise an overall return for the strategy. The actual realized returns on the unrealized investments used in this calculation may differ materially from the returns indicated herein.

"Invested Capital" includes amounts invested by the applicable BREP funds and Blackstone (including its side-by side investments). The invested capital figures for BREP Intl I, BREP Intl II, BREP Europe III, BREP Europe IV, BREP Europe V, BREP Europe VI and BREP Europe VII have been converted using the foreign exchange rate at the time each individual, underlying investment was consummated, aggregated over the investing life of the respective fund.

"Co-Investment" refers to capital subscribed for by third parties alongside certain of the BREP funds, as the context requires. The performance information for co-investments contained herein is presented on an overall basis, representing the aggregate of discrete co-investment transactions alongside such BREP funds, and not with respect to a particular fund or managed investment portfolio. Such net returns were calculated in a manner consistent with the calculation of the net returns for the BREP funds and may not reflect the actual returns of investors in each such co-investment. Past performance of co-investments is not necessarily indicative of the results of any future co-investment opportunities that may be offered.

BREDS Current Underwritten Gross IRR. The urrent Underwritten Gross IRRs herein represent the General Partner's good faith analysis of Current Underwritten Gross IRRs and do not constitute a forecast or projection. The Current Underwritten Gross IRRs are indicative of the General Partner's internal investment analysis and modeling with respect to the applicable investments, and are based on a variety of estimations, assumptions and variables that change investment-by-investment (including, but not limited to, those described below), and have been prepared based on the contractual and other terms of the investments, including interest rate, maturity date and other loan metrics, as well as Blackstone's current view of future events, financial performance of the investments/borrowers and other events that have not yet occurred, all of which may prove incorrect. Current Underwritten Gross IRR is calculated using several assumptions which include but are not limited to the following: (i) amounts owed under the loans/securities constituting the underlying investment (including principal, interest and fees) are generally paid in full, except in certain circumstances where Blackstone expects the underlying loans/securities to recover below or above par, and paid at a maturity date, except in certain circumstances where Blackstone expects the maturity date to be extended or the obligations to be repaid before the maturity date (based on factors such as call protection or conclusion of the sponsor's business plan), (ii) financing of the underlying investment (e.g. through a syndication to third party investors, borrowing under a credit facility, or a securitization of loans) is achieved at rates and on other terms as expected by Blackstone, (iii) the amount and timing of draws of unfunded commitments occur as expected by Blackstone, (iv) with respect to residential loans/securities, Blackstone assumes market convention curves for prepayment of loans and loan losses and (v) for floating rate investments and financings described in (i) and (ii), SOFR, SONIA, or other applicable reference rate indices are equal in the future to Blackstone's current estimates, which are generally based on the applicable forward curve as of a recent date. For loans/securities investments denominated in a currency other than US dollars, appropriate adjustments are made to account for any hedging contracts in place, with an assumption that the contract counterparties perform without default; Blackstone makes foreign currency exchange rate assumptions and estimates for any unhedged future cash flows. For example, Blackstone could assume the foreign currency exchange rate will not change, or change based on an assumed annual rate of appreciation or depreciation, or that Blackstone will be able to hedge future foreign currency cash flows at an assumed rate. Blackstone's views, estimations, assumptions and variables, including those described above, are reviewed periodically and it is expected that they will require modification as additional information becomes available and as economic and market developments warrant. Any such modification could reduce the Current Underwritten Gross IRR. Industry experts and other lenders may disagree with the estimations, assumptions and variables used in preparing the Current Underwritten Gross IRRs. While we currently believe that the assumptions and estimations contained herein are reasonable under the circumstances, there can be no assurance that such assumptions, estimations and variables will materialize or otherwise be applicable. The Current Underwritten Gross IRRs set forth are hypothetical and do not reflect the actual returns of any client or investor and are therefore subject to a number of risks and limitations. Actual realized returns on investments may differ materially from the Current Underwritten Gross IRRs indicated in the table above and no assurance, representation or warranty is made by any person that any of the Current Underwritten Gross IRRs will be achieved, and no recipient of this document should rely on the Current Underwritten Gross IRRs. None of Blackstone's affiliates or any of the respective directors, officers, employees, partners, shareholders, advisers and agents of any of the foregoing makes any assurance, representation or warranty as to the accuracy of the Current Underwritten Gross IRRs. Moreover, there can be no assurance that Blackstone will be able to implement its strategy or achieve its investment objectives. Current Underwritten Gross IRRs may not be provided for certain investments based on the inherent uncertainty of assuming future cash flows for the exit of the Fund's investment in these positions. Further details, including detailed assumptions and key aspects of Blackstone's investment model/analysis, are available upon request (subject to confidentiality). Please contact us if you would like to see Current Underwritten Gross IRRs based on assumptions other than those which we have used.

BREP International II. The 7.8% Net IRR represents the performance for BREP International II investors that elected to participate in the Hilton investment. The fund's partnership agreement was amended to permit the investment and offer the election because a majority of Hilton's revenues were derived from the United States. Including the performance of investors that did not elect to participate in Hilton, the Net IRR for BREP International II is 6.6%.

BREP Fund Participation. A BREP global fund will generally participate in 20% of the amount of each investment pursued by a BREP Asia or Europe fund. Investors should note that BREP global funds, BREP Asia funds and BREP Europe funds each have different investment objectives and the returns and investment performance for any such funds shown in this presentation are not necessarily relevant to an investment decision for any BREP fund.

BREP Invested / Committed. Represents invested and committed capital (including specified reserves and excluding general reserves) as a percentage of the Fund's original commitments (including the Blackstone Capital Commitment and discretionary side-by-side investments and excluding recycled capital). There can be no assurance that committed but not yet closed transactions will close as expected or at all.

Case Studies. The selected investment examples, case studies and/or transaction summaries presented or referred to herein may not be representative of all transactions of a given type or of investments generally and are intended to be illustrative of the types of investments that have been made or may be made by a Fund in employing such Fund's investment strategies. It should not be assumed that a Fund will make equally successful or comparable investments in the future. Moreover, the actual investments to be made by a Fund or any other future fund will be made under different market conditions from those investments presented or referenced in the Materials and may differ substantially from the investments presented herein as a result of various factors. Prospective investors should also note that the selected investment examples, case studies and/or transaction summaries presented or referred to herein have involved Blackstone professionals who will be involved with the management and operations of a Fund as well as other Blackstone personnel who will not be involved in the management and operations of such Fund. Certain investment examples described herein may be owned by investment vehicles managed by Blackstone and by certain other third-party equity partners, and in connection therewith Blackstone may own less than a majority of the equity securities of such investment. Further investment details are available upon request.

Derived Net Performance of Selected Transactions & Fund-Level Reduction Ratio. Where gross performance is presented for aggregate returns of selected transactions assembled from either (i) a single fund (extracted) or (ii) multiple funds (hypothetical), net performance is presented with the gross performance in accordance with the Marketing Rule (Rule 206(4)-1) under the U.S. Investment Advisers Act of 1940. Blackstone does not generally calculate individual, cash-flow based net performance for individual transactions, and therefore, the net performance shown is derived by applying a fund-level reduction ratio ("FRR") to the gross performance as explained in detail below. Such derived net performance of the selected transactions, which differs from actual net returns shown for funds, is identified as "Derived Net" data. Derived Net will also accompany gross performance when presented for individual transactions (e.g., case studies).

Step 1 - Determination of FRR: The first step in calculating Derived Net is to determine the FRR of the applicable return metric (e.g., IRR or MOIC) for each fund that invested in a given transaction. Blackstone calculates FRR as follows:

For traditional commitment-based drawdown funds, until the end of the period in which each such fund has both (i) reached the end of its investment period, and (ii) attained at least 25% realization of total invested capital (or DPI, where indicated), Blackstone uses a fund model as further described below (the "Fund Model") to approximate the management fees, carry rates, and other fees and expenses that are reasonably expected to be experienced by investors in such fund. The Fund Model is utilized to determine the FRR. After the period in which each such fund reaches the end of its investment period and attains at least 25% realization of total invested capital (or DPI), the FRR is based on such fund's actual gross/net spread (inclusive of all fees and expenses), and such actual FRR is updated annually using December 31 or (as applicable) the relevant fiscal year-end data. For products where financing is not tracked at an investment level, an adjustment may be made to account for fund-level financing in determining actual FRR.

For open-end funds that are in their early operating years and report IRR as a performance metric, a Fund Model (inclusive of management fees, carry, and other fees and expenses) is utilized to determine the FRR. When such funds convert to utilizing Net Time-Weighted Returns, no derived net calculation is necessary as the net performance data will be utilized.

Step 2 - Application to Individual Transactions: Next, the FRR is applied to the gross (levered, if applicable) performance of each selected transaction, and the result is a derived deal-level net return ("DDL Net"). Certain investments are held by multiple Blackstone funds (each, a "multi-fund investment"). In such situation, the DDL Net is determined by applying the FRR of each fund that invested in a multi-fund investment on a weighted average basis pro rata based on (as applicable): (i) the original invested capital amounts of each fund in the applicable multi-fund investment, (ii) life-to-date ("LTD") invested capital, or (iii) for underwritten IRRs, an estimated amount of capital currently expected to be called over the life of such transaction. Further, where the currency of a given investment differs from that of one or more Blackstone funds that hold such investment, conversion will be required to ensure weighting is performed based on a common currency as follows: (x) original investment amounts would be converted to a common currency generally using the applicable foreign exchange rate at the time each individual, underlying investment was consummated, (y) if available, the actual amount of invested capital that has been called in the fund's currency would be utilized, or (z) the actual amount of invested capital that has been called and converted to a common currency and, for currently anticipated capital to be called, an estimated FX rate. In the event an investment has a negative gross IRR or, if applicable, a MOIC less than 1.0x, the resulting DDL Net will not be meaningful and "N/M" will be displayed where a Derived Net performance is shown for a single investment.

Example Deal A (Single-Fund Investment): For an investment held by a single fund that has an FRR of 25%, and the investment-level Gross IRR is 16%, the resulting DDL Net for the investment would be 12%. Example Deal B (Multi-Fund Investment): For an investment where Funds A, B and C originally invested $2, $3 and $5, respectively, and the FRRs are 15.0%, 20.0%, and 25.0%, respectively, the weighted average FRR for that transaction is 21.5% [(20%*15.0%) + (30%*20.0%) + (50%*25.0%)] or [((2/10)*15.0%) + ((3/10)*20.0%) + ((5/10)*25.0%)]. Accordingly, in this example if the investment-level Gross IRR is 7.0%, the resulting DDL Net for the investment would be 5.5%.

Step 3 - Determination of Derived Net for Aggregate Performance of Selected Transactions: To calculate Derived Net for the aggregate performance of multiple transactions (whether selected from a single fund or multiple funds), the DDL (as determined in Step 2) of each selected investment is weighted pro rata consistent with the process described above in Step 2. As noted above, where the aggregate gross performance for a set of selected investments has a negative gross IRR or a MOIC less than 1.0x, "N/M" will be shown.

Example Portfolio Consisting of Deal A and Deal B: For a portfolio consisting of two selected transactions, Deal A (whose DDL Net is 12.0%) and Deal B (whose DDL Net is 5.5%), where the investment amounts were $600 and $400, respectively, the derived net aggregated performance of the selected transactions (i.e., the "Derived Net IRR") would be 9.4% [(60%*12.0%) + (40%*5.5%)].

IMPORTANT DISCLOSURE INFORMATION (CONT'D)

Derived Net Performance of Selected Transactions & Fund-Level Reduction Ratio (cont'd). Limitations of the Derived Net Calculation Methodology - Calculations described above are based on: (a) where a Fund Model is utilized, the management fees, carried interest, and expected partnership expenses (the "Fund Model Inputs") for a given fund as communicated to investors and, where applicable, included in such fund's organizational documents, and (b) where actual gross/net spread is utilized, the application of fund-level net performance that reflects returns after management and servicing fees, as applicable, organizational expenses, partnership expenses, certain fund tax liabilities and the general partner's carried interest (but before taxes or withholdings incurred by the limited partners directly or indirectly), and (except where otherwise noted) adds back the effect of any tax distributions paid for carried interest already reflected in the returns. Such amounts are generally applied at the fund level and are not tied directly to individual investments or investors. The relative contribution of each component described in the preceding sentences to the total reduction of a fund-level gross return may differ materially from the relative contribution of each component if specifically allocated at an individual investment level. In addition, the total of such components if calculated at an individual investment level and expressed as a percentage, may differ materially from the fund-level reduction ratio (FRR) described above.

Fund Model Inputs are generated based on assumptions and estimates, including Blackstone's anticipated gross and net returns for a given fund. Certain assumptions, including the proposed (and, when available, contractual) management fee rates, carry terms, and anticipated aggregate expenses for such fund are used to determine an estimate of total fees and expenses. Blackstone believes its assumptions are appropriate and reasonable based on the terms of a fund's governing documents, predecessor fund expenses, expected hold duration of investments made by the fund, and anticipated aggregate fees and expenses expected to be incurred over the life of the fund. Such assumptions and estimates are inherently subjective and simplified, involve significant judgment, risks and limitations, and do not predict or guarantee the actual returns or experience of any fund or investor. A change of, or to, any of the assumptions or estimates could result in material and adverse differences in the output versus that of a Fund Model for a given fund. The foregoing is not an exclusive list of ways that changes to assumptions can negatively impact the model, or of the risks inherent in using model information. Additional information related to the calculation of model performance, including additional detail on the criteria used and assumptions made, is available upon request.

Accordingly, the application of the FRR to calculate Derived Net performance at an individual deal level may result in such Derived Net being materially more or less than the percentage that would reflect the actual differential if net performance were calculated based on deal-level cash flows inclusive of all fees (including management fees and carried interest), expenses, and liabilities listed above. Net performance of a fund excludes, if applicable, amounts associated with (i) a general partner commitment, (ii) the Blackstone employee side-by-side program, and/or (iii) certain other parties (which may or may not be affiliated with Blackstone), which do not bear fees or carried interest and therefore generate higher returns than the fund to which they relate. Derived Net performance should not be relied upon as an indication or projection of actual net returns for any single investment or the aggregate performance of selected investments from one or more funds. Derived Net performance of selected transactions does not reflect the actual performance of any individual client or investor. Accordingly, it should not be assumed that investments made in the future will have the same returns as presented herein. Actual net performance of the funds or accounts that made these investments may vary materially from any Derived Net data presented herein; and because Blackstone will update FRR when based on actual gross/net spread annually, Derived Net for fully realized investments is expected to vary with each annual update.

Under the Marketing Rule, there is no prescribed manner of calculating derived net performance of selected transactions. Other methods of generating a derived net return for the aggregate performance shown for a selected subset of investments or any individual investment may generate materially different (and lower) results. Where presented for aggregate performance of selected investments across multiple funds, Derived Net data reflects hypothetical performance because no portfolio exists that is composed of such selected investments and, accordingly, no actual net performance can be calculated. Hypothetical performance has inherent limitations and prospective investors should not rely on Derived Net data or any hypothetical performance shown herein. No representation is made that any fund, account or investor will, or is likely to achieve, the results shown. Upon request, Blackstone will supply the complete track records of any fund that invested in an investment or a set of selected investments for which Derived Net is presented.

Please see other provisions within the Important Disclosure Information section for information regarding the methodology utilized to calculate actual net performance for funds based on complete portfolios and related disclosures where net performance has been calculated for certain portfolios prior to the compliance date of the amendments to the SEC Marketing Rule (Investment Advisers Act Release No. 5653, 86 Fed. Reg.13024). FRR is not utilized in the calculation of actual net performance for complete portfolios; but the calculation methodology for performance of complete portfolios has an impact on FRR because such portfolio-level performance is the source of the data utilized to calculate actual FRR, where applicable.

Derived Net & Historical Performance - Please see additional detail in these "Important Disclosure Information" sections (as applicable): "BREP Historical Performance Endnotes" and "BREP Performance Summary" for BREP, "Performance Calculation" for BREDS and BPP (including provisions related to investment-level gross performance and unrealized gain or loss attributable to foreign currency effects, which are not reflected in the Gross IRR for BREP fund investments), "Gross MOIC", "Gross IRR", "Net MOIC", "Net IRR", and "Realized and Unrealized Returns" for details regarding the calculation of fund-level net performance. Investors should be aware that because the Derived Net performance methodology described above applies the FRR of each fund to individual transactions, the Derived Net performance shown for any individual investment or any aggregate performance for selected investments is expected to differ materially from the actual returns of any realized or unrealized investment or group of selected investments, each of which will have investment-specific fees (including management fees, fund fees, servicing fees), expenses (including organizational expenses and partnership expenses), taxes, allocation to the general partner of profit, and certain other expenses borne by the fund, that, if applied and calculated for each such investment would result in an actual investment-level net that may be higher or lower than the Derived Net and in some cases such difference may be significant.

Embedded Growth. Embedded growth represents Blackstone's expectations for growth based on its view of the current market environment taking into account rents that are currently below market rates and therefore have the potential to increase. These expectations are based on certain assumptions that may not be correct and on certain variables that may change, are presented for illustrative purposes only and do not constitute forecasts. There can be no assurance that any such results will actually be achieved.

ERISA Fiduciary Disclosure. The foregoing information has not been provided in a fiduciary capacity under ERISA, and it is not intended to be, and should not be considered as, impartial investment advice.

Estimates/Targets. Any estimates, targets, forecasts, or similar predictions or returns set forth herein are based on assumptions and assessments made by Blackstone that it considers reasonable under the circumstances as of the date hereof. They are necessarily speculative, hypothetical, and inherently uncertain in nature, and it can be expected that some or all of the assumptions underlying such estimates, targets, forecasts, or similar predictions or returns contained herein will not materialize and/or that actual events and consequences thereof will vary materially from the assumptions upon which such estimates, targets, forecasts, or similar predictions or returns have been based. Among the assumptions to be made by Blackstone in performing its analysis are (i) the amount and frequency of current income from an investment, (ii) the holding period length, (iii) EBITDA growth and cost savings over time, (iv) the manner and timing of sale, (v) exit multiples reflecting long-term averages for the relevant asset type, (vi) customer growth and other business initiatives, (vii) availability of financing, (viii) potential investment opportunities Blackstone is currently or has recently reviewed and (ix) overall macroeconomic conditions such as GDP growth, unemployment and interest rate levels. Inclusion of estimates, targets, forecasts, or similar predictions or returns herein should not be regarded as a representation or guarantee regarding the reliability, accuracy or completeness of such information, and neither Blackstone nor a Fund is under any obligation to revise such returns after the date provided to reflect the occurrence of future events, even in the event that any or all of the assumptions underlying such returns are later shown to be incorrect. None of Blackstone, a Fund, their affiliates or any of the respective directors, officers, employees, partners, shareholders, advisers and agents of any of the foregoing makes any assurance, representation or warranty as to the accuracy of such assumptions. Investors and clients are cautioned not to place undue reliance on these forward-looking statements. Recipients of the Materials are encouraged to contact Fund representatives to discuss the procedures and methodologies used to make the estimates, targets, forecasts, and/or similar predictions or returns and other information contained herein.

Feeder Fund Structures. A feeder fund will invest all or substantially all its assets in its master fund. A master-feeder fund structure is typically put in place for legal and commercial purposes. In general, investors will hold their interests at the level of the feeder fund and fund costs and expenses of the overall master-feeder structure will ultimately be borne by investors on a pro-rated basis as applicable. For third party, non-Blackstone managed feeder funds investing into a Blackstone master fund, there are likely to be additional costs, fees and expenses that investors in those third-party feeder funds incur from the relevant operator of those third-party feeder funds. Therefore, in some instances, the performance of a feeder fund will differ or be lower, maybe materially, to that of its master fund due to the additional costs, fees and expenses that may have been incurred at the feeder fund level. The performance shown herein reflects that of direct investors and is net of the respective Fund's management fee, carried interest and other fees and expenses.

Fund Definitions. As used herein, each reference to a specific BREP or BREDS fund also includes any parallel or alternative vehicles formed in connection therewith, any supplemental capital vehicles formed in connection with any investments made thereby, any separately managed accounts thereof, and any vehicles formed in connection with Blackstone's side-by-side or additional general partner investments relating thereto (other than with respect to BREDS I, II and III). "Pre-BREP" reflects pre-Blackstone Real Estate Partners investments; "BREP I" reflects Blackstone Real Estate Partners L.P.; "Co-Investment" reflects co-investment vehicles related to the BREP Funds; "BREP II" reflects Blackstone Real Estate Partners II L.P.; "BREP III" reflects Blackstone Real Estate Partners III L.P.; "BREP IV" reflects Blackstone Real Estate Partners IV L.P.; "BREP V" reflects Blackstone Real Estate Partners V L.P.; "BREP VI" reflects Blackstone Real Estate Partners VI L.P.; "BREP VII" reflects Blackstone Real Estate Partners VII L.P.; "BREP VIII" reflects Blackstone Real Estate Partners VIII L.P.; "BREP IX" reflects Blackstone Real Estate Partners IX L.P.; "BREP X" reflects Blackstone Real Estate Partners X L.P.(collectively, the "BREP Global Funds"); "BREP International" reflects Blackstone Real Estate Partners International L.P.; "BREP International II" reflects Blackstone Real Estate Partners International II L.P.; "BREP Europe III" reflects Blackstone Real Estate Partners Europe III L.P.; "BREP Europe IV" reflects Blackstone Real Estate Partners Europe IV L.P.; "BREP Europe V" reflects Blackstone Real Estate Partners Europe V L.P.; "BREP Europe VI" reflects Blackstone Real Estate Partners Europe VI SCSp; "BREP Europe VII" reflects Blackstone Real Estate Partners Europe VII SCSp (collectively, the "BREP Europe Funds"); "BREP Asia I" reflects Blackstone Real Estate Partners Asia L.P.; "BREP Asia II" reflects Blackstone Real Estate Partners Asia II L.P.; "BREP Asia III" reflects Blackstone Real Estate Partners Asia III L.P. (collectively, the "BREP Asia Funds"); "BREP Asia" reflects all BREP opportunistic investments in Asia, including co-investments, the applicable global fund share and investments made prior to BREP Asia I; "BREP" reflects Pre-BREP, Co-Investment, the BREP Global Funds, the BREP Europe Funds, the BREP Asia Funds and separately managed accounts investing alongside those funds. "BREDS I" reflects several pre-BREDS II investment vehicles structured as drawdown funds which employed overlapping investment strategies; "BREDS II" reflects Blackstone Real Estate Debt Strategies II L.P.; "BREDS III" reflects Blackstone Real Estate Debt Strategies III L.P.; "BREDS IV" reflects Blackstone Real Estate Debt Strategies IV L.P.; "BREDS V" reflects Blackstone Real Estate Debt Strategies V L.P.; "BREDS" reflects BREDS I, BREDS II, BREDS III, BREDS IV and "BREDS V" (collectively, the "BREDS High Yield Funds"), as well as Blackstone Real Estate Debt Strategies High-Grade L.P. and any parallel or alternative vehicles formed in connection therewith ("BREDS HG"), Blackstone Mortgage Trust, Inc. ("BXMT"), and the BREDS funds and separately managed accounts investing in liquid real estate related debt; "BREDS-Related Activity" reflects BREDS Lending Platform as well as activity on behalf of Blackstone's insurance clients and real estate strategies for income-focused individual investors; and Core+ reflects Blackstone Real Estate's U.S. Core+ Strategy tailored to institutional investors, BPP Europe, BPP Asia, BPP Life Sciences, co-investments, supplemental vehicles, separately managed accounts and the BPP global investment vehicles (collectively, the "BPP Global Strategy"), as well as yield-oriented core+ strategies for income-oriented individual investors.

Global Investment Committee. Blackstone has a centralized investment process. Generally, significant equity investments are evaluated by the Global Investment Committee and significant debt investments are evaluated by the BREDS Investment Committee. Smaller investments are evaluated by subsets of each committee, as applicable.

Images. The Materials contain select images of certain investments that are provided for illustrative purposes only and may not be representative of an entire asset or portfolio or of a Fund's entire portfolio. Such images may be digital renderings of investments rather than actual photos.

Index Comparison. The volatility and risk profile of the indices presented is likely to be materially different from that of a Fund. In addition, the indices employ different investment guidelines and criteria than a Fund and do not employ leverage; as a result, the holdings in a Fund and the liquidity of such holdings may differ significantly from the securities that comprise the indices. The indices are not subject to fees or expenses and it may not be possible to invest in the indices. The performance of the indices has not been selected to represent an appropriate benchmark to compare to a Fund's performance, but rather is disclosed to allow for comparison of a Fund's performance to that of well-known and widely recognized indices. A summary of the investment guidelines for the indices presented are available upon request. In the case of equity indices, performance of the indices reflects the reinvestment of dividends.

J Curve. This document includes references to the "J Curve". The term "J Curve" is intended to refer to a phenomenon that is observed in certain categories of private funds, whereby, for a period of time after the establishment of the Fund, the mark-to-market value of the Fund will be lower than the initial value of the Fund.

Loan-To-Value. Reflects the weighted average loan-to-value ("LTV") of investments as of origination / modification based on adjusted net equity commitment.

Logos. The logos presented herein were not selected based on performance of the applicable company or sponsor to which they pertain. Logos were selected to illustrate managers and / or portfolio companies that are indicative representations of the thesis, theme or trend discussed on the slide(s) where they appear. In Blackstone's opinion, the logos selected were generally the most applicable examples of the given thesis, theme or trend discussed on the relevant slide(s). aAll rights to the trademarks and / or logos presented herein belong to their respective owners and Blackstone's use hereof does not imply an affiliation with, or endorsement by, the owners of these logos.

MiFID Terms of Business. For investors in the European Economic Area please refer to https://www.blackstone.com/european-overview/ to find the MiFID Terms of Business which may be applicable to you.

Operating Metrics. With respect to the operating metrics used herein: **MTM cap rate** means the expected annual NOI adjusted based on marked-to-market rents (based on market comparables) divided by the valuation of the asset at the time of acquisition based on the purchase price. **NOI** means all revenue from the property minus all reasonably necessary operating expenses and maintenance capital expenditures, as applicable. **Stabilized NOI** means the NOI of the portfolio upon lease up and stabilization. **Yield-on-cost** means the actual NOI levels of the asset in the specified year divided by the valuation of the asset at the time of acquisition based on the purchase price and any actual capital expenditures. **Re-leasing Spreads** represent new lettings, reviews and renewals, where applicable. Expectations reflected in the operating metrics used herein (including, but not limited to, any expectation regarding revenues, expenses, NOI, and/or the successful implementation of an asset management strategy) have been prepared and set out for illustrative purposes only.

Opinions. Opinions expressed reflect the current opinions of Blackstone as of the date appearing in the Materials only and are based on Blackstone's opinions of the current market environment, which is subject to change. Certain information contained in the Materials discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice.

Performance Calculation.

Unless otherwise stated, all **Internal Rate of Return ("IRR")** and **Multiple On Invested Capital ("MOIC")** calculations, as applicable, include realized and unrealized values and are presented on a "gross" basis (i.e., before, as applicable, management fees, fund fees, servicing fees, organizational expenses, partnership-level expenses, the general partner's allocation of profit, certain taxes and certain other expenses borne by investors, which in the aggregate are expected to be substantial). Individual deal level performance calculations exclude the impact of unrealized FX gains/(losses). Fund level performance calculations are net of unrealized and realized FX gains / (losses).

Net MOIC is determined by (a) taking the sum of (i) the amounts distributed by the Fund to limited partners prior to the reference date and (ii) the net asset value of the Limited Partners on the reference date, and (b) dividing the preceding amount by the sum of (i) total capital contributions made by the limited partners in respect of the investments made by the Fund and (ii) limited partner contributions for management fees, servicing fees and other fund expenses.

Gross MOIC at the Fund level is determined by dividing (a) the realized and unrealized value of the Fund's investments by (b) the Fund's total invested capital in such investments. Gross MOIC at the investment level is determined by dividing (a) the realized and unrealized value of the investment by (b) the total capital called by the Fund from its investors for such investment (or in the case of BPP, invested by the Fund in such investment).

Gross IRR is the annual discount rate, based on a 365-day year, that makes the net present value of all cash flows (the total invested capital, realized proceeds, any other associated cash flows, and fair value of the Fund's unrealized investments, at the end of the indicated period as determined by Blackstone) with respect to the applicable investment(s) equal to zero. For purposes of Gross IRR calculations, cash outflows with respect to an investment are deemed to occur (a) when capital is invested by the Fund (including from Fund-level borrowings) in the case of BPP, and (b) when the capital is called for the investment from Fund investors in the case of BREP and BREDS (not, for avoidance of doubt, when Fund-level borrowings are used to make the investment). Also, for purposes of the Gross IRR calculations, cash inflows with respect to an investment are deemed to occur in the case of investment realizations and current income, upon receipt by the Fund in the case of BREP and BPP and on the date of the related distribution by the Fund to investors in the case of BREDS.

Net IRR is calculated at the Fund level using amounts drawn or called from investors as outflows, amounts distributed to investors as inflows, and the fair value of the Fund's unrealized investments at the end of the indicated period (as determined by Blackstone) as inflows. Net IRR therefore reflects returns after taking into account, as applicable, management fees, fund fees, organizational expenses, partnership-level expenses, the general partner's allocation of profit and servicing fees, but before certain taxes and withholdings. Net IRR of a Fund does not include, if applicable, amounts associated with the General Partner commitment or Blackstone employee side-by-side program, which do not bear fees or carried interest and therefore generate higher returns than the Fund to which they relate.

Any IRR is a function of the length of time from the initial outflow to the ultimate inflow (or hypothetical inflow), in each case, as described herein. For a given dollar amount invested and holding values constant, the IRR decreases as the investment holding period increases. Actual realized value of a Fund's unrealized investments may differ materially from the values used to calculate the IRRs / MOICs reflected herein. For certain recent individual investments and Funds, performance metrics may be shown as "n/m", "n/a" or "0.0%" due to such Funds' or investments', as applicable, short duration (e.g., less than one year since investor capital is first funded) and limited amount of activity and, in certain cases, even though the actual amounts are negative. In addition, in the case of BREP and BREDS, and in the case of BPP only with respect to Net IRR, IRR (both gross and net) is calculated based on the due date and amount of capital contributions from limited partners, not the timing or amount of Fund-level borrowings such as the subscription line of credit; as a result, use of Fund level-borrowings will impact calculations of returns and will result in a higher or lower reported IRR than if the amounts borrowed had instead been funded through capital contributions made by the Limited Partners to the Fund.

Net IRR (cont'd). Individual investors in the Funds described in this presentation have not necessarily experienced the performance described herein. The management fees or fund fees (as applicable) paid by investors differ, in some cases materially, from those paid by other investors due to, among other factors, fee holidays and fee breaks for investors committing by certain dates or at or above specified amounts. In addition, certain investors may be admitted to the Fund at different times and, accordingly, contribute capital later than other investors (and pay carrying costs related thereto), and may pay investor servicing fees to the manager. Finally, different alternative investment vehicles, feeder funds and other vehicles through which investors make individual investments may bear different taxes and otherwise have different effective tax rates. For all of these reasons and others, performance for individual investors varies from the performance stated herein. Further information regarding performance calculations is available upon request.

Public Market Comparisons. Public market comparables referenced herein are included for informational purposes only and there can be no assurance that other parties, including valuation agents and investment banks among others, would select the same companies as illustrative comparisons for the same purpose There are significant differences between the investment described herein and the public companies listed herein. It should not be assumed that there will be a correlation between the investment's performance or valuation metrics and the performance or valuation metrics of any other company listed herein, including the information set forth herein. Accordingly, investors should attach correspondingly qualified consideration to historical data provided in respect of such other company.

Realized and Unrealized Returns. Realized or partially realized returns represent both (i) proceeds from investments that are realized and have been disposed of and (ii) realized proceeds from unrealized investments, such as current income, financing proceeds, or partial sale proceeds. The unrealized value is based on a fair market value ascribed by Blackstone, which is verified as being reasonable by a third-party to approximate the cash flow that would have been generated had the asset been disposed of as of the Reporting Date. Actual realized value of the applicable fund's currently unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, legal and contractual restrictions, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized values are based. Accordingly, the actual realized values of unrealized and partially realized investments may differ materially from the values presented herein. While we currently believe that the assumptions used to arrive at unrealized value are reasonable under the circumstances, there is no guarantee that the conditions on which such assumptions are based will materialize or otherwise be applicable to the investments. Please let us know if you would like to see returns based on assumptions other than those which we have used.

Tax. Investments mentioned herein may not be suitable for any or all recipients of this document, and potential investors are advised not to make any investment decision unless they have taken independent advice from an appropriately authorized advisor. An investment in the Fund may involve complex tax structures, which may result in delays in the distribution of important tax information and the requirement that investors obtain an extension on their income tax returns. Notwithstanding anything in this document to the contrary, to comply with U.S. Treasury Regulations Section 1.6011-4(b)(3) (i), each investor or prospective investor in the Fund (and any employee, representative or other agent of such investor or prospective investor) may disclose to any and all persons, without limitation of any kind, the U.S. federal, state or local income tax treatment and tax structure of the Fund or any transactions contemplated by this document, it being understood and agreed, for this purpose, (i) the name of, or any other identifying information regarding (A) the Fund or any existing or future investor (or any affiliate thereof) in the Fund, or (B) any investment or transaction entered into by the Fund, (ii) any performance information relating to the Fund or its investments, and (iii) any performance or other information relating to previous funds or investments sponsored by Blackstone, do not constitute such tax treatment or tax structure information.

Third Party Information. Certain information contained in the Materials has been obtained from sources outside Blackstone, which in certain cases have not been updated through the date hereof. While such information is believed to be reliable for purposes used herein, no representations are made as to the accuracy or completeness thereof and none of Blackstone, its funds, nor any of their affiliates takes any responsibility for, and has not independently verified, any such information.

Trends. There can be no assurances that any of the trends described herein will continue or will not reverse. Past events and trends do not imply, predict or guarantee, and are not necessarily indicative of, future events or results.

SOUTH CAROLINA RETIREMENT SYSTEM INVESTMENT COMMISSION

CONSOLIDATED ANNUAL INVESTMENT PLAN AND STATEMENT OF INVESTMENT OBJECTIVES AND POLICIES

~~As amended and adopted on April ______~~Effective July 1, 2025~~3~~

Role of this Document

The State of South Carolina administers five defined benefit pension plans: the South Carolina Retirement System ("SCRS"), the Police Officers Retirement System ("PORS"), the Retirement System for Members ofthe General Assembly ("GARS"), the Retirement System for Judges and Solicitors ("JSRS"), and the South Carolina National Guard Supplemental Plan ("SCNG") (together, the "Plan").

The South Carolina General Assembly established the Retirement System Investment Commission ("RSIC") as a state agency in 2005 and provided it with the exclusive authority to invest and manage the assets ofthe Plan which it does in one group trust. RSIC is governed by an eight-member board (the "Commission"). The Commission is a co-fiduciary of the assets of the Plan along with the South Carolina Public Employee Benefit Authority Board ("PEBA").

State law requires the Commission to adopt a Statement of Investment Objectives and Policies ("SIOP") and to review it annually and to either amend it or reaffirm it. The SIOP establishes investment and performance objectives, policies and guidelines, roles, responsibilities, and delegation of authority for the management of plan assets. State law also requires RSIC's Chief Investment Officer ("CIO") to develop an Annual Investment Plan ("AIP") which must be presented to and adopted by the Commission prior to May 1st of each year. Pursuant to state law, relevant portions of the SIOP may constitute parts of the AIP. ~~This Consolidated SIOP and AIP also serves as the RSIC's strategic plan.~~

In order to ensure consistency and agreement between the SIOP and AIP, the Commission has consolidated the requirements of both into one document which it will review annually prior to May 1st. As part of the annual review, the Commission will amend or reaffirm, as it deems appropriate, those portions of this document intended to meet the requirements of the SIOP and the Commission will consider the CIO's recommendation of any necessary changes to those portions of this document intended to meet the requirements of the AIP. In order to assist the Commission and the CIO in meeting their respective annual requirements, RSIC's Chief Executive Officer ("CEO") will provide a guide that designates those portions ofthis document that are required by the SIOP and those that are required by the AIP.

This Consolidated SIOP and AIP also serves as the RSIC's strategic plan.

The C~~c~~onsolidated AIP and SIOP takes effect July 1, 2025~~4~~.

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I. STRATEGIC PURPOSE, INVESTMENT OBJECTIVE, AND BELIEFS

A. Purpose

The goal of the State's five defined benefit plans is to provide a lifetime of benefits in retirement to those who have dedicated a career of public service to the State and its political subdivisions. The funding to secure this promise of benefits comes from two sources - contributions made by the employee and employer and the investment return earned on the assets of the Plan. The General Assembly has provided the Retirement System Investment Commission with the sole authority to invest and manage the assets of the Plan. Thus, RSIC's purpose is to earn an investment return that aids in fulfilling the promise of benefit payments to our current and future retirees and theirbeneficiaries.

B. Investment Objective

RSIC's primary investment objective is to design an investment program that produces a long-term rate of return that when added to contributions, funds current and future benefit payments. In doing so, RSIC must remain mindful that the Commissioners, CEO, and CIO are named fiduciaries to the Plan's active employees, retirees, and their beneficiaries (collectively "beneficiaries"). The Plan's fiduciaries must carry out their respective responsibilities to invest and manage the Plan's assets solely in the interest of the Plan's beneficiaries, for the exclusive purpose of providing benefits, and in keeping with the highest duty of care the law recognizes. As a result, the return the investment program seeks to achieve should involve taking a prudent amount of investment risk.

Further, RSIC cannot design an investment program in isolation, but must instead design a program consistent with the realities of the Plan that is guided by the Plan's particular design, structure, and risk factors. An important guiding consideration is that the Plan is mature and ~~as a result~~ until recently experienced~~s~~ net negative cash flows, in that the amount of annual contributions into the Plan were~~is~~ less than the annual amount of benefit payments flowing out of the Plan. It is expected that the Plan will begin experiencing net negative cash flows again in the future. As a result, the investment program must be designed in a way to provide sufficient liquidity to fund the net benefit payments to current retirees.

The investment program also must be guided by the consideration that the respective systems comprising the Plan are underfunded, in that the discounted liabilities of each system exceed the actuarial value of each system's assets. The 202~~3~~4 Actuarial Valuation report from the Plan's actuaries shows the funded status of each system as:

SCRS	PORS	GARS	JSRS	SCNG
59~~7~~.6~~9~~%	68~~5~~.3~~9~~%	74~~67~~.34%	48~~6~~.74%	67~~2~~.5~~9~~%

The underfunded nature of the Plan presents the risk that the Plan's assets will be insufficient to support future benefit payments. As a result, the investment program must also be designed in a way to grow the assets of the Plan to support payments to future retirees and their beneficiaries. The General Assembly did take significant action to address the underfunded nature of the Plan in the 2017 Pension Reform Bill. The 2017 Pension Reform Bill requires that the unfunded accrued actuarial liability ("UAAL") amortization period for SCRS and PORS be reduced by one year each fiscal year until each plan reaches a twenty-year amortization period. In order to support meeting this requirement, the General Assembly significantly increased contributions into SCRS and PORS. It should be noted that because of these efforts, the funding levels for both SCRS and PORS improved over the prior fiscal year and the amortization periods for both SCRS and PORS have been reduced to 14 and 13~~6~~ years, respectively.

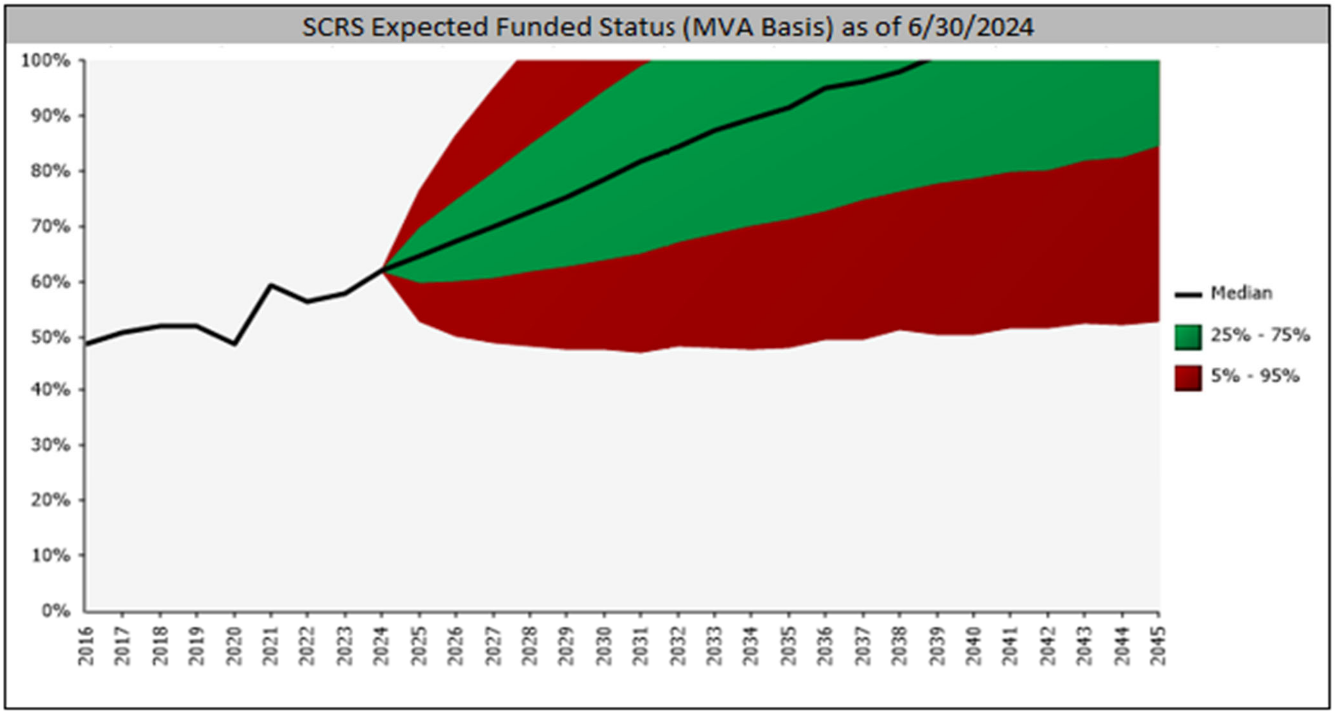
Thus, RSIC is tasked with designing an investment portfolio that balances the need to provide sufficient liquidity to fund current net benefit payments while also growing the portfolio to aid in providing benefits to future retirees.

Another guiding factor is that the General Assembly has set 7 percent as the assumed annual rate of investment return on the Plan's assets. The assumed rate of return not only serves as the discount rate to determine the net present value of the Plan's liabilities, but also serves as the primary driver of the Plan's funding policy. Investment performance relative to the assumed rate of return determines whether contribution rates are sufficient to meet the funding goals and requirements of the Plan.

RSIC realizes that investment performance will not meet or exceed the assumed rate of return every year, but rather strives to construct an investment portfolio that will meet or exceed this rate of return over time at a prudent level of market risk, in keeping with its fiduciary duty to the Plan's beneficiaries. RSIC recognizes that achieving a long-term rate of return that exceeds the assumed rate requires investing the portfolio in a greater percentage of assets with relatively high expected volatility~~risk~~. As a result, the investment portfolio will experience greater market volatility which not only impacts the probability of the investment return exceeding the assumed rate over time, but also correspondingly impacts the probability of reaching the funded status goals of the Plan without requiring additional contribution rate increases.

As a result, RSIC works to design an investment program that maximizes the probability that the Plan will meet the General Assembly's funded status goals, but also given the high level of contribution rates, strives to minimize the probability that the Plan will need additional contributions above those already required. RSIC believes that it can design an investment program with a significant probability of meeting or making significant progress towards both concerns as demonstrated by the stochastic analysis of our funded status expectations for SCRS set out in Table 1 below and a similar analysis of our contribution rate expectations set out in Table 2 below.

TABLE 1


SCRS Expected Funded Status (MVA Basis) as of 6/30/2024
Median
25% - 75%
5% - 95%

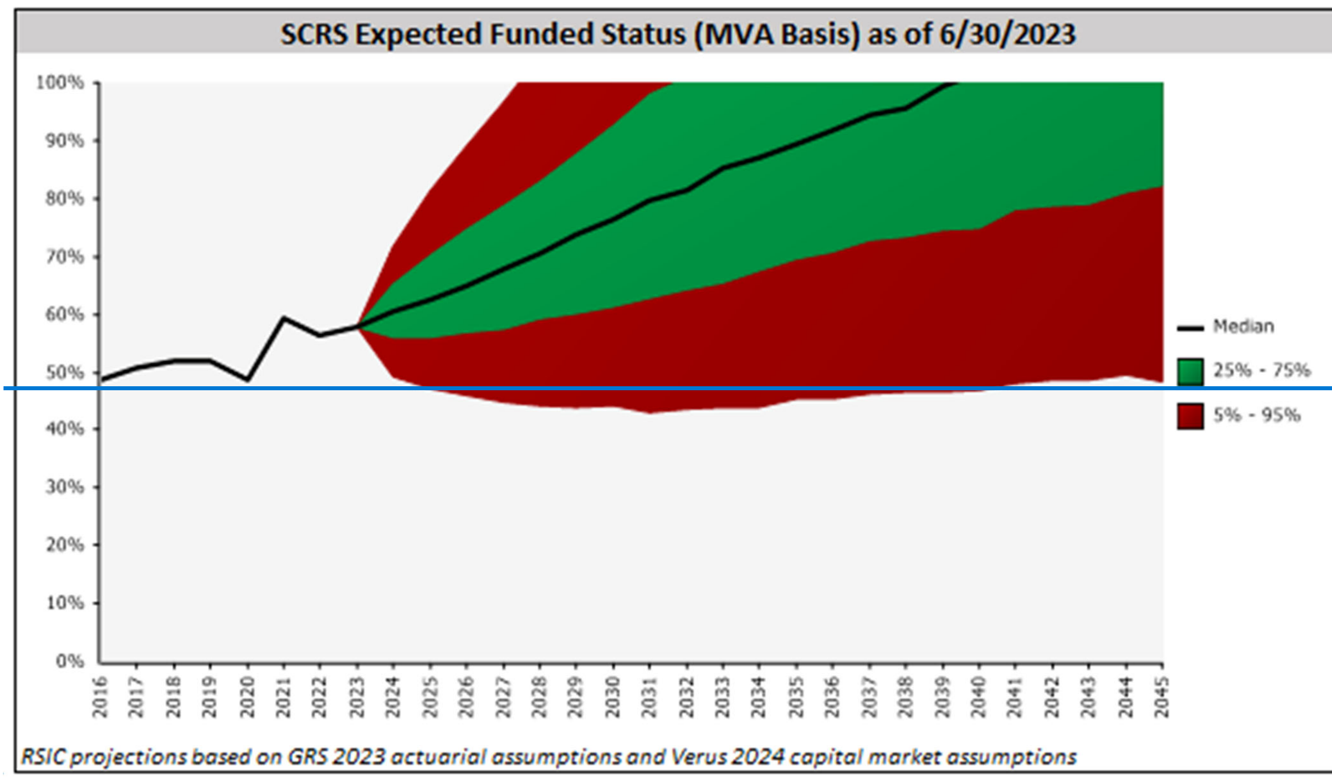

SCRS Expected Funded Status (MVA Basis) as of 6/30/2023
Median
25% - 75%
5% - 95%
RSIC projections based on GRS 2023 actuarial assumptions and Verus 2024 capital market assumptions

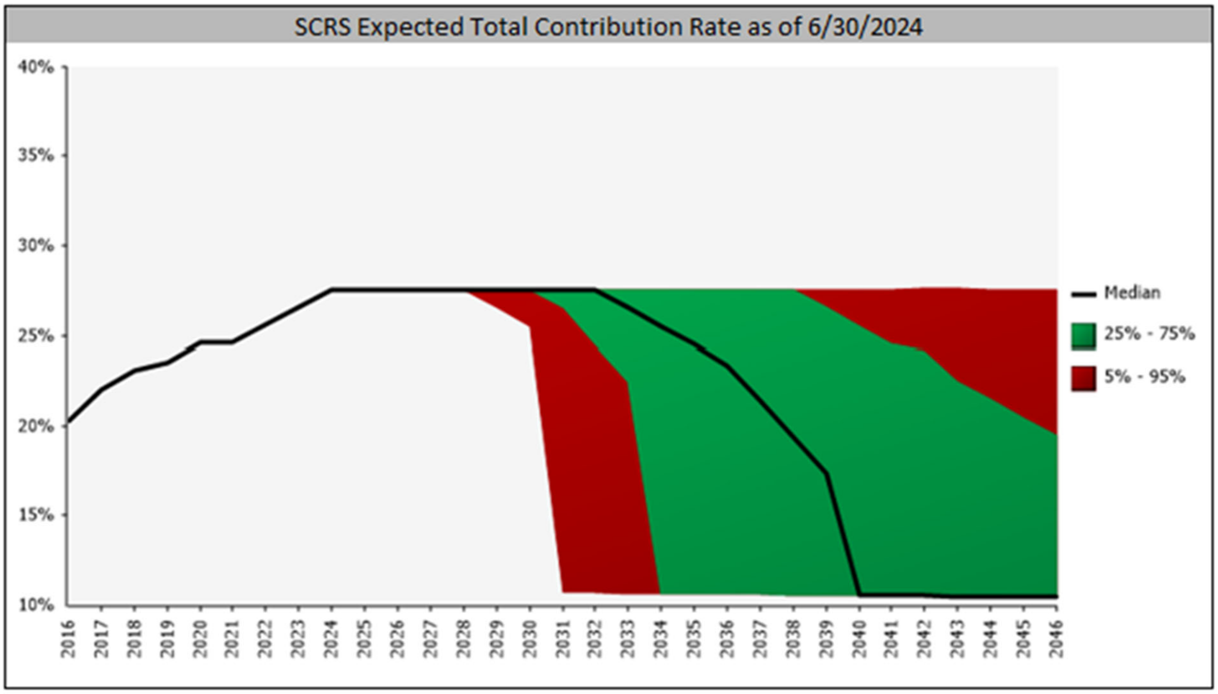
Table 1 tracks the actual, as well as expected, funded status of SCRS since 2016, the year prior to the passage of the 2017 Pension Reform Bill. SCRS is used as the example because its assets comprise the greatest percentage of the total assets of the five systems. The reason for the stochastic approach to the expected funded status is to demonstrate the impact of market volatility on the probable funded status of SCRS through time. The model upon which the simulation is based incorporates the actual structure, components, and assumptions of SCRS, including the contribution ~~-~~policy put into effect by the 2017 Pension Reform Bill. The model uses the Commission's Policy Portfolio, described below, as the investment portfolio and includes thousands of iterations based on the 2025~~4~~ long-term capital market and volatility expectations provided by the Commission's Investment Consultant. The long-term expected return and volatility for the Policy Portfolio is discussed in Section III(D) below.

As can be seen in this table, the base case scenario is that SCRS reaches fully funded status by 2039, which is within the funded status goals set by the 2017 Pension Reform Bill. However, if the Plan were to experience the unfavorable 95th percentile scenario, the funded status of the Plan would not improve and would be expected to be in approximately the same funded position in thirty years that it is in currently.

The table also shows the actual improvement of the funded status of SCRS since 2016. The actual improvement shown on the table is attributable to additional contributions flowing into SCRS resulting from the 2017 Pension Reform Bill and better than forecasted investment returns since the bill's passage.

In addition to this stochastic analysis, the 2024~~3~~ Actuarial Valuation shows the amortization period for SCRS as 14~~6~~ years, which is ~~eight~~ nine years ahead of the 2017 Pension Reform Bill's requirement of 23~~4~~ years. The PORS 2024~~2~~ Actuarial Valuation also shows the amortization period as 13~~6~~ years, which is~~-~~ ~~eight~~ ten years ahead of the 2017 Pension Reform Bill's~~years ahead of the Pension Reform Bill's~~ requirement of ~~24~~ 23 years.

TABLE 2



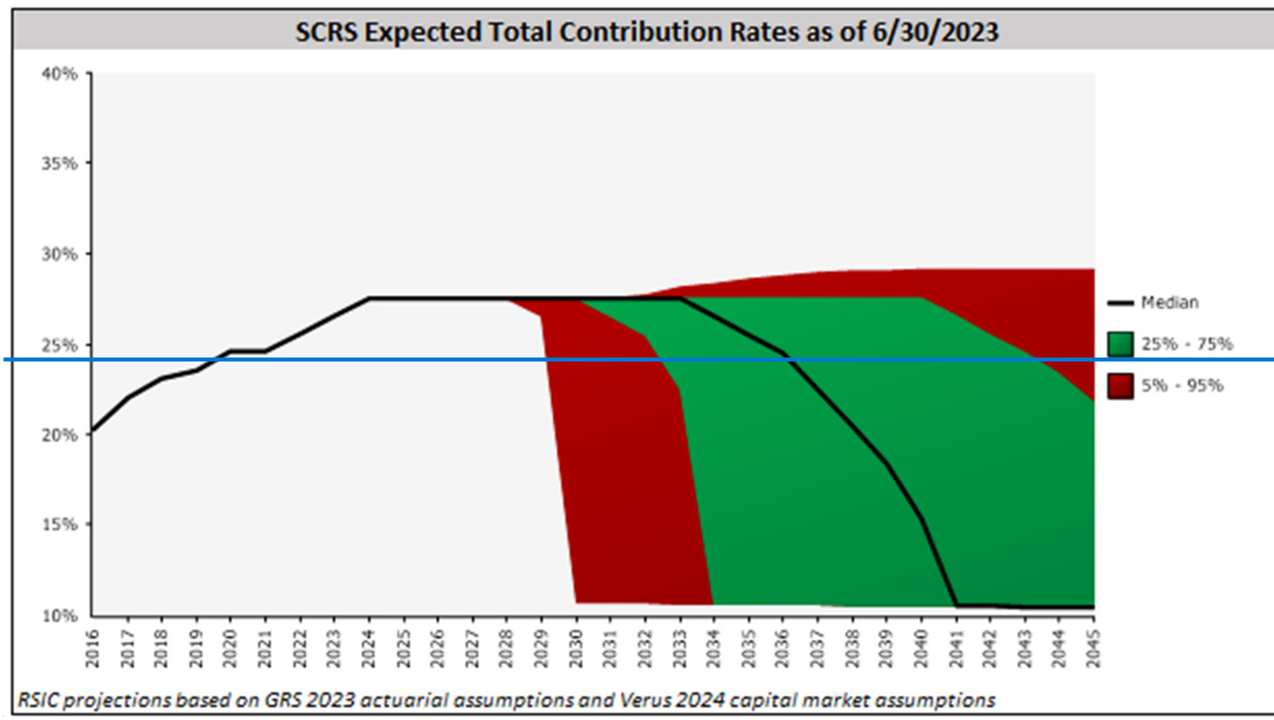


Table 2 tracks the actual, as well as expected, total employer and employee contribution rates for SCRS since 2016. This table also employs a stochastic approach to the expected combined contribution rate ~~combined contribution rate~~ to more accurately demonstrate a range of probable outcomes due to market volatility. This analysis is based on the same assumptions used to produce Table 1.

As indicated in this table, the base case scenario shows combined employer and employee contribution rates for SCRS -have increased to 27.56 percent pursuant to the schedule required by the 2017 Pension Reform Bill. The contribution rates are expected to begin to decline in 20334. The contribution rates are projected to decline to the ~~approximately~~ 10.89 percent normal cost contribution rate by 20401. The table indicates that there is less than a five percent probability ~~indicates that there is some risk~~ that contribution rates will need to ~~may~~ increase above the 27.56 combined contribution rate required by the 2017 Pension Reform Bill. (Appendix XI contains historical versions of Tables 1 and 2 for each year since 2020 based on the corresponding year's capital market expectations).

C. Beliefs

As fiduciaries, the Commission and staff of RSIC are charged with exercising their roles and responsibilities to the Plan's participants and beneficiaries with the highest duty of care that the law recognizes. In order to ensure consistency in approach to decision making that is commensurate withthis fiduciary duty and focused on achieving the investment objective, the Commission and RSIC staff have adopted a set of core beliefs to ensure that we are collectively guided by a unifying set of principles.

Belief 1 – We believe that the Policy Allocation set by the Commission is the main driver of the investment portfolio's risk, return, and cost.

Belief 2 – We believe that investors must be rewarded for incurring additional risk, cost, and complexity.

Belief 3 – We believe that we are long-term investors which requires us to instill *discipline* and *patience* into our investment decision making and assessment process.

Belief 4 – We believe that achieving our investment objective requires an organization with strong governance, that maintains core values, and employs talented professionals. In order to do this, we must:

1. establish a governance structure with clear lines of authority and means to assess the quality of decision making and resulting performance;
2. recruit and retain a talented investment and operational staff consistent with our Core Values of:
   a. Humility,
   b. Intellectual Curiosity, and
   c. Team Player
3. achieve a deep understanding of value creation through the investment process;
4. emphasize risk awareness and focus on mitigating investment and enterprise risk; and
5. provide the foundation, infrastructure, and systems necessary to meet the investment objective and mitigate risk.

II. ROLES AND RESPONSIBILITIES

1. In 2005, RSIC was established by South Carolina law to invest and manage the assets of the State's five defined benefit retirement plans. RSIC invests and manages the assets of all five plans in one group trust. RSIC is governed by an eight-member Commission. The Commission's primary purpose is to set the strategic direction for an investment program that is consistent with its fiduciary duty and strives to earn an investment return that when combined with contributions fulfills the promise of benefit payments to the Plan's current and future retirees and their beneficiaries. This includes setting a long-term strategic asset allocation that meets the Commission's investment objective, oversight of the implementation of the investment portfolio and the business affairs of RSIC, approving certain investments, ensuring legal and ethical integrity, and maintaining accountability. The Commission also a~~a~~dopts a series of governance policies that define the roles and responsibilities of Commissioners and staff and provide general guidance for the operation of RSIC as an agency. (RSIC Governance Policies can be found at: https://www.rsic.sc.gov/_documents/2017.07.14%20Governance%20Policy%20Manual.pdf).

2. The Commission employs a CEO, who serves as the primary figure of accountability for RSIC. The CEO serves as the chief administrative officer of RSIC as an agency and is charged with the affirmative duty to carry out the mission, policies, and directives of the Commission. The CEO is delegated the Commission's authority necessary, reasonable, and prudent to carry out the operations and management of RSIC as an agency and to implement the Commission's decisions and directives. The CEO also serves as the chief risk officer for the organization. The CEO is charged with employing a CIO and all other agency staff who serve at the will of the CEO. The CEO is also delegated the final authority to close all investments and must certify that investments made pursuant to the Commission's Investment Authority Delegation Policy meet the requirements of the policy (*see* Section~~ECTION~~ VI for the Investment Authority Delegation Policy).

3. The CIO manages RSIC's investment functions subject to the oversight of the CEO. RSIC primarily invests Plan assets by allocating capital to external investment managers who implement specific investment strategies to provide the exposures necessary to meet the requirements of the Commission's strategic asset allocation. The Commission has implemented an Investment Authority Delegation Policy which provides the CIO with the final authority to invest with external investment managers subject to the limits of the policy. For a proposed investment that exceeds the delegation policy, the CIO determines whether the investment is presented to the Commission for final approval. The CIO is also granted certain authority to manage the implementation and exposure of the portfolio. The CIO through the management of the investment staff also oversees investment risk management, investment manager oversight, and other related activities.

4. The Executive Leadership Team ("ELT") is currently comprised of the CEO, CIO, Chief Operating Officer ("COO"), Chief Legal Officer ("CLO"), the Deputy Chief Investment Officer ("DCIO"), and Chief Human Resources Officer~~Director of~~ ("CHRO")~~ Human Resources~~, and serves as RSIC's primary management committee and aids the CEO in making strategic organizational and operational decisions.

5. The Internal Investment Committee ("IIC") is a committee of senior staff appointed by the CEO and is chaired by the CIO. The IIC's responsibilities are provided by the IIC Charter but the IIC is primarily responsible for serving as the committee that vets and recommends new investments to the CIO for approval and execution, or recommendation to the Commission for its approval.

~~5.~~

6. The Commission engages a general investment consultant ("Investment Consultant"), who reports to the Commission and assists and advises the Commission on asset allocation, asset/liability study, performance reporting, benchmarking/peer group comparisons, and general investment education and advice. The Commission Chair takes the lead in ensuring there is an effective and productive relationship between the Commission and the Investment Consultant and that the Investment Consultant has adequate clarity and direction in meeting the Commission's needs and requests. The CEO assists the Chair in managing the day-to-day relationship with the Investment Consultant and ensures effective collaboration and consultation between the Investment Consultant and RSIC staff. RSIC Staff may rely on the Consultant for data resources, external analyst inputs, and access to educational materials. The CEO may also retain specialty consultants to serve as an extension of RSIC staff in Private Equity, Private Debt, Real Estate, Infrastructure, and Hedge Funds.

7. The Internal Audit function is governed by the Commission's Audit and Enterprise Risk Management Committee and is primarily provided through external service providers. An internal staff member coordinates the relationship with external service providers and assists the committee with performing its duties and functions. The purpose of the Internal Audit function is to provide independent, objective assurance and recommendations designed to add value and improve RSIC operations. It assists the entity in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

8. The Enterprise Risk Management and Compliance ("ERM and Compliance") function reports to the CEO and serves as the primary staff to aid the CEO in fulfilling the role of chief risk officer. The ERM and Compliance function coordinates with the ELT and other staff on the assessment of, and provides oversight related to the identification and evaluation of, major strategic, operational,regulatory, informational, and external risks inherent in the business of RSIC. ERM and Compliance is also responsible for overseeing the process for monitoring compliance with RSIC policies and applicable laws.

9. The Public Employee Benefit Authority ("PEBA") is a separate agency that administers a comprehensive program of retirement benefits, performing fiduciary duties as stewards of the contributions and disbursements for the Plan. PEBA is responsible for producing GAAP basis financial statements for the Plan and maintains a general ledger to support that process. The financial statements that are produced by PEBA contain information regarding the investments made by the Commission and as such contain the official accounting records for Plan investments. The financial statements are presented in accordance with GAAP and comply with the Governmental Accounting Standards Board standards. The financial statements are audited annually by an independent audit firm hired by the State Auditor's Office.

10. The Commission and the PEBA Board serve as co-trustees of the Plan's assets. PEBA is the custodian of the Plan's assets and RSIC is responsible for the Plan's custodial banking relationship.

11. Subject to the approval of the State Fiscal Accountability Authority, PEBA designates the Plan's Actuary. The Commission is a third-party beneficiary to the contract with the Plan's Actuary, with full rights to all actuarial valuations prepared by the actuary.

12. The South Carolina General Assembly has the authority to control the budget and staffing for RSIC and to set the actuarial annual assumed rate of return for the Plan. Starting in early 2021, and every four years thereafter, in consultation with the Commission and the Retirement System's Actuary, PEBA proposed a 7 percent assumed annual rate of return to the General Assembly that took effect at the beginning of the

2021-2022 fiscal year because the General Assembly took no action to amend or reject the recommendation. The General Assembly also conducts periodic legislative oversight hearings of RSIC.

III. ASSET ALLOCATION

A. Purpose

The Commission's primary responsibility is to establish an investment program that is designed to meet the Commission's investment objective. The most significant action the Commission takes in fulfilling this responsibility is by setting the long-term strategic asset allocation. The Commission ~~designs~~ adopts a diversified portfolio ~~that includes a mix of assets~~ that it ~~believes will likely~~ expects to generate a long-term rate of return that meets its investment objective which is conditioned by its fiduciary duty to only expose the Plan's assets to a prudent level of market risk. ~~The~~ The strategic asset allocation the Commission adopts is referred to as the ~~target, or~~ Policy Portfolio.~~,~~ The Policy Portfolio is established with a long-term perspective and the Commission does not expect to change ~~the~~ this portfolio to react to short-term market conditions or frequent fluctuations in capital market expectations.

The Commission recognizes employing a long-term perspective ~~has certain risk management benefits. Most notably, this~~ discourages the temptation to react to short-term market trends.~~,~~ This can help ~~which can lead~~ an investor to avoid chasinge~~e~~ returns in asset classes that have become expensive due to recent appreciation. The Commission believes that adherence to this disciplined, long-term perspective will produce its greatest benefits ~~during~~in periods of adverse market conditions.~~,~~ D~~d~~uring ~~which~~ these times the Policy Portfolio will serveas a stabilizing force for the investment program.

State law also requires the Commission to diversify the assets of the investment portfolio and to consider: (i) general economic conditions; (ii) the possible effect of inflation or deflation; (iii) the role that each investment or course of action plays within the overall portfolio; (iv) the needs for liquidity, regularity of income, and preservation or appreciation of capital; and (v) the adequacy of funding for the Plan based on reasonable actuarial factors.

The Commission undertook a significant strategic asset allocation review in 2019-2020 with the goal of establishing a more simplified and effective Policy Portfolio. A synopsis of this review can be found in Section XI below. As a result of the review, the Commission adopted the Policy Portfolio in Table 3.

Table 3

Asset Class	Weight
Public Equity	46%
Bonds	26%
Private Equity	9%
Private Debt	7%
Real Assets	12%

As part of the 2019-2020 review, the Commission adopted the discipline of only comprehensively reviewing the strategic asset allocation once every five years. In Fiscal Year 2024-2025, the Commission undertook its first comprehensive strategic asset allocation review pursuant to this discipline and the results of this review are set out below.

~~**Background**~~

~~The Commission undertook a review of the existing Policy Portfolio in early 2019. At the time the Commission began this process, the Policy Portfolio was comprised of eighteen separate asset classeswith twenty-one different benchmarks. Many of the asset classes had small target weights – several with less than three percent. Both the CIO and the Investment Consultant expressed concern that thePolicy Portfolio was over diversified and required a high level of complexity to exist in the Actual Portfolio without a clear improvement in risk or return. The Commission found this to be inconsistent with its investment belief that investors must be rewarded for incurring additional risk, cost, and complexity.The Commission also believed that the existing Policy Portfolio established the wrong balancebetween its role as setting the strategic direction of the investment program and investment staff's role in implementing the portfolio. As a result, the Commission determined that a more consolidatedPolicy Portfolio was in order which valued simplicity and required complexity in the Actual Portfolio to prove its value. The Commission determined that key to this effort was developing a series of benchmarks that would collectively form a Portfolio Framework to clearly determine the value of investment decisions.~~

~~**B.**~~ **Reference Portfolio**

B.

~~The Commission decided that it would begin the development of this framework by setting a Reference Portfolio. The Reference Portfolio would be a simple two asset class benchmark portfolio comprised of stocks and bonds. The point of the Reference Portfolio was not to limit the portfolio toa simple mix of stocks and bonds, but rather to set a risk reference for establishing the Policy Portfolio. Although the~~

~~intent was for the Reference Portfolio's risk to represent that of the Policy Portfolio, the Reference Portfolio would not serve as a risk limit for the Policy Portfolio, but rather a barometer to measure the value over time of diversifying into a multi-asset class portfolio.~~

The Reference Portfolio is a simple two asset class benchmark portfolio comprised of stocks and bonds that serves as a risk reference for the Policy Portfolio. The Reference Portfolio does not serve as a risk limit for the Policy Portfolio, but rather as a risk barometer to show the value of diversifying the Policy Portfolio into additional asset classes.

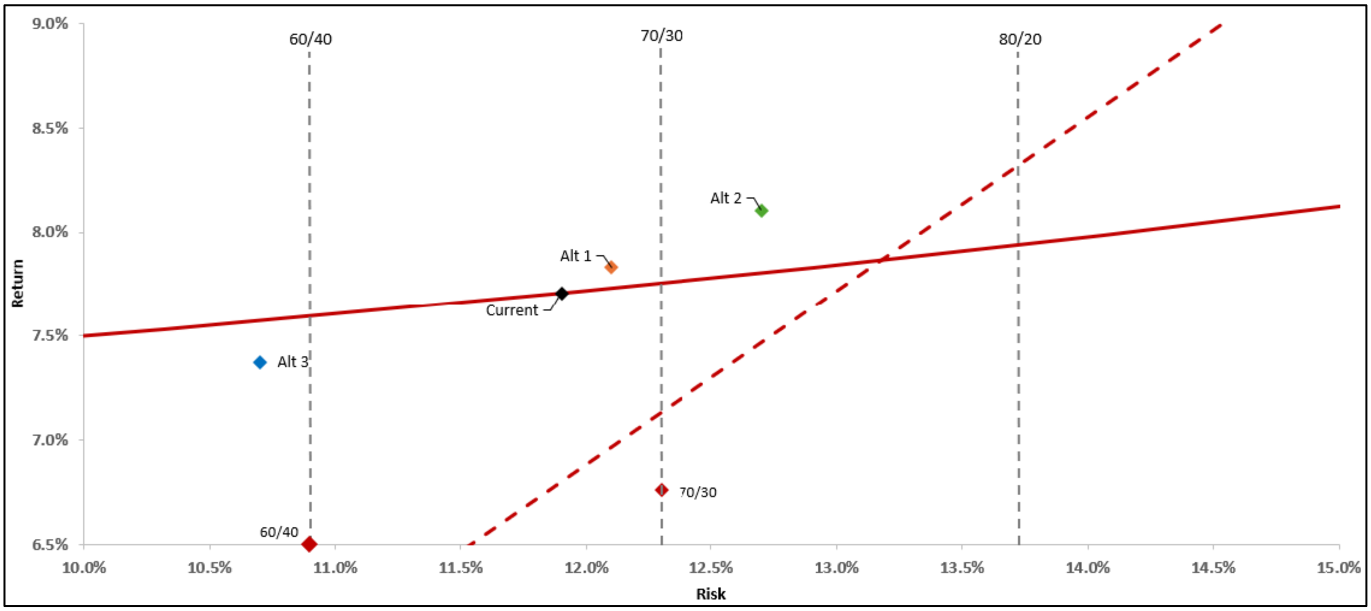
During its Fiscal Year 2024-2025 asset allocation review, the Commission was guided by the analysis in Table 4 below in setting the Reference Portfolio. The Commission sets ~~attempted to set the allocation of~~ the Reference Portfolio's allocation as ~~to~~ one consistent with ~~a~~the expected investment risk ~~portfolio that most closely expressed the risk~~(as expressed in expected volatility) of a diversified portfolio of assets required to earn a return that is projected~~expected~~ to exceed the assumed annual rate of return, or above the solid red line in Table 4, while also avoiding a greater than 5 percent probability of requiring additional contributions increases in the next ten ~~five~~ years, or to the left of the dotted red line in Table 4. ~~(other plan risks were also contemplated butwould also be avoided because these risks would either fall along the same line or to the right of the red risk line represented on Table 3 below).~~ By avoiding the dotted red line, the strategic asset allocation would also avoid other significant plan risks that would fall to the right of the line plotted in Table 4.

In setting the Reference Portfolio, the Commission is~~was~~ mindful that South Carolina law provides that no more than seventy percent of the portfolio may be invested in equities. The law does not limit the types of assets that can ~~could~~ make up the other thirty percent of the portfolio, which could conceivably include assets like high yield bonds which have an imbedded equity risk factor. However, the Commission believed it was prudent to constrain the Reference Portfolio to no more than seventy percent equity risk, as expressed by a seventy percent allocation to equities, and to mitigate the equity risk with a thirty percent allocation to bonds.

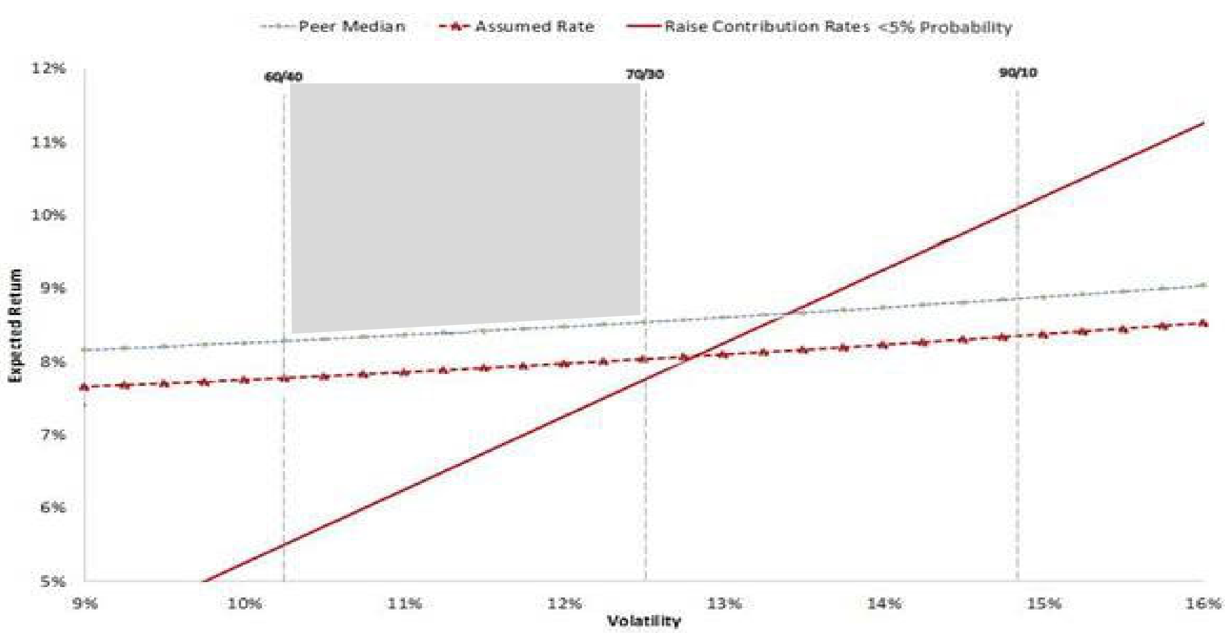
Using Table 4 as a guide, the Commission determined that a 70 percent Global Public Equities and 30 percent U.S. Bonds portfolio best represents the investment risk required for a diversified portfolio of assets to achieve the assumed annual rate of return over time while also avoiding a greater than five percent probability that contributions would need to increase in the next ten years. As a result, the Commission reaffirmed a 70 percent Global Public Equities (*MSCI ACWI IMI Net*) and 30 percent Bonds (*Bloomberg Barclays US Aggregate*) as the Reference Portfolio.

~~The Commission considered the appropriate Reference Portfolio at its April and June 2019 meetings.The Commission determined that a 70 percent Global Public Equities (*MSCI ACWI IMI Net*) and 30 percent Bonds (*Bloomberg Barclays Aggregate*) portfolio best represented the volatility of a diversified portfolio of assets that would be expected to earn a return that exceeds the assumed annual rate of return over time while also avoiding a greater than 5 percent probability of requiring additional contributions increases in the next five years. The Commission reached consensus on this allocation as the Reference Portfolio Benchmark. In reaching this consensus, the Commission accepted that a Reference Portfolio with a risk level associated with a seventy percent allocation to equities was prudently necessary to meet its investment objective.~~

Table 4



~~Table 3~~



~~C.~~ Policy Portfolio

~~The Commission then began establishing a Policy Portfolio that would serve as the Commission's long-term asset allocation. The Policy Portfolio would be a multi-asset class portfolio with similar expectedvolatility as the Reference Portfolio. The Policy Portfolio would be expected to consolidate the existing eighteen asset class Policy~~

~~Portfolio into a more simplified allocation without substantially impacting the expected return, but with a similar level of risk as the Reference Portfolio. The purpose of setting thePolicy Portfolio's risk target to that of the Reference Portfolio was to reveal the performance impact gained through diversification.~~

~~However, unlike the Reference Portfolio, the Policy Portfolio would be a portfolio that could be held and, in any respect, would serve as the gravitational pull to a more simplified Actual Portfolio.~~

~~The Commission considered the transition to a more simplified Policy Portfolio at its April and June 2019 meetings and reached consensus on the transition to the simplified target allocation in Table 4 below.~~

C.

The Commission establishes a Policy Portfolio to serve as the Commission's long- term strategic asset allocation. The Policy Portfolio is a multi-asset class portfolio with expected volatility similar to the Reference Portfolio. A primary benefit of aligning~~,~~ the Policy Portfolio's risk target to a risk equivalent Reference Portfolio is that doing so reveals the performance impact gained through diversification. However, unlike the Reference Portfolio, the Policy Portfolio is a portfolio that could expected to be held and, in any respect, creates a presumption of simplicity for the actual portfolio and requires complexity gained through portfolio implementation and manager selection decisions to demonstrate their value.

During its Fiscal Year 2024-2025 asset allocation review, the Commission considered alternative Policy Portfolios. The expected risk and return of the then-~~-~~current Policy Portfolio as well as three alternative portfolios are shown i~~o~~n Table 4. Alternatives 1 and 2 had increased expected return and investment risk while Alternative 3 took less investment risk and correspondingly was expected to earn less return. ~~,~~

The Commission adopted Alternative 1 as the new Policy Portfolio because the Commission believes that it best optimizes the expected return and risk necessary to meet its investment objective. The Commission took into consideration that Alternative 1's expected return exceeds the assumed rate of return and that the portfolio avoids a greater than five percent probability that contribution rates will need to increase in the next ten years as shown in Table 4. The Policy Portfolio's allocation is set out in Table 5 below.

Table 5

Asset Class	Weight
Public Equity	43%
Bonds	25%
Private Equity	12%
Private Debt	8%
Real Assets	12%

~~The Commission also analyzed whether the Policy Portfolio would meet the Commission's long-term investment objective in that it would likely exceed the assumed rate of return and avoid risks particular to the Plan including not meeting the General Assembly's funded status objectives and avoiding a significant probability of requiring additional contribution increases. This analysis was based on the Investment~~

Legacy Asset Allocation	
Nominal IG Bonds	6
Treasuries	5
TIPS	2
Mixed Credit	4
EM Debt	4
Private Debt	7
US Equity	18
Developed Int'l Equity	11
EM Equity	6
Equity Options	7
Private Equity	9
Real Estate (Public)	1
Real Estate (Private)	8
Infrastructure (Public)	1
Infrastructure (Private)	2
PA Hedge Funds	10
GTAA	7
Other Opportunistic	1

020~~Current~~ Asset Allocation	
Bonds	26
Private Debt	7
Global Equity	46
Private Equity	9
Real Assets	12

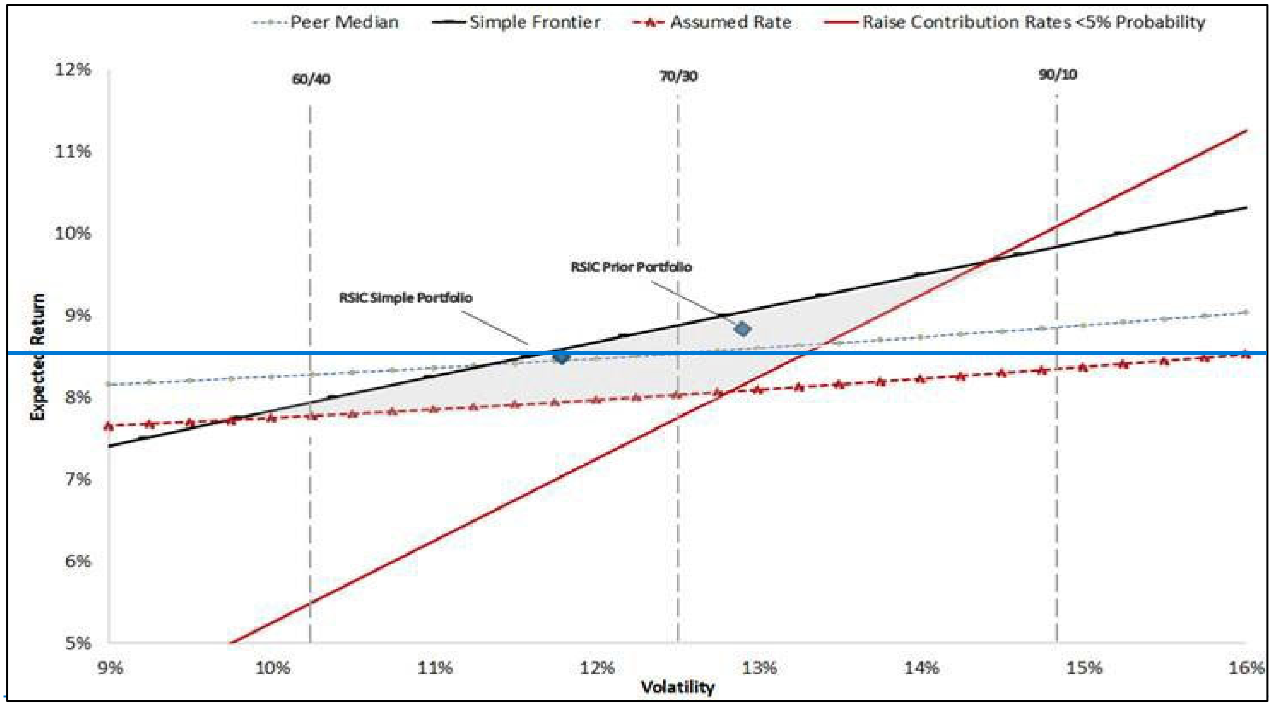
~~Consultant's 2019 Capital Market Expectations.~~

~~As demonstrated in Table 5[2], the Policy Portfolio would be expected to:~~

- ~~exceed the assumed rate of return,~~
- ~~compare favorably to the simple frontier[3],~~
- ~~compare favorably to the risk of the Reference Portfolio Benchmark; and~~

1. ~~experience a less than 5 percent probability of requiring additional contributions increases inthe next five years (again other plan risks were also contemplated but would also be avoided because these risks would either fall along the same line or to the right of the risk line representedon the table).~~

~~**Table 5**~~



~~In reaching consensus on the asset allocation, the Commission also considered what role each asset class would play in the overall portfolio with each asset class performing the primary role of growth, diversification, or yield:~~

In setting the Policy Portfolio's asset allocation, the Commission is mindful of the role each asset class plays in the overall portfolio, with each asset class performing the primary role of providing growth, diversification, or yield, as summarized below and in Table 6:

Public Equity: This asset class includes investments in the stock of publicly traded companies. The purpose of public equity in the portfolio is growth. The excess return expectations for this asset class are low. The asset class is highly liquid and can be accessed with minimal implementation cost.

~~[2] Although the Investment Consultant's long-term capital market expectations were based on projected asset class returns over twenty years, the Reference and Policy Portfolios' risk and return were calculated using these expectations to produce thirty-year results.~~

~~[3] The simple or efficient frontier comprises investment portfolios that offer the highest expected return for a specific level of risk. In this case, the investment portfolios along the simple frontier are limited to a mix of the five asset classes from the simplified portfolio shown in Table 4.~~

~~Bonds:~~

Bonds: This asset class includes investments in debt securities issued by governments, corporations, or other issuers. The primary purpose of bonds in the portfolio is diversification and the secondary purpose is to provide yield. The excess return expectations for this asset class are low and the asset class is expected to provide a persistent source of return while remaining highly liquid. ~~Bonds are~~ The asset class is also expected to serve a stabilizing function in times of market stress.

Private Equity: This asset class includes equity investments in privately held companies. Investors have historically been compensated with incremental return over comparable public equity investments in exchange for lower liquidity and increased business risk as compared to the public markets. The primary role of private equity in the overall portfolio is growth ~~with an expected long-term return that exceeds public equity~~. Even though other asset classes are also expected to generate *persistent* excess returns over time, Private Equity is expected to achieve a greater *magnitude* of excess return as measured over three and five -year time periods. ~~The excess returns of this asset class are a source of magnitude of return for the portfolio the value of which is expected to exceed the~~ It has a significantly higher cost of implementation as compared to public equity.

Private Debt: This asset class includes investments that provide alternative financing to businesses or assets and are in competition with traditional capital market or bank financing. Investors are compensated with incremental return over what can be achieved through traditional forms of lending in exchange for lower liquidity as compared to liquid credit markets and for serving as a solutions provider to these businesses. The primary role of this asset class in the portfolio is yield. ~~The expectations for the consistency of return above what can be achieved through bonds or the liquid credit markets is high.~~ Private Debt is expected to achieve a more *consistent* three-year excess return over its public market benchmark.

Real Assets: This asset class includes investments in physical assets like real property and infrastructure, as opposed to financial assets like stocks and bonds. The primary role of this asset class is diversification with the secondary purposes of providing inflation protection and yield. ~~Although the expected liquidity for this asset class is low, the expectations for excess return are high.~~ The asset class is expected to offer limited liquidity and greater consistency of excess return over three-year periods.

Table 6

	Public Equity	Private Equity	Bonds	Private Debt	Real Assets
Primary role in portfolio (asset allocation)	Growth	Growth	Diversification	Yield	Diversification
Secondary role in portfolio (asset allocation)			Yield		Yield
Return expectation (20Y benchmark return)	High	> Public Equity	Low	> Bonds	Moderate
Alpha expectation where active: magnitude vs. cost	Low	High	Moderate	Moderate	Moderate
Consistency of excess return	Low	Moderate	Moderate	High	High
Expected liquidity	Very high	Very Low	Very high	Low	Low
RSIC Target Portfolio Expected Cost	Low	High	Low	Moderate	Moderate

~~Table 6~~

	Public Equity	Private Equity	Bonds	Private Debt	Real Assets
Primary role in portfolio (asset allocation)	Growth	Growth	Diversification	Yield	Diversification
Secondary role in portfolio (asset allocation)			Yield		Yield
Return expectation ~~(20Y benchmark return)~~	High	> Public Equity	Low	> Bonds	Moderate
Alpha expectation where active: magnitude vs. cost	Low	High	Moderate	Moderate	Moderate
Consistency of excess return	Low	Moderate	Moderate	High	High
Expected liquidity	Very high	Very Low	Very high	Low	Low
RSIC Target Portfolio Expected Cost	Low	High	Low	Moderate	Moderate

~~The Commission believes that this change in approach to a five asset-class Policy Portfolio shifts the paradigm to one which values simplicity and holds a more complex portfolio accountable for improving risk-adjusted returns.~~ A crucial component ~~to ensure this accountability~~ of the asset allocation review process is to ensure that ~~is having the~~ appropriate benchmarks are used for the Policy Portfolio. The Commission was guided by the CFA Institute's recommendations that benchmarks are (i) specified in advance, (ii) appropriate, (iii) measurable, (iv) unambiguous, (v) reflective of investment options, (vi) owned, and (vii) investable. In its Fiscal Year 2024-25~~At its September 2019 meeting~~ strategic asset allocation review, the Commission reached consensus on the benchmarks listed in Table 7 for the Policy Portfolio.

Table 7

Asset Class	Benchmark
Public Equity	MSCI ACWI IMI Net
Bonds	Bloomberg Barclays Aggregate
Private Equity	Burgiss Private Equity
Private Debt	S&P LSTA +150 bps
Real Assets	75% ODCE/25% Burgiss Core USD Infrastructure > $1 billion

~~Table 7~~

~~et Class~~	~~enchm~~

	~~ark4~~
~~lic Equity~~	~~SCIACWIIMINet~~
~~ds~~	~~lloombergBarclaysAggregate~~
~~ate Equity~~	~~urg~~

	~~issPrivateEquity~~
~~ate Debt~~	~~&PLSTA+150bps~~
~~l Assets~~	~~CREIFODCENet~~

[4] ~~The Private Equity and Private Debt portfolios and benchmarks will be reported on a 3-month lag.~~

~~MSCI ACWI IMI Net - Morgan Stanley Capital International All Country World Index Investable Market Index; S&P LSTA - Standard & Poor's Loan Syndication and Trading; and NCREIF ODCE – National Council of Real Estate Investment Fiduciaries Open End Diversified Core Equity.~~

Based on the 2025~~2019~~ Capital Market Expectations provided by the Commission's Investment Consultant that the Commission utilized when reaching consensus on the Policy Portfolio, the Policy Portfolio is~~would have been~~ expected to yield~~achieve~~ a thirty~~twenty~~-year annualized rate of return of ~~a~~ ~~7.83~~ 7.1 percent with an expected volatility of 12.1~~11.69~~ percent. ~~The portfolio would have been expected to have a 58.41 percent probability of earning a twenty-year annualized rate of return that met or exceeded the then assumed rate of return of 7.25 percent.~~

~~In the years since the Commission adopted the Policy Portfolio, the annual capital market expectations have fluctuated primarily in response to significant market movement during the prior year. Based on the 2024 Capital Market Expectations provided by the Commission's General Investment Consultant, the Policy Portfolio is expected to achieve a 10-year annualized rate of return of 7.32 percent with an expected volatility of 11.8 percent. The return and volatility expectations are in line with the 2023 expectations of a 10-year annualized return of 7.4 percent and an expected volatility of 11.9 percent..~~ The Commission believes that the Policy Portfolio's expected return and volatility are sufficient to meet its long-term investment objective.

~~The Commission believes that long-term investors should resist the temptation to adjust their long- term asset allocation in response to short term volatility in capital market expectations. As a result, the Commission believes that there is no interim asset allocation change to the Policy Portfolio that is absolutelycritical to meeting its long-term investment objective and the Commission will not depart from the asset allocation review schedule established in Subsection H.~~

D. Implementation Portfolio Benchmark

The Commission recognizes that the CIO and investment staff may add value by structuring the Actual Portfolio in a manner that deviates from the Policy Portfolio target weights or may also pursue a strategy that causes the composition of an asset class to differ from the policy benchmark. As a result, the Commission provides the CIO and the investment staff with the discretion to structure the portfolio ~~within~~ differently than ~~that~~ the Policy Portfolio within the asset class and sub-asset class ranges shown in Table 8. In order to measure the risk and return impact of these portfolio structure decisions, the Commission employs an Implementation Portfolio Benchmark that aggregates the underlying benchmarks of each asset class and sub-asset class strategy according to their actual weights. Providing this discretion while establishing a structure that measures the value of these decisions also sets the right balance of accountability for Commission decisions and those of the CIO and investment staff.

Table 8

Asset class	Target	Low	High
Public Equity	43%	30%	55%
Bonds	25%	10%	35%
Non-Index Investment Grade	*0%*	*0%*	*10%*
Non-Investment Grade	*0%*	*0%*	*10%*
Net Cash/Short Duration	*0%*	*0%*	*8%*
Private Equity	12%	5%	20%
Private Debt	8%	5%	13%
Real Assets	12%	6%	18%
Real Estate	*9%*	*6%*	*14%*
Infrastructure	*3%*	*0%*	*6%*

~~8~~

~~Asset Class~~	~~Target~~	~~Range~~
~~Public Equity~~	~~46%~~	~~30%~~
~~Domestic~~	~~Index~~	~~ex +/- 6%~~
~~eloped Non-US~~	~~Index~~	~~ex +/- 6%~~
~~erging Market~~	~~Index~~	~~ex +/- 4%~~
~~quity Options~~	~~6~~	~~0%~~
~~Bonds~~	~~2~~	~~10%~~

	~~6%~~	
~~re Bonds (IG)~~	~~–26%~~	~~10%~~
~~flation-linked (IG)~~		~~0%~~
~~ed Credit (non-IG)~~		~~0%~~
~~EM Debt~~		~~0%~~
~~t Cash/Short Duration~~		~~0%~~
~~Private Equity~~		~~5%~~
~~Private Debt~~		~~3%~~
~~Real Assets~~	~~–12%~~	~~6%~~
~~Real Estate~~		~~5%~~
~~nfrastructure~~		~~0%~~

E. Manager Selection

The Commission also recognizes that the CIO and investment staff strive to add additional value through manager selection. In September 2017, the Commission adopted an ~~through the adoption of the~~ Investment Delegation Policy that delegated investment manager selection decisions to the CIO and investment staff within clearly defined limits and exceptions. The Investment Authority Delegation Policy is set out in Section VI. The value of manager selection is discernable by comparing the Implementation Portfolio Benchmark and the Actual Portfolio.

F. Performance Reporting

Essential to the Commission's oversight function is performance reporting that makes clear the value of three major investment decisions: diversification, portfolio structure, and implementation. The Commission requires staff to provide a Portfolio Reporting Framework that easily allows the Commission to judge the value of these three investment decisions by comparing the relative performance between the Reference Portfolio, Policy Portfolio, Implementation Portfolio, and Actual Portfolio:

1. *Diversification (Policy Portfolio Benchmark vs. Reference Portfolio Benchmark):* The comparison of the Policy and Reference Portfolios Benchmarks reveals the value from diversification beyond a simple two-asset portfolio. The benefit of designing these portfolios with the same level of

expected volatility is that the performance differential is an indication of the impact of diversification, rather than being a function of an expected risk differential. Although the effects are reported over shorter periods, the Commission should expect to see the value of diversification in this comparison over rolling five-year periods. Although these portfolios were established with the same level of expected volatility, the risk of these portfolios is expected to diverge during discrete periods of time but would generally be expected to rise and fall together over time.

2. *Portfolio Structure (Implementation Portfolio Benchmark vs. Policy Portfolio Benchmark):* This comparison supports an assessment of the quality of the portfolio structure. It reveals the performance impact of the decisions to structure the portfolio differently than the Policy Portfolio Benchmark. These impacts can be broken down into those that resulti~~ng~~ from the *weights* of asset classes and those that resulti~~ng~~ from the *composition* of asset classes. Although the effects are reported over shorter periods, the Commission should see the positive performance impact of implementation benchmark decisions over rolling three-year periods. The reporting framework also include risk reports to highlight whether and how changes in portfolio structure alter the risk characteristics of the portfolio.

3. *Implementation (Actual Portfolio vs. Implementation Portfolio Benchmark):* This comparison aids in evaluating~~the evaluation of~~ the quality of implementation, a key component of which is the impact of manager selection. The Commission should expect to see differential individual manager performance as compared to the implementation benchmark over short periods of time, but the Commission should expect in aggregate to see consistent value added through manager selection. Providing this additional comparison between the Actual Portfolio and the Implementation Benchmarks also disaggregates the performance gained through portfolio structure and that gained through manager selection. ~~As a result, the Commission may evaluate the quality of each of these portfolio decisions when prior to 2020, the actual portfolio was simply compared to an individual policy benchmark that combined both portfolio structure and manager selection decisions.~~ This additional look through provides the Commission with an enhanced ability to effectively exercise oversight over both portfolio structure and investment manager selection decisions made by the investment staff.

G. Asset Allocation Review

The Commission will conduct an Asset-Liability Management Study and asset allocation review every five years. The Commission will continue to receive long-term capital market expectations from the Investment Consultant annually and assess the impact to the expected return and volatility of the Reference and Policy Benchmark Portfolios. However, consistent with its beliefs and long-term approach to asset allocation, the Commission intends to limit interim asset allocation changes to those the Commission determines are **absolutely critical** to meeting its long-term investment objective and are commensurate with its risk tolerance and fiduciary duties. Consistent with this provision, the Commission conducted a strategic asset allocation review in Fiscal Year 2024-2025.

IV. STRATEGIC INITIATIVES

The Strategic Initiatives described in this Section are major ongoing staff projects contemplated to last up to three years and are likely to have a more significant impact to the portfolio, asset class, or an investment strategy than typical decisions. The CIO will include changes to these initiatives as part of the annual AIP proposal and will provide a quarterly update on progress towards these initiatives at regular Commission meetings.

1. Study the efficacy of including Investment Grade Private Credit in the Bonds portfolio including, but not limited to, the impact to risk, return, liquidity, and portfolio efficiency.

~~1. Strategic Asset Allocation – The Commission, with the input and assistance of the General Investment Consultant and staff, will conduct an Asset-Liability Management study and a strategic asset allocation review as contemplated by Section III(H).~~

~~2. Risk Management – The Quantitative Solutions Group will continue to improve risk monitoring at the Portfolio, asset class, and manager levels. The team will place special emphasis on improving the quality of risk reporting at these levels.[5]~~

~~3. End of Fund Life - Establish a discipline to evaluate private investments approaching the end of fund life to optimize asset class performance.~~

~~[5] The Quantitative Solutions Group is a subset of the Investment Team responsible for quantitative analytical support on prospective investment managers as part of the investment due diligence process, and also for monitoring and reporting on investment risk.~~

V. INVESTMENT POLICIES

A. General

~~A.~~

1. The Commission and staff must only consider pecuniary factors when making an investment decision or when allocating capital to an external investment manager. A "pecuniary factor" is a factor that a prudent person in a like capacity would reasonably believe has a material effect or impact on the financial risk or return on an investment, including a factor material to assessing an investment manager's operational capability, based on an appropriate investment horizon consistent with a retirement system's investment objectives and funding policy. The term excludes "non-pecuniary factors" which is 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.

2. Internal Investment Committee (IIC)~~IC~~ and Investment Approval Process - State law provides that the AIP is to be implemented by the Commission through the CIO. RSIC employs a team of investment professionals that support the CIO in carrying out investment management duties and responsibilities. One key component of this infrastructure is the IIC. The IIC assists the CIO by reviewing and providing recommendations to the CIO regarding proposed investments. The IIC also routinely monitors the Portfolio's investment performance and reviews relevant policies and procedures as part of its oversight function. The Commission adopted an Investment Authority Delegation Policy which grants the CIO the ability to approve those investments which fall within the parameters of this policy, subject to the oversight of the CEO. Other investments are presented to the Commission for its approval.

3. Due Diligence – The Investment Team maintains investment due diligence policies to provide consistency and oversight to the investment process. The Initial Due Diligence Policy outlines thekey tenets of the RSIC's decision-making process in hiring investment managers. The Ongoing Due Diligence Policy outlines the process and criteria used to evaluate the retention/termination of external investment managers. Both due diligence policies are tested annually by either an Agreed Upon Procedures review by an independent auditor or by the Director of Enterprise Risk Management & Compliance. The results of this review are provided to the Audit and Enterprise Risk Management Committee.

4. Counterparty Risk Management – The Quantitative Solutions Group monitors two sources of potential counterparty risk: (1) the overlay program and (2) the System's master custodial bank. While the risk arising from the overlay program is actively monitored by its external manager, as an added layer of oversight, the Quantitative Solutions Group is responsible for reviewing and reporting on the external manager's prudent management of these counterparty risks.

5. Investment Strategies, Objectives, and Performance Standards:

~~i.~~ In Section III(D), the Commission described the characteristics and established the role each asset class plays in the Policy Portfolio. Within defined limits and constraints, the Commission provides the CIO and investment staff the ability to structure the portfolio for each asset class in a manner that fulfills the role the asset class plays in the portfolio. The investment staff maintain a "Baseline" document for each asset class that creates a shared understanding of how the portfolio will be structured to achieve the purpose of the asset class established by the Commission. In general, the annual plan for an asset class will involve measures designed to improve its alignment with its Baseline. The following items are detailed in the Baseline document:

i.

a. The rationale and purpose of the asset class established by the Commission;

b. Target steady-state asset class exposures (including sub-strategies, geographies, or other relevant factors);

c. The target return, characteristics (income vs. appreciation), and expected active vs. passive implementation breakdown, ~~;~~ and

d. An estimate of normal cost to implement the portfolio, and an estimate of the flex cost which may be incurred when market conditions present compelling opportunities.

ii. Baselines also address the following broader issues:

a. The role private investments play in the Portfolio;

b. The mix of private vs. public market investments; ~~and~~

c. How the portfolio is likely to change over time, ~~.~~and

~~c.~~d. The annual commitment pacing plan for each illiquid asset class.

iii. The Baseline document is reviewed and updated, as necessary, at least annually, and all RSIC staff are encouraged to present suggested revisions to any Baseline. Proposed changes to the Baseline documents are presented to the IIC for review and to the CIO for approval. In addition to addressing the investment objectives and performance standards foreach asset class, the Baseline also serves as a guide to workflow and portfolio management decisions. Investment decisions are reviewed against the Baseline for portfolio fit.

iv. As part of the individual asset class in-depth examination at each Commission meeting, the investment staff will also provide a review of the particular asset class Baseline, progress towards attaining the Baseline, and any material deviations from the Baseline.

v. The Commission will be informed promptly of any material change to a Baseline at the next Commission meeting following the change.

6. Allowable Investments and Limitations:

i. With certain limitations discussed below, State law provides that RSIC may invest "in any kind of property or type of investment consistent with" Title 9, Chapter 16 of the S.C. Code and Section 9-1-1310. These investments include, but are not limited to, futures, forward contracts, swaps, and options, equities, bonds, loans, 144(A)'s, exchange traded funds, American Depository Receipts, real property, and real estate investment trusts. These investments may be listed, exchange traded, or over the counter, negotiated contracts or investments.

ii. In addition to the instruments outlined above, for every asset class, a variety of investment structures may be utilized depending on the nature of a particular investment. In accordance with the terms of the investment limitations outlined in this policy, these structures may include, but are not limited to, mutual funds, limited partnerships, limited liability companies, strategic partnerships, trusts, commingled vehicles, fund-of-funds, and separately managed accounts in which assets may be held by either the Retirement System's master custodial bank or an external custodian who is selected and monitored by the externalmanager or general partner.

~~iii.~~ Any investment structure and the underlying instruments must be of a type generally expected to obtain exposure to an asset or sub-asset class contained in Table 8, Section III.

iii. State law imposes certain limited restrictions on the investment of the Portfolio. The managers of the Portfolio's accounts **other than** index funds, commingled funds, limited partnerships, derivative instruments, or the like, are required to assist the Commission in meeting its obligations under S.C. Code Ann. §9-16-55, which sets forth limitations on investment in certain types of companies that are engaged in active business operations in Sudan. See Section IX for additional information.

iv. The Commission has also established a policy prohibiting an investment in any security or obligation issued by a company or a corporation that is a known sponsor of terrorist organizations or of a company domiciled in a country that is a recognized sponsor of terrorismor terrorist organizations as based on reports from the Office of Terrorism and Financial Intelligence of the Department of Treasury and the Country Reports on Terrorism by the Office of the Coordinator for Counterterrorism of the U.S. Department of State.

~~iv.~~

7. Internal Management and Overlay Program – Currently, the staff performs distribution management which is the management and disposition of in-kind distributions received from external investment managers or third parties. In addition, the CIO has discretion to use synthetic instruments, derivatives, equity baskets, and exchange traded funds in order to implement the asset allocation or~~allocation or~~ otherwise manage the portfolio in accordance with the ranges established by the Commission.The Overlay program functions as a means by which the CIO and Investment Staff manage and modify exposures and manage risk in an efficient manner using synthetic instruments, exchange-traded-funds/notes, equity or fixed income baskets, options, futures, swaps, and forward currency contracts.

~~7.~~

8. Portable Alpha – The Commission provides the CIO with the discretion to use Portable Alpha Strategies not to exceed 15 percent of total plan assets. The use of Portable Alpha is an implementation decision that is reflected in the Implementation Portfolio Benchmark. The benchmark for Portable Alpha Strategies is the *Secured Overnight Financing Rate* (SOFR).

~~8.~~

9. Alternative Investments – The Commission has established guidelines applicable to its alternative investments, which include Hedge Funds and Private Markets Assets:

i. The Commission's initial commitment to a fund will not exceed 25 percent of the committed capital of that fund, unless the Commission, or the CEO for a delegated investment, specifically waives or suspends this restriction (a) in order to take advantage of a new firm or product that has not yet built an asset base, or (b) in the case of a fund that has been created specifically for RSIC (e.g., a single LP fund) or specifically for RSIC and a limited number of other investors (e.g., two member LP fund or LLC). The closing certification for any delegated investment for which the CEO waives this requirement must conspicuously note that this limitation is being waived and identify the basis for the waiver;

ii. Unless otherwise approved by the Commission, no more than 15 percent of an alternative asset investment allocation may be invested with a single manager, general partner, or single fund, with the exception of Funds of One and Strategic Partnerships; and~~;~~

~~ii.~~iii. Staff will notify the Commission if the combined exposure to Private Equity, Private Debt, and Private Real Assets exceeds 40 percent of total plan assets.

~~iii. Staff will notify the Commission if the collective exposure to Private Equity, Private Debt, Private Real Assets exceeds 30 percent of total plan assets; and~~

~~iv. Hedge funds may not exceed 15 percent of total plan assets.~~

10. Equity investments not to exceed 70 percent – State law provides that the AIP must also include the minimum and maximum allocations to equity investments on an ongoing basis, not to exceed 70 percent. The allowable ranges for equity investments are set forth in Table 8, Section III(E). While State law does not stipulate whether the limitation of 70 percent is based on cost or market value, the Commission manages this limitation by the amount of exposure to equity on a market value basis. Therefore, if the exposure to equity investments exceeds 70 percent of the total market value of the Portfolio, the CIO is required to rebalance the Portfolio.

11. Managing Cost – In accordance with State law, the AIP addresses methods for managing the costs of RSIC's investment activities. RSIC strives to earn the highest risk-adjusted return on a net of fees basis and recognizes that cost is an important variable to consider. The Investment Team actively engages in an array of strategies to reduce the cost of the Portfolio, including thefollowing:

i. Increasing the initial investment size;

ii. Seeking aggregation discounts from firms with which RSIC has multiple investmentstrategies;

iii. Utilizing co-investments in private markets;

iv. Quantifying and monitoring the effectiveness of active implementation across public market asset classes; and

v. Requesting reductions to, or elimination of, management fees, as appropriate.

12. Risk:

i. All investments carry some degree of risk. The focus of ~~the~~ RSIC's risk function is managing and monitoring these risks to ensure that the Portfolio's risks are appropriate and that the overall level of risk taken is consistent with meeting the Commission's investment objective. Key risk initiatives are:

a. Incorporating the Plan's liability structure into the investment decision process; and

b. Developing and refining tools to facilitate the incorporation of the Plan's liabilities into portfolio management.

ii. RSIC Staff monitors risk levels both in absolute terms, but also in relation to the Reference Policy benchmark established by the Commission's asset allocation. This is accomplished using a mix of proprietary and third-party systems and tools.

iii. At the Portfolio level, Staff will:

a. Maintain the Portfolio's asset allocation within the limits established by this policy;

b. Employ an appropriate level of diversification and adhere to the limits within this policy or as contracted with the manager;

c. Adhere to policies and procedures established by the Commission; and

d. Maintain adequate liquidity for benefit payments and capital calls.

iv. Staff provides the Commission with risk reporting as part of the Portfolio Performance Framework to ensure that risk remains within acceptable levels and to judge the value of portfolio structure and manager selection decisions on a risk adjusted basis.

13. Manager Monitoring Guidelines - RSIC Staff maintains an Ongoing Due Diligence Policy that outlines the manager monitoring requirements in detail. In summary, the Investment Team is required to perform periodic reviews of each active manager. These reviews contribute to the decision to either retain or terminate that manager. These reviews involve both quantitative andqualitative assessments in order to ensure that any decision is made fairly and consistently, and to avoid untimely or undisciplined decisions that may adversely impact returns. Additionally, the Investment Team reviews summaries of the audited financial statements, compliance certifications, and investment fees on an annual basis. Compliance with the Ongoing Due Diligence Policy is reviewed annually through an Agreed Upon Procedures audit performed by an independent auditor.

14. Proxy Voting – (1) Shareholder proxy votes must be cast in a manner in keeping with fiduciary duty and in a manner that is consistent with the best interest of the trust fund, based on pecuniary factors, and most likely to maximize shareholder value over an appropriate investment horizon. Any engagement with a company regarding the exercise of shareholder proxy votes or the proposal of a proxy question must be based on pecuniary factors and for the purpose of maximizing shareholder value, except that RSIC may engage with a company to express opposition to the proposal of or the merits of a proxy question that does not have a pecuniary impact.

(2) To the extent that it is economically practicable, RSIC must retain the authority to exercise shareholder proxy rights for shares that are owned directly or indirectly. RSIC may retain a proxy firm or advisory service to assist it in exercising shareholder proxy rights, but only if the proxy advisor has a practice of and commits to follow proxy guidelines that are consistent with the requirements of item (1).

(3) RSIC may only allocate capital to a public equity investment strategy if the manager of the investment strategy has a practice of and commits in writing to meet the requirements of item (1), unless it is not economically practicable to do so, or it is necessary to avoid the concentration of assets with any one or more investment managers. For any public equity investment strategy for which the manager does not have a practice of and does not commit in writing to meet the requirements of item (1), a summary of the terms, fees, and performance of the investment must be included in RSIC's annual investment report and published in a conspicuous location on the RSIC's website.

(4) The Commission must annually review compliance with this section regarding the exercise of shareholder proxy rights. The Commission must review a report that summarizes the votes cast by or

on the Commission's behalf or at the Commission's direction. The report must include a vote caption, RSIC's vote, the recommendation of company management, and the recommendation of any proxy advisor retained by RSIC. This report must be posted in a conspicuous location on the Commission's website.

(5) The Commission finds that the provisions of Section 9-16-30(G) of the South Carolina Code are intended to apply to public equity investments and are not intended to apply to private equity investments given the nature, structure, and characteristics of private equity investments.

B. Compliance

1. Placement Agent Policy – State law prohibits RSIC from making an investment where a placement agent receives compensation in connection with RSIC's investment. The Commission's Placement Agent Policy is set out in Section VIII.

2. Investment Manager Sourcing and Conflict Disclosure Policy – In order to enhance transparency and avoid even the appearance of impropriety, before an investment recommendation is made to the Commission or CIO, any Commissioner or RSIC staff member involved in the sourcing or due diligence of a new investment must disclose any conflict with the proposed investment. ~~certifies compliance with the Sourcing and Conflict Disclosure Policy~~. Additionally, the CEO and CIO must disclose ~~certify compliance~~any conflict with any proposed investment. ~~with the Sourcing and Conflict Disclosure Policy for each investment.~~

3. Annual Certification and Ongoing Testing of Guideline Compliance – The Ongoing Due Diligence Policy requires each manager to annually certify its compliance with the contractually specified guidelines. These certifications are reviewed by RSIC's Compliance function~~, as well as~~ and the Investment Team reviews summaries of the certifications~~, and are subject to an annual audit~~. Compliance with the manager certification process is reviewed annually through an Agreed Upon Procedures Audit performed by an independent auditor. For public markets mandates which are governed by an Investment Management Agreement and custodied with the master custodial bank, automated reports are generated and reviewed on those mandates that can be monitored electronically.

C. Governance and Oversight

~~C.~~

1. Performance Standards and Reporting - As noted above, State law requires that the AIP address the Commission's performance standards. The performance standards and benchmarks are described in Section III. In addition, RSIC receives monthly performance reports from the custody bank and the Commission receives quarterly performance reports prepared by RSIC's performance reporting

staff and the general investment consultant. The performance reporting prepared by RSIC performance reporting staff must incorporate the Portfolio Performance Framework required in Section III.

2. Diversification – State law requires that the AIP address the topic of diversification, including sectors, issues and other allocations of assets that provide diversification in accordance with prudent investment standards. The Commission provides the CIO with parameters regarding its diversification objectives through the asset allocation, asset and sub-asset allocation ranges, and performance standards set out in Section III. The Portfolio Reporting Framework required in Section III also provides the Commission the ability to oversee the implementation of the long-term portfolio strategy, as well as the actual implementation of the Commission's diversification directives.

3. Procedures regarding consultants, managers, service providers selections and terminations

i. Selection - State law requires that the AIP include procedures and policies for selecting, monitoring, compensating, and terminating investment consultants, equity investment managers, and other necessary professional service providers. Investment managers are primarily selected by the CIO, subject to the oversight of the CEO, pursuant to the Investment Authority Delegation Policy through an investment process that also complies with the Investment and Operational Due Diligence Polices. The CIO recommends to the Commission for its approval the selection of any manager of an investment that exceeds the limits of or falls into one of the exceptions to the investment delegation policy. Any investment recommended to the Commission for its approval must also comply with the Investment and Operational Due Diligence Policies. All other service provides are selected pursuant to the Commission's Service Provider Selection Policy which is included in the Commission's Governance Policies (RSIC Governance Policies can be found at: https://www.rsic.sc.gov/_documents/2017.07.14%20Governance%20Policy%20Manual.pdf.

ii. Compensation, Fees and Expenses – Service providers, including consultants and investment managers, will be compensated commensurate with the services provided and industry practices. The Commission will pursue cost savings through structural efficiencies and will strive for fee reductions through negotiations. Investment management fees are evaluated utilizing several metrics or tests. First, fees are examined relative to industry/peer standards. Second, when it reviews potential new mandates or restructurings of existing allocations, the investment staff assesses fees based on the cost relative to other implementation options. For example, in global public equities, the fees charged by active managers (as well as their expected performance and risk) are compared to other methods of obtaining similar market exposure, while in the private markets, fees (as well as expected performance and risk) are compared to public market implementation alternatives. Lastly, to the extent practicable, fees will also be evaluated based on an assessment of the manager's ability to generate excess returns. Investment Staff gathers actual fees and provides annual public disclosure of all fees paid to external managers. The Commission receives an annual report~~s~~ on the cost of its investment program from an independent expert~~,~~ and may also call upon its investment consultants for assistance in analyzing and addressing issues relating to investment fees. Operating expense~~s~~ applicable to internal investment operations and the general business of the RSIC are managed by the CEO within the parameters of the annual budget approved by the General Assembly.

iii. Term and Termination -The Commission or the CIO, as applicable, may terminate an investment manager whenever the Commission or CIO determines that its objectives can more efficiently or effectively be met by the selection of another manager or under a different management mandate. The Commission and CIO retain the right to terminate a manager with or without cause and at any time. It should be noted that termination rights may not apply to certain types of investment structures (e.g., typical private markets funds). Circumstances which suggest an immediate review and a possible termination include, but are not limited to, the following:

a. Manager changes strategy or investment style;

b. Critical elements of the investment process have deteriorated;

c. Transaction costs are unreasonable;

d. Management fees are higher than similarly styled managers for similarly sized portfolios;

e. Manager is unable to meet the performance expectations within the risk tolerance specified;

f. Material organizational or personnel changes;

g. Manager is not complying with the applicable provisions of the Commission's SIOP; and

h. Manager is not complying with the applicable provisions of the Commission's AIP.

4. Delegation of Authority to CIO - State law requires that the AIP and SIOP contain a detailed description of the delegation of final authority to invest made by the Commission. The Commission has delegated its final authority to invest to the CIO, subject to the oversight of the CEO, generally in the following amounts:

a. not to exceed 75 bps of plan value per investment for illiquid structures; and
b. not to exceed 200 bps of plan value per investment for liquid structures.

The Commission's full Investment Authority Delegation Policy is set out in Section VI.

5. Policies and Procedures to Adapt Portfolio to Market Contingencies - State law requires that the AIP include policies and procedures providing flexibility in responding to market contingencies. The ranges included with the Commission's asset and sub-asset class allocation ranges established in Section III provide the CIO with extensive flexibility to adapt the portfolio tomarket conditions. Similarly, the Commission's Investment Authority Delegation Policy provides the CIO the ability to adapt the Portfolio to changes in market conditions. To the extent that the CIO deems the scope of the authority delegated to the CIO insufficient, the CIO with the approval of the CEO may take action deemed necessary to protect

the Portfolio in an extreme market environment. The CIO will promptly inform the Commission of any such actions.

6. Portfolio Rebalancing - The Commission delegates to the CIO or his designee the authority to execute manager and/or securities transactions to implement rebalancing, manage liquidity, or to otherwise manage exposures within the allowable ranges. As part of this delegation, the Commission expects the CIO to articulate, implement and provide reporting to the Commission regarding the Portfolio's rebalancing and exposure management activities as requested. A high-~~-~~level summary of the rebalancing and exposure management guidelines include:

i. ~~The~~ Portfolio exposure is~~asset allocation is~~ reviewed on an ongoing (weekly and ~~typically~~ monthly) basis by Staff and the CIO to ensure that the Portfolio is within its allocation ranges and to identify appropriate actions necessary to maintain compliance and to provide for the Plan's liquidity needs.

ii. The goal of the rebalancing and exposure management activities is to implement the investment strategy at a reasonable cost within the targets and ranges established by the Commission, recognizing that constant rebalancing to the exact target may not be economically justifiable. The following guidelines are used:

a. Rebalancing is currently performed quarterly unless a case has been made ***not*** to rebalance. Potential rebalancing activity is flagged for consideration based upon exposure reporting that is updated by RSIC's performance reporting staff. Rebalancing the portfolio incurs costs (trading commissions, bid-ask spread, and market impact) which are taken into consideration when rebalancing the Portfolio;

b. When an asset class reaches its minimum or maximum allocation, Staff will initiate rebalancing transactions to keep allocations within the approved ranges. Otherwise, Staff must seek Commission approval to remain outside the range; and

~~c.~~ Concentration risk with respect to significant reliance on any single external manager is reviewed regularly by Staff. Mitigation of performance,~~-~~ operational, headline/ reputational, or other fiduciary risks is typically achieved by maintaining a diversified allocation approach both within and across asset classes.

iii. RSIC Staff must balance the risks noted above with the economic benefits associated with a streamlined approach that uses fewer, larger allocations. Additional analyses of the costs and benefits of passive vs. active market exposure are an important input in these decisions.

D. Investment Manager Guidelines

1. General - In keeping with the responsibilities assigned to the CIO by State law and the Commission's Governance Policies, the Commission authorizes the CIO and his designees to develop and revise investment management guidelines for each internally and externally managed investment manager. In making this delegation, the Commission acknowledges that discretion in implementing the investment strategy, within the parameters of all applicable guidelines, will typically be granted to the Commission's investment managers. This discretion is usually limited to the selection of securities and the timing of transactions within the portion of the Portfolio allocated to each manager.

2. Funds of One - A Fund of One is an investment structure in which there is typically a majority investor in a specific vehicle or fund. The Commission or CIO as applicable may elect to use a Fund of One structure when the structure will have lower costs, customized exposure advantages, and/or other beneficial considerations. The CIO is responsible for the day-to-day investment responsibilities with respect to Funds of One, including providing affirmative or negative consentfor underlying investments, as required.

3. Pooled or Commingled Funds:

~~i.~~ Commingled investment vehicles can often provide lower costs and better diversification than can be obtained with a separately managed account pursuing the same investment objectives. ~~However, commingled investment funds cannot customize investment policies and guidelines to the specific needs of individual clients. Recognizing these trade-offs, the Commission or the CIO, as applicable, may accept the policies of such funds in order to achieve the lower costs and diversification benefits of commingled vehicles, and exempt commingled investment vehicles from the requirements and guidelines of this policy if:~~

~~a. The investment practices of the commingled vehicle are consistent with the spirit of this policy and are not significantly different in letter; and~~

~~b.~~i. ~~The benefits of using a commingled vehicle rather than a separate account are material.~~

ii. The Commission or CIO, as applicable, may structure a portfolio as a separate account that allows for the advantages of commingled vehicles, but with RSIC as the only investor. With international assets, commingled vehicles save the Commission from having to provide additional resources for currency and foreign custody issues as the manager will assume responsibility for these functions.

~~iii.~~ If an investment mandate is structured through a commingled vehicle, the investment policies of that vehicle will be the legal governing policies of the investment of assets allocated to that vehicle.

iii.

4. Strategic Partnerships - The Commission may elect to establish Strategic Partnerships with certain asset managers who are believed to possess specific expertise, knowledge, and capabilitiesfor a limited or broad range of investment strategies. The performance of each Strategic Partnership will be reviewed by the Commission periodically, with a more comprehensive reviewoccurring approximately every 3 to 5 years. The investment approval and evaluation process within the Strategic Partnership is similar to that followed for other investments, however, in addition to passing RSIC's internal process, the investment must also be approved by the investment committee of the strategic partnership.

5. Trade Execution - For all accounts, the Commission expects the purchase and sale of its securities to be conducted in a manner designed to receive the best combination of price and execution. The Commission may evaluate policies that provide for the most efficient and effectivetrading process. The compliance with investment guidelines must be monitored by the investmentmanagers on an ongoing basis and be based on then-current market values. Securities that, if purchased, would constitute a compliance violation may not be purchased. In the event of a compliance violation, the manager will be expected to promptly notify investment staff. If for some reason the manager does not believe that it is

prudent to immediately bring the account back into compliance, the manager will be expected to present a justification as well as a proposalfor bringing the account composition back into compliance.

E. Compliance with Section 9-16-320 of South Carolina Code:

1. S.C. Code Section 9-16-320 requires the Commission to meet at least once each fiscal quarter for the purpose of reviewing the performance of investments, assessing compliance with the annual investment plan, and determining whether to amend the plan.

2. The Commission has adopted a strategic calendar that sets a meeting schedule of five meetings per year with a least one meeting every fiscal quarter. The strategic calendar also contains standing agenda items for each meeting to ensure compliance with this Section to include:

i. Quarterly Investment Performance Review – at each meeting the Commission receives a report and presentation on the quarterly, fiscal year to date, one, five, and ten-year plan investment performance. The quarterly performance reports and presentations are based on the Portfolio Performance Reporting Framework described in Section III and are designed to provide the Commission with the ability to judge the absolute value of performance as well as the relative performance between the benchmark portfolios and actual portfolio's performance. The Commission also receives risk reports to judge the absolute and relative risk of the of these portfolios.

ii. AIP Compliance Review – At each meeting the Commission receives reports detailing compliance with the Annual Investment Plan to include:

a. A review of the asset class exposures and sub-asset class components of the portfolio to ensure compliance with the allowable ranges contained in Section III, Table 8, and to ensure adequate diversification of the portfolio and that the portfolio is not concentrated in any one industry sector, market sector, or issuer;

b. A review of relevant progress towards any of the Strategic Initiatives in Section IV;

c. Any significant market contingencies and review of any responsive action that resulted in a decision not to rebalance the portfolio pursuant to Section V.C.6 or any action taken to protect the Portfolio which fell outside the allowable ranges in Section III, Table 8;

d. Action resulting in significant cost savings to the Portfolio;

e. Any material deviation from the general operational and investment policies, and

f. As part of an in-depth review of one of the Policy Portfolio asset classes at each meeting, a review of the asset class baseline and progress towards meeting the baseline.

iii. The Commission retains the authority to amend any portion of the AIP requirements at any meeting and is required to consider amendments proposed by the CIO at its April meeting. However, if the Commission does not act to amend the AIP at any other meeting, it should be presumed that it determined not to amend the plan.

F. General Provisions Related to Alternative Investments

1. South Carolina law, the Employee Retirement Income Security Act of 1974 ("ERISA"), and the Uniform Management of Public Employee Retirement Systems Act of 1997 ("UMPERSA") each havesimilar or compatible, but not identical, definitions and responsibilities of fiduciaries with respect to managing and investing assets of retirement systems. For clarity and consistency, it is prudent forthe Commission to declare standards for interpretation of certain terms used in these sources.

2. As relating to the use of alternative investment strategies, the "Plan Assets" of the Retirement System include the System's ownership interest in the following entities (e.g., a share or a unit), but do not include the underlying assets owned by the entity itself:

i. a registered investment company;

ii. a registered security that is widely held and freely transferable;

iii. an entity in which "benefit plan investors" hold less than 25 percent of the equity interest asdefined and determined by ERISA §3(42);

iv. an "operating company" engaged in the production or sale of a product or service other than the investment of capital;

v. a "real estate operating company" or REOC (which actively manages and develops real estate consistent with U.S. Department of Labor ERISA regulations);

vi. a "venture capital operating company" or VCOC (which actively manages "venture capital investments" consistent with U.S. Department of Labor ERISA regulations); or

vii. a private investment partnership or offshore investment corporation the offering memorandum of which allows for the entity to take both long and short positions, use leverage and derivatives, and invest in many markets.

3. Whenever RSIC invests in an entity that does not hold Retirement System's assets, the decision to invest in the entity will be subject, *inter alia*, to the South Carolina fiduciary rules andethics standards provided by state law, but the transactions engaged in by the entity generally will not be subject to the same rules.

4. RSIC will at times need to interpret statutes while implementing and administering the investment program. Whenever the South Carolina statutes are substantively similar to provisions of ERISA or UMPERSA, and to the extent practicable and consistent with South Carolina law and other principles of general application relating to public pension plans, RSIC intends to use (1) pertinent provisions of ERISA; (2) interpretive rules and regulations of the U.S. Department of Labor relating to ERISA; and (3) the Reporter's official comments to UMPERSA forguidance.

~~VI.~~ VI. Investment Authority Delegation Policy

A. Pursuant to Section 9-16-330(B) of the 1976 Code, the Commission delegates to the CIO the final authority to invest subject to the oversight of the CEO and the requirements and limitations of this policy. The size of any one investment made pursuant to this policy is limited to the percentage of total plan assets that applies to the particular asset class to which the investment pertains as provided in Section C of this policy and subject to any other limitation the Commission may place on this authority at any given time. The value of total plan assets to which the percentage limitations apply must be the estimated total value of plan assets included in the most recent quarterly investment performance report prepared pursuant to Section 9-16-90(A) of the 1976 Code. For purposes of this policy, a co-investment made outside of a co-investment partnership (e.g., the GCM Co-Investment Partnership or a co-investment vehicle attached to a fund investment) is considered a separate and distinct investment from an investment in a commingled fund, fund of one structure, or an amount committed to a separately managed account and is separately subject to the limitations and requirements of this policy. Individual investments made in a separately managed account or a fund of one structure are not considered separate investments for purposes of this policy and are subject in aggregate to the limitations and requirements of this policy regardless of whether some degree of discretion is retained by staff regarding individual investments to be included in the applicable account.

B. The investment process for any investment made pursuant to this policy m ~~must be substantially similar to the investment process employed prior to the adoption of this policy, but for the requirement that the Commission approve the investment prior to closing the investment and m~~ust adhere to RSIC's Due Diligence Guidelines and Policies. Notwithstanding the authority granted by this policy, an investment must be presented to the Commission for its approval if it meets any of the following criteria:

1. An investment into an asset class other than (i) an asset class or sub-asset class provided in Table 8, Section III of the Consolidated AIP/SIOP or (ii) Portable Alpha Hedge Funds;
2. The majority of the types of assets contemplated to underlie the investment have not been previously included in the investment portfolio;
3. The strategy to be employed by the investment manager is not substantially similar to an investment that has been previously subject to the Commission's investment due diligence process; or
4. The investment strategy, other than in publicly traded assets, has important direct connections to South Carolina residents, state policymakers, or South Carolina focused businesses, and/or a majority of the assets of the investments would be principally located in South Carolina.

C. 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. The size of an individual investment made pursuant this policy is subject to the following limitations provided for the asset class applicable to the investment:

1. Public Markets - 2% of the total value of plan assets, unless it is reasonable to believe that due to the particulars of the investment strategy that liquidating the investment would

ordinarily require longer than ninety days and, in such case, the limit is 1% of the total value of plan assets, for:

i. Global Public Equity:
   a. Domestic,
   b. Developed Non-US,
   c. Emerging Market.~~,~~
   ~~d. Equity Options;~~
ii. Bonds:
   a. Core Bonds (IG),
   b. Inflation-linked (IG),
   c. Mixed Credit,~~-~~
   ~~c.~~d. Non~~(non~~-IG~~)~~,
   e. EM Debt,
   ~~d.~~f. Non-index (IG),
   ~~e.~~g. Net Cash and Short Duration,~~;~~ and
iii. Portable Alpha Hedge Funds.

2. Publicly-Traded Real Estate - 1% of the total value of plan assets.

3. Private Markets - 75 bps of the total value of plan assets for:
   i. Private Equity,
   ii. Private Debt,
   iii. Private Real Assets,
      a. Real Estate, and
      b. Infrastructure.

D. Pursuant to Section 9-16-330(B)(2), the closing documentation of any investment made pursuant to this policy must include the CEO's certification that the investment conforms to the amount and extent of delegation provided by this policy.

~~E.~~ The Commission must be informed of an investment made pursuant to this policy no later than three days following the closing of the investment. The notification must include an executive summary of the investment and provide access to any of the following documents relied upon by staff when making the investment:

E.

1. the investment due diligence report,
2. the operational due diligence report,
3. any memorandum and/or reports from the general or specialty consultant,
4. the Internal Investment Committee action summary,
5. the completeness check certification, and
6. the final versions of pertinent legal documents, including the Investment contract, limited partnership agreement, the investment management agreement, as applicable, and/or other closing documents.

F. An investment made pursuant to this policy must be reviewed with the Commission at the next regularly scheduled Commission meeting.

~~F.~~G. Passively Managed Strategies (Public Markets) - The Commission believes that the use of indexed strategies in Public Equity and Bonds has been, and continues to be, an important tool of portfolio management. For Public Equity and Bonds, a decision to add or reduce indexed benchmark exposure is considered an implementation decision, rather than an investment decision, and is not subject to the limitations set forth in subsection C.1, and is rather subject to the asset class ranges provided in Section III, Table 8.

~~G.~~H. The CIO must provide the Commission with an updated proposed investment pipeline on a quarterly basis.

~~H.~~I. The delegation of the final authority to invest pursuant to this section includes the authority to terminate an investment manager as described in Section V.C.iii.~~.~~ The CIO must approve any termination of a manager made pursuant to this policy, subject to the oversight of the CEO. The CIO must provide a memorandum to the Commission summarizing his justification for terminating the manager within three days of terminating the manager. The CIO must provide a review of the termination to the Commission at the next Commission meeting.

~~I.~~J. The Commission will review this policy annually to ensure that it remains relevant and appropriate, or when there has been an amendment to state law relevant to any section of this policy, or a Commission approved change in the responsibilities, duties or operations of the Commission or its Committee generally, or as otherwise deemed appropriate by the Commission.

~~J.~~K. No provision of this policy shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision shall apply in all respects.

~~K.~~L. This policy was adopted by the Commission on September 28, 2017, subject to final approval by the Chair of the incorporation of certain amendments into the policy. The Chair issued final approval of the policy on October 23, 2017.

M. This policy was amended on December 2, 2021 and took effect on December 2, 2021.

~~L.~~N. This policy was further amended on ______, 2025, and took effect on July 1, 2025.

~~VII. Se~~VII. SECURITIES LITIGATION POLICY (“POLICY”)

A. Purpose and General Principles

a. The purpose of this Policy is to set forth the South Carolina Retirement System Investment Commission’s[1] guidelines with respect to securities litigation. Interests in securities litigation matters will be managed as assets of the South Carolina Retirement Systems Group Trust (the “Trust”) with the goal of enhancing the long-term value of the Trust.

b. The Commission acknowledges that it has a fiduciary duty to take reasonable actions to pursue and collect on legal claims held as an asset of the Trust. The Commission also recognizes that most, if not all, of the securities litigation claims in which the Trust may have an interest will be pursued by law firms from the class action bar regardless of whether RSIC takes an active role in the litigation.

c. This Policy outlines the Commission’s procedures for monitoring the Trust’s portfolio for potentially actionable losses, protecting the Trust’s interests in litigation related to portfolio losses, and maximizing recoveries attainable by the Trust from such actionable losses.

d. This policy consists of four sections: 1) a section relating to asset recovery as passive class members in U.S.-based securities actions; 2) a section for litigation of securities listed on domestic exchanges where RSIC deems active participation is warranted; 3) a section for litigation of securities listed on foreign exchanges; and 4) a section related to the monitoring process for both foreign and domestic claims in which the Trust takes an active role.

B. Part One: Securities Litigation Policy for Filing Proofs of Claim (“Passive Participation”)

a. Under U.S. federal law, securities class action lawsuits function as “opt-out” cases. This means that the Trust does not need to participate as a named party in order to recover its *pro rata* share of a class action recovery so long as the certified class claims include the losses incurred by the Trust. This type of participation is called Passive Participation. When notified of a class action settlement in which the Trust has suffered a loss, RSIC need only submit a timely and valid proof of claim in order to be included in any recovery.

b. The Trust’s custodial bank, The Bank of New York Mellon (“BNY Mellon”), is responsible for completing and filing all proofs of claim, including the necessary supporting documents and information in every securities class action pending in the U.S. in which the Trust has a direct interest (i.e., for Trust assets that are custodied at BNY Mellon (“In-Bank Assets”)). BNY Mellon is not responsible for filing proofs of claim for, or otherwise reporting on the management of, securities class action litigation for assets that are not custodied at BNY Mellon (“Out-of-Bank Assets”).

[1] “Commission” refers to the commission of eight members responsible for managing the South Carolina Retirement System Investment Commission, as specified in S.C. Code of Laws Ann. Section 9-16-315.

“South Carolina Retirement System Investment Commission” or “RSIC” refers to the agency established by South Carolina law for the purpose of investing and managing all assets held in trust for the participants and beneficiaries of the state’s five separate defined benefit plans.

c. BNY Mellon's claims filing responsibilities are set forth in more detail in the Service Level Description, dated July 21, 2019, between the Trust by and through RSIC and BNY Mellon (the "SLD"). The SLD outlines the process for: (i) identifying and reviewing all class action recoveries (whether by settlement or trial); (ii) providing timely notice of each settlement recovery to RSIC and the Commission; (ii) filing complete and accurate proofs of claim forms in a timely fashion on behalf of the Trust; (iv) providing quarterly reports outlining all claims filed on behalf of the Trust during the quarter; and (v) providing quarterly reports identifying all securities litigation proceeds recovered by the Trust directly or on its behalf. In the event of a claim involving securities that are not identified by a specific security identifier (e.g., CUSIP, ISIN, SEDOL, etc.), BNY Mellon will use commercially reasonable efforts to identify impacted securities recorded in BNY Mellon's records relating to the security named in the documentation received. In the event that BNY Mellon is unable to file a claim on the Trust's behalf (e.g., involving anti-trust claims), BNY Mellon, or in some cases a third party, will forward the relevant claim information to RSIC, and RSIC will utilize the services of third-party claims filing services that specialize in analyzing and filing such claims.

C. Part Two: Securities Litigation Policy for Securities Listed on a Domestic Exchange

a. While the Commission has a fiduciary obligation to take reasonable action to collect on legal claims held by the Trust, the Trust, acting by RSIC, may need to engage in active participation ("Active Participation") on occasion. This type of participation involves serving as lead plaintiff in cases in the domestic exchange context. Active Participation in domestic securities class actions must be balanced with the Commission and RSIC's primary obligation to maximize the investment returns of the Trust. This determination must also be weighed against the additional costs and burden on staff that may result by becoming lead plaintiff in a securities litigation case as well as the recognition that the Trust's position as a lead plaintiff will not, in and of itself, entitle the Trust to any greater recovery.

b. **Authority to Seek Lead Plaintiff Designation:** Due to the time-sensitive nature of electing to seek a lead plaintiff designation and the Chief Executive Officer's ("CEO") statutory designation as the chief administrative officer of RSIC, the Commission, through this Policy, has delegated to the Executive Leadership Team the authority to elect to seek a lead plaintiff designation where appropriate, reasonable, and prudent to protect the interests of the Trust.

c. **Decision-Making Guidance for Active Participation:** The Executive Leadership Team will generally consider seeking lead plaintiff status ("Active Participation") in a domestic class action when: (i) the Trust's projected losses exceed $5 million U.S. Dollars (the "Loss Threshold"); or (ii) when the loss is substantial but less than the Loss Threshold and there are significant special factors justifying the Trust's involvement. The determination of special factors will be made in the discretion of the Executive Leadership Team.

d. **Monitoring Procedures:** In addition to the reporting provided by BNY Mellon for class action litigation involving In-Bank Assets, the Trust may retain three or more securities litigation monitoring law firms (the "Firms") to advise RSIC via periodic reporting of recently-filed class actions in which the Trust has sustained losses and which appear to have merit. The Firms will generally be engaged for up to five years, with the option to terminate earlier or renew for additional periods. Each of the Firms will provide reporting on at least a quarterly basis outlining all recently filed claims in which the Trust has sustained losses. Additionally, the Firms will submit written memos to RSIC on certain cases, including any cases exceeding the Loss Threshold, regarding the alleged facts of the case, the estimated losses, the Firm's view on the merits of the allegations, and a recommendation as to whether RSIC should seek a lead plaintiff position in the matter. RSIC Legal will perform an initial review of all reports and memos received from the Firms. Any reports or memos indicating a loss that exceeds the Loss Threshold will be forwarded to the CLO for further review. The CLO will review the reports and will follow up with the Firms that have provided the memorandum to get additional insight and information about potential claims exceeding the Loss Threshold ("Reviewable Claims") and will make additional inquiries or conduct additional research as needed.

e. After review by the CLO, the CLO will confer with the Executive Leadership Team regarding the merits of Reviewable Claims, including the projected losses incurred by the Trust, the specifics of the related investment(s), available staff resources, and the recommendations of the Firms regarding whether the Trust should seek a lead plaintiff position. Any decision to seek a lead plaintiff designation for a claim exceeding the Loss Threshold or based on special circumstances must be made by a unanimous vote of the Executive Leadership Team. The Executive Leadership Team will notify the Chair and Vice-Chair of the Commission about any decision to seek a lead plaintiff position and will update the Commission via reporting to the Commission's secure portal.

f. **Selection of Outside Counsel for Securities Litigation** If the Executive Leadership Team determines that it is prudent to hire one of the Firms or other legal counsel to represent the Trust in a securities litigation action to protect the assets of the Trust, all selection of counsel and retainer agreements shall be negotiated, executed, and monitored by the CEO with assistance from the CLO. The CEO may engage one of the Firms hired to monitor the Trust's portfolio, or the CEO may seek to engage other counsel after consultation with the CLO and notice and consultation with the Office of the South Carolina Attorney General, as required by S.C. Code Ann. Section 9-16-315(I). When RSIC first engages the Firms, RSIC will pre-negotiate a proposed engagement agreement for potential litigation, which must be approved by the CEO.

D. Part Three: Securities Litigation for Securities Listed on a Foreign Exchange

a. Due to the 2010 Supreme Court case, *Morrison v. National Australia Bank Ltd.*,[2] investors no longer have the protections of U.S. securities laws for securities that were purchased on a non-U.S. exchange. Unlike the U.S. class action process, foreign securities actions generally require investors to join as a named-plaintiff or "opt-in" at the commencement of the case in order to be entitled to a share of any recovery. This "opt-in" process requires affirmative decisions early in the process to join the lawsuit in order to participate in any recovery. In many cases, investors may be required to make these decisions before a foreign action is even filed.

[2] *Morrison v. National Australia Bank Ltd.,* 561 U.S. 247 (2010).

b. **Decision-Making Guidance for Active Management:** Because there is rarely an option for passive participation in foreign securities actions, the review for participation in these actions differs from those explained in Part Two of this Policy. The CLO will review notices of potential claims in foreign securities actions and will review recommendation memos received from the Firms or other sources in those cases where the loss threshold exceeds $1 million (the "Foreign Loss Threshold"). In foreign jurisdictions, various groups, including non-law firm litigation funding organizations, may act as a funding source for the litigation and work with a certain legal team to initiate litigation. In some cases, the group that first files a lawsuit may become a founding group ("Founding Group"). Founding Groups may impose differing terms and conditions in order to participate in a lawsuit. The CLO will review all available factors relating to participating in foreign actionsfor claims exceeding the Foreign Loss Threshold, including but not limited to: (i) the amount of the loss; (ii) the potential litigation fees; (iii) the litigation funding requirements; (iv) whether more than one litigation funding group is proposing participation; (v) the risk of adverse costs; (vi) the legal merits of the case; (vii) the contractual requirements for joining and/or bringing a claim; and (viii) the potential cost of staff's time. ~~.~~ After reviewing the above factors and the documentation required to elect to participate in the applicable foreign jurisdiction, the CLO will make a recommendation to the CEO on whether to participate, and if applicable, which Founding Group to elect based on the most suitable contract terms available for the Trust. The CEO,after reviewing the CLO's recommendation, will elect (A) whether or not to pursue participation in foreign litigation that exceeds the Foreign Loss Threshold; and (B) which funding group to select based on the terms and legal requirements of each. The CLO, working with the Firm(s), as applicable, will negotiate the required documentation and retain the right to change a recommendation to participate if suitable contract terms cannot be negotiated with the Founding Group.

E. Part Four: Litigation Monitoring for Active Participation in Domestic and Foreign Litigation

a. The CEO, acting via the CLO, will monitor any pending domestic or foreign cases in which RSIC is actively participating. The CLO will request quarterly written status updates from any Firms representing RSIC in Active Participation cases. The CLO will actively participate in discussions with the Firms regarding any participation by RSIC Staff or document production needs. The CEO and CLO will be actively involved in settlement discussions for any domestic litigation action. The CLO will submit periodic updates to the CEO and the Commission regarding such cases. In accordance with the CEO's statutory authority as chief administrative officer of the Commission, the CEO retains the ultimate authority related to the direction of any class action litigation and/or settlement pursuant to this Policy. The CEO may consult the Commission on any matter related to the initiation of or conduct of any lawsuit pursuant to this Policy. The CEO shall have full authority to approve a proposed settlement of any litigation. In addition, the CEO shall have full authority to execute all contracts, legal documents, settlements, certifications, and authorizations required to pursue litigation authorized by the Executive Leadership Team.

F. The Commission shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.

VIII. Placement Agent Policy

A. Purpose. It is the intent of this Policy to comply with S.C. Code Ann. §9-16-100, which prohibits compensation being paid to a Placement Agent (as defined below) as a result of an investment by the Retirement System (as defined below).

B. Definitions. For purposes of this Policy, the following capitalized terms will have the defined meaning set forth below:

- **a.** Pursuant to §9-16-100(B), a "Placement Agent" means any individual directly or indirectly hired, engaged, or retained by, or serving for the benefit of or on behalf of an external manager or an investment fund managed by an external manager and who acts or has acted for compensation as a finder, solicitor, marketer, consultant, broker, or other intermediary in connection with making an investment with or investing in a fund managed by the external investment manager.
- **b.** "Placement Agent Policy Compliance Letter" means that letter which will be requested from prospective external investment management firms in accordance with the terms of this Policy.
- **c.** "Policy" means this Placement Agent Policy.
- **d.** "Retirement System" means the South Carolina Retirement Systems Group Trust.
- **e.** "RSIC" means the South Carolina Retirement System Investment Commission.

C. Procedure

- **a.** RSIC staff will inform prospective external investment management firms ("Investment Managers") as to the RSIC's Placement Agency Policy and statutory requirements as soon as practicable after RSIC staff begins the due diligence review of any potential investment. The RSIC staff member leading the due diligence review for the investment is responsible for sending written notice (paper, fax or email) to the Investment Manager requesting a Placement Agent Policy Compliance Letter. If a copy of this Policy has not already been provided to the Investment Manager, then this Policy will be made available to the Investment Manager prior to or at the time notice is given to the Investment Manager.
- **b.** The Placement Agent Policy Compliance Letter must be included in the RSIC investment Due Diligence Report packet.
- **c.** Investments will not be voted on by the Commission, Internal Investment Committee, or otherwise approved pursuant to RSIC policies, prior to receipt of the completed Placement Agent Policy Compliance Letter and confirmation from RSIC compliance staff that the letter is sufficient per Section G below.
- **d.** The following entities must complete the Placement Agent Policy Compliance Letter as outlined below:
  - **i.** Investment Managers that have a direct contractual investment management relationship with the RSIC or with an investment vehicle in which the RSIC is invested.
  - **ii.** Investment Managers that have an indirect contractual investment management relationship with the RSIC through an investment vehicle that invests in funds or other pooled investment vehicles or other assets.

D. Placement Agent Policy Compliance Letter. The Investment Manager will provide disclosure in the form of a letter addressing all requirements specified below:

- **a.** Certification that, in compliance with §9-16-100, no Placement Agent (as defined by State law) received, or will receive, compensation in connection with the RSIC making an investment with or investing in a fund managed by the Investment Manager.
- **b.** Representation that the Investment Manager has reviewed the applicable law and has not relied on the counsel or advice of RSIC or any employee, representative, agent or officer of RSIC regarding the interpretation and application of the applicable law.
- **c.** Representation that all information contained in the Placement Agent Policy Compliance Letter is true, correct, and complete in all material respects.

E. Open Records Law. RSIC may be required to disclose information in the Placement Agent Policy Compliance Letter under the South Carolina Freedom of Information Act.

F. Investments with Separate Account Investment Management Agreements ("IMAs"). If, after closing, the RSIC determines that the Placement Agent Policy Compliance Letter contains a material inaccuracy or omission, the RSIC will, to the fullest extent possible, seek the option, in its sole discretion and without liability to the Investment Manager or any third party, to terminate the IMA and to pursue all remedies that may otherwise be available to the RSIC without incurring any penalty under any agreement to which it is a party.

G. Investments in commingled investment structures (LPAs, LLCs, Trusts, etc.). The RSIC will endeavor to have provisions incorporated into the transaction documents for commingled investment structures which would permit the RSIC to take those actions described in the next sentence. If, after closing, the RSIC determines that the Placement Agent Policy Compliance Letter contains a material inaccuracy or omission, the RSIC will seek to obtain the option, in its sole discretion and without liability to the commingled investment structure, the General Partner or equivalent management entity, any other investor in the structure or third party, to cease making further capital contributions and/or direct payments to the investment and to pursue all remedies that may otherwise be available to the RSIC without being deemed to be a defaulting Limited Partner under the transaction documents and without incurring any other penalty under any agreement to which it is a party.

H. Review. RSIC's compliance staff will review Placement Agent Policy Compliance Letters and will determine whether each letter is sufficient. Any questions regarding the sufficiency of the letter will be referred to the RSIC legal department and will be reported to the CIO and applicable RSIC Staff.

I. Staff Contact. RSIC staff will provide notice about the prohibition in the state law to any party that contacts RSIC staff regarding a potential investment and appears to be acting in the role of a Placement Agent.

J. Obligation to Update. It is the Investment Manager's obligation to promptly inform RSIC staff of any material changes to a prior-filed Placement Agent Policy Compliance Letter, and to submit an updated Placement Agent Policy Compliance Letter where warranted prior to the RSIC's closing on an investment.

K. Review and History

- **a.** The Commission will review this policy at least every three years to ensure that it remains relevant and appropriate, or when there has been an amendment to state law relevant to any section of this policy, or a Commission approved change in the responsibilities, duties, or operations of the Commission or its committees generally, or as otherwise deemed appropriate by the Commission.
- **b.** No provision of this policy shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision shall apply in all respects.
- **c.** This policy was initially adopted on September 20, 2012.
- **d.** This policy was amended on June 22, 2017 and will take effect on July 1, 2017.

~~IX.~~ IX SUDAN DIVESTMENT POLICY

A. Background. The State of South Carolina has enacted a Sudan divestment law, codified at S.C. Code Ann. §9-16-55 ("Act"). The uncodified preamble to the Act notes that "[d]ivestment is a course of last resort that should be used sparingly and under extraordinary circumstances," but states that "the genocide occurring in the Sudan is reprehensible and abhorrent," warranting this type of legislative response. The Act, which applies solely to the South Carolina Retirement Systems Group Trust ("Group Trust") managed by the South Carolina Retirement System Investment Commission ("Commission" as the governing body, "RSIC" as the agency), sets forth various criteria that are to be considered by the Commission in making the determinations required by the Act.

B. Purpose. The purpose of this Sudan Divestment Policy ("Policy") is to document the manner in which the Act is administered. The Commission has the exclusive authority to invest and manage the assets of the Group Trust pursuant to S.C. Code Ann. §9-16-20. The Commission also has the fiduciary duty to manage the assets of the Group Trust solely in the interests of the retirement systems, participants, and beneficiaries. The Commission must discharge these responsibilities in a manner consistent with all applicable statutes, regulations, and policies, including the Act.

C. Definitions. The Act utilizes the following defined terms:

- **a.** "Active Business Operations" means a Company engaged in Business Operations that provide revenue to the Government of Sudan or a Company engaged in Oil-Related Activities.
- **b.** "Business Operations" means maintaining, selling, or leasing equipment, facilities, personnel, or any other apparatus of business or commerce in Sudan, including the ownership or possession of real or personal property located in Sudan.
- **c.** "Company" means a sole proprietorship, organization, association, corporation, partnership, venture, or other entity, its subsidiary or affiliate that exists for profit-making purposes or to otherwise secure economic advantage. "Company" also means a Company owned or controlled, either directly or indirectly, by the Government of Sudan, that is established or organized under the laws of or has its principal place of business in the Sudan.
- **d.** "Government of Sudan" means the Government of Sudan or its instrumentalities as further defined in the Darfur Peace and Accountability Act of 2006.
- **e.** "Investment" means the purchase, ownership, or control of stock of a Company, association, or corporation, the capital stock of a mutual water Company or corporation, bonds issued by the government or a political subdivision of Sudan, corporate bonds, or other debt instruments issued by a Company.
- **f.** "Military Equipment" means weapons, arms, or military defense supplies.
- **g.** "Oil-Related Activities" means, but is not limited to, the export of oil, extracting or producing oil, exploration for oil, or the construction or maintenance of a pipeline, refinery, or other oil field infrastructure.
- **h.** "Public Employee Retirement Funds" means those assets as defined in §9-16-10(1).
- **i.** "Scrutinized Companies" means any of the following:

- **i.** The Company is engaged in Active Business Operations in Sudan; and
- **ii.** The Company is engaged in Oil-Related Activities or energy or power-related operations, or contracts with another Company with Business Operations in the oil, energy, and power sectors of Sudan, and the Company has failed to take Substantial Action related to the Government of Sudan because of the Darfur genocide; or
- **iii.** The Company has demonstrated complicity in the Darfur genocide.
- **iv.** The Company is not engaged in Oil-Related Activities and lacks significant Business Operations in the eastern, southern, and western regions of Sudan; and
- **v.** The Company is engaged in Oil-Related Activities or energy or power-related operations, or contracts with another Company with Business Operations in the oil, energy, and power sectors of Sudan, and the Company has failed to take Substantial Action related to the Government of Sudan because of the Darfur genocide; or
- **vi.** The Company has demonstrated complicity in the Darfur genocide.
- **vii.** The Company supplies Military Equipment within the borders of Sudan.[3]

j. "State" means the State of South Carolina.

k. "Substantial Action" means a boycott of the Government of Sudan, curtailing business in Sudan until that time described in Section I of this Policy, selling Company assets, equipment, or real and personal property located in Sudan, or undertaking significant humanitarian efforts in the eastern, southern, or western regions of Sudan.

l. "Sudan" means the Republic of the Sudan, a territory under the administration or control of the Government of Sudan, including, but not limited to, the Darfur region, or an individual, Company, or public agency located in Khartoum, northern Sudan, or the Nile River Valley that supports the Republic of the Sudan.

D. Identification of Companies

a. Identifying Scrutinized Companies. RSIC Staff ("Staff") has engaged the services of a specialized research firm ("Advisor") to (i) identify companies doing business in Sudan, as defined in the Act, and (ii) provide Staff with a list of such Scrutinized Companies ("Scrutinized Companies List").

b. Updates to Scrutinized Companies List. Staff shall ensure that the Scrutinized Companies List is updated on or about January 1 and July 1 of each year.

E. Engagement

a. Determining Scrutinized Status. For each Company identified by the Advisor pursuant to Section D of this Policy, RSIC (either via Staff or the Advisor) shall send a written notice informing the Company that it may become subject to divestment by RSIC. The notice

[3] If a Company provides equipment within the borders of Sudan that may be readily used for military purposes, including but not limited to, radar systems and military-grade transport vehicles, there is a strong presumption against investing in the Company unless that Company implements safeguards to prevent the use of that equipment for military purposes.

shall offer the Company the opportunity to clarify its Sudan-related activities within 90 days in order to avoid qualifying for potential divestment.

b. Compliance. If, following RSIC's notification (either via Staff or the Advisor) to a Company pursuant to Section E. a. of this Policy, that Company ceases the activities that caused the Company to be added to the Scrutinized Companies List, as determined by the Advisor, the Company shall be removed from the Scrutinized Companies List, and the provisions of this Section E shall cease to apply to the Company unless it resumes the activities that caused the Company to be added to the Scrutinized Companies List.

F. Determinations to be made by the Chief Investment Officer

a. Delegation to the Chief Investment Officer. The Commission has delegated authority to the Chief Investment Officer ("CIO") to, in consultation with RSIC's Chief Executive Officer, make the determinations required under the Act and to take actions necessary to implement this Policy.

b. General. If, following RSIC's engagement with a Company pursuant to Section E. a. of this Policy, the Company continues to be a Scrutinized Company, Staff will present the CIO with detailed information gathered from the Advisor, affected investment managers, and others regarding the Company, its Business Operations, the Group Trust's holdings, and any other information required by the Act and this Policy. The CIO will make determinations as to (i) whether Staff should sell, redeem, divest, or withdraw the Group Trust's interests in the Company, and (ii) the timing of any such sale, redemption, divestment, or withdrawal. The CIO will also make the determinations described in Section I of this Policy.

G. Prohibition. RSIC shall not use Public Employee Retirement Funds to acquire new Investments in Companies on the Scrutinized Companies List, except as provided in this Policy.

H. Permissible Investments under the Act

a. The Act does not apply to the following types of Investments:

i. Investments in a Company that is primarily engaged in supplying goods or services intended to relieve human suffering in Sudan;

ii. Investments in a Company that promotes health, education, journalistic, or religious activities in or welfare in the western, eastern, or southern regions of Sudan;

iii. Investments in a United States Company that is authorized by the federal government to have Business Operations in Sudan; and

iv. Investments that constitute indirect beneficial ownership through index funds, commingled funds, limited partnerships, derivative instruments, or the like.

b. In developing the Scrutinized Companies List, the Advisor shall determine, in good faith and with due professional care, whether any of the foregoing exemptions and exclusions set forth in the Act apply.

I. Determinations required to be made by the CIO pursuant to §9-16-55(D)(1). The Act states that nothing in the Act "requires the [C]ommission to take action as described in [the Act] unless the

[C]ommission determines, in good faith, that the action described in [the Act] is consistent with the fiduciary responsibilities of the [C]ommission as described in [Title 9, Chapter 16 of the Code]and there are appropriated funds of the State to absorb the expenses of the [C]ommission to implement this [Act].” §9-16-55(D)(1). Accordingly, whenever the CIO is asked to consider taking action under the terms of the Act or this Policy, Staff will assist the CIO in making the determinations required to be made as described in this Section.

J. Reporting. Staff shall, following the close of RSIC’s fiscal year, prepare a formal report to the Commission regarding actions taken pursuant to the Act. RSIC shall also publish the report. The report shall include all of the following information with respect to the previous fiscal year:

- **a.** The Scrutinized Companies List;
- **b.** A list of all Companies added to or removed from the Scrutinized Companies List;
- **c.** A summary of correspondence with Companies engaged by RSIC under the Act;
- **d.** A list of all Companies that RSIC will continue to engage concerning their Business Operations in Sudan;
- **e.** A summary of all Investments sold, redeemed, divested, or withdrawn under the Act; and
- **f.** A list of all Investments that were retained by RSIC pursuant to a determination by the CIO as set forth in Section I.

K. Expiration. The restrictions in the Act shall apply only until:

- **a.** The Government of Sudan halts the genocide in Darfur for twelve months as determined by both the Department of State and the Congress of the United States; or
- **b.** The United States revokes its current sanctions against Sudan.

L. Indemnification. The Act provides that present and former board members, officers, and employees of the State Fiscal Accountability Authority, present, future, and former directors, officers, and employees of the South Carolina Public Employee Benefit Authority, the Commission, and contract investment managers retained by the Commission must be indemnified from the general fund of the State and held harmless by the State from all claims, demands, suits, actions, damages, judgments, costs, charges, and expenses, including court costs and attorney’s fees, and against all liability, losses, and damages of any nature whatsoever that these present, future, or former board members, officers, employees, or contract investment managers shall or may at any time sustain by reason of any decision to restrict, reduce, or eliminate Investments pursuant to the Act.

~~I~~X.

LONG-TERM ANNUALIZED RETURN AND VOLATILITY EXPECTATIONS (VERUS ~~MARCH~~ 202~~4~~5)

XI.
Asset Allocation History

The following is included in the AIP/SIOP to memorialize the major strategic asset allocation changes the Commission made in 2020 as the result of a one-year review over the course of Fiscal Year 2019-2020. This review yielded two important outcomes: (1) a shift from a complex strategic asset allocation comprised of eighteen asset classes with target weights to a simplified asset allocation comprised of five asset classes with target weights, and (2) instilling a discipline of only conducting a comprehensive strategic asset allocation review once every five years. The Commission believes that it is important to maintain the history of this asset allocation review as part of the AIP/SIOP to preserve the reasoning and lessons learned as part of the Commission's institutional memory.

The Commission undertook a comprehensive strategic asset allocation review of the then--existing Policy Portfolio in early 2019 which led to the Commission adopting a streamlined strategic asset allocation in April 2020. At the time the Commission began the 2019-2020 strategic asset allocation review, the Policy Portfolio was comprised of eighteen separate asset classeswith twenty-one different benchmarks. Many of the asset classes had small target weights – several with less than three percent.

Both the CIO and the Investment Consultant expressed concern that the Policy Portfolio was over-diversified and required a high level of complexity to exist in the Actual Portfolio without a clear improvement in risk or return. The Commission found this to be inconsistent with its investment belief that investors must be rewarded for incurring additional risk, cost, and complexity.The Commission also believed that the existing Policy Portfolio established the wrong balancebetween its role as setting the strategic direction of the investment program and investment staff's role in implementing the portfolio. As a result, the Commission determined that a more consolidatedPolicy Portfolio was in order which valued simplicity and required complexity in the Actual Portfolio to prove its value. The Commission determined that key to this effort was developing a series of benchmarks that would collectively form a Portfolio Performance Framework to clearly determine the value of investment decisions.

Reference Portfolio

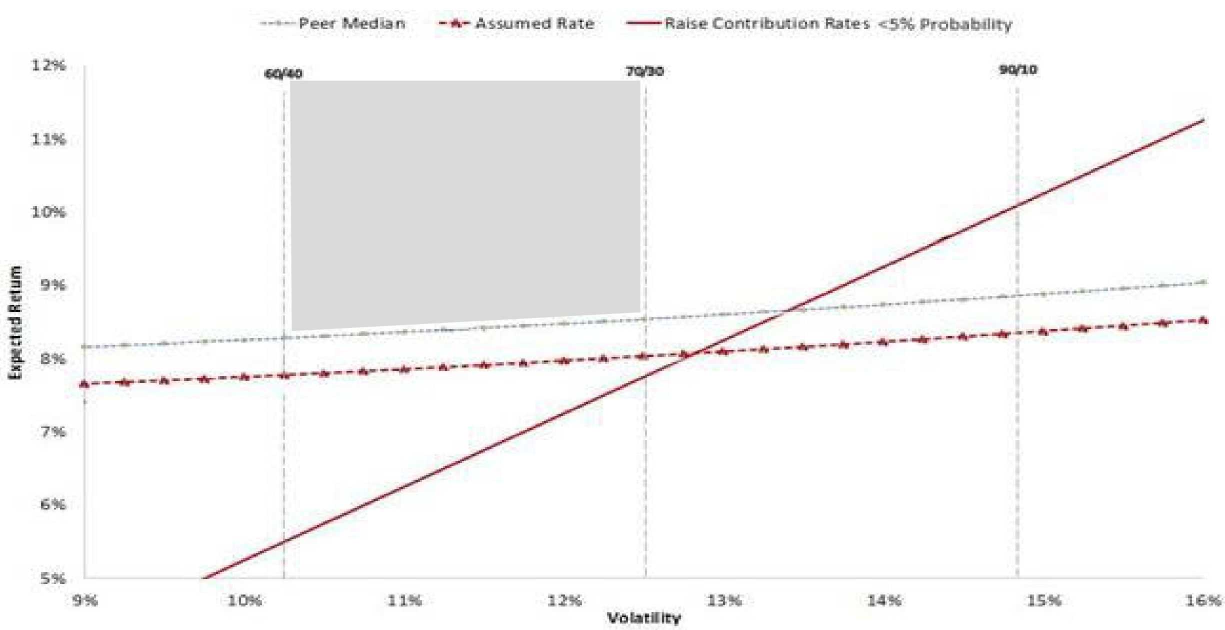
The Commission decided that it would begin the development of this framework by setting a Reference Portfolio. The Reference Portfolio would be a simple two asset class benchmark portfolio comprised of stocks and bonds. The point of the Reference Portfolio was not to limit the portfolio to a simple mix of stocks and bonds, but rather to set a risk reference for establishing the Policy Portfolio. Although the intent was for the Reference Portfolio's risk to represent that of the Policy Portfolio, the Reference Portfolio would not serve as a risk limit for the Policy Portfolio, but rather a barometer to measure the value over time of diversifying into a multi-asset class portfolio.

The Commission attempted to set the allocation of the Reference Portfolio to one consistent with a portfolio that most closely expressed the risk required to earn a return that was expected to exceed the then assumed annual rate of return while also avoiding a greater than 5 percent probability of requiring additional contributions increases in the next ten –years (other plan risks were also contemplated but would also be avoided because these risks would either fall along the same line or to the right of the red risk line represented in Table 3 below). In setting the Reference Portfolio, the

Commission was mindful that South Carolina law provides that no more than seventy percent of the portfolio may be invested in equities. The law does not limit the types of assets that could make up the other thirty percent of the portfolio, which could conceivably include assets like high yield bonds which have an e~~i~~mbedded equity risk factor. However, the Commission believed it was prudent to constrain the Reference Portfolio to no more than seventy percent equity risk, as expressed by a seventy percent allocation to equities, and to mitigate the equity risk with a thirty percent allocation to bonds.

The Commission considered the appropriate Reference Portfolio at its April and June 2019 meetings. The Commission determined that a 70 percent Global Public Equities (*MSCI ACWI IMI Net*) and 30 percent Bonds (*Bloomberg Barclays Aggregate*) portfolio best represented the volatility of a diversified portfolio of assets that would be expected to earn a return that exceeds the assumed annual rate of return over time while also avoiding a greater than 5 percent probability of requiring additional contributions increases in the next ten~~f~~ years. The Commission reached consensus on this allocation as the Reference Portfolio Benchmark. In reaching this consensus, the Commission accepted that a Reference Portfolio with a risk level associated with a seventy percent allocation to equities was prudently necessary to meet its investment objective.

Table 1



Policy Portfolio

After reaching consensus on the Reference Portfolio in June 2019, the Commission then began establishing a Policy Portfolio that would serve as the Commission's long-term strategic asset allocation. The Policy Portfolio would be a multi-asset class portfolio with similar expected volatility as the Reference Portfolio. The Policy Portfolio would be expected to consolidate the then existing eighteen asset class Policy Portfolio into a more simplified allocation without substantially impacting the expected return, but with a similar level of risk as the Reference Portfolio. The purpose of setting thePolicy Portfolio's risk target to that of the Reference Portfolio was to reveal the performance impact gained through diversification.

However, unlike the Reference Portfolio, the Policy Portfolio would be a portfolio that could be held and, in any respect, would serve as the gravitational pull to a more simplified Actual Portfolio.

The Commission considered the transition to a more simplified Policy Portfolio at its April and June 2019 meetings and reached consensus on the transition to the simplified target allocation in Table 2 below.

Table 2

Legacy Asset Allocation	
Nominal IG Bonds	6
Treasuries	5
TIPS	2
Mixed Credit	4
EM Debt	4
Private Debt	7
US Equity	18
Developed Int'l Equity	11
EM Equity	6
Equity Options	7
Private Equity	9
Real Estate (Public)	1
Real Estate (Private)	8
Infrastructure (Public)	1
Infrastructure (Private)	2
PA Hedge Funds	10
GTAA	7
Other Opportunistic	1

2020 Asset Allocation	
Bonds	26
Private Debt	7
Global Equity	46
Private Equity	9
Real Assets	12

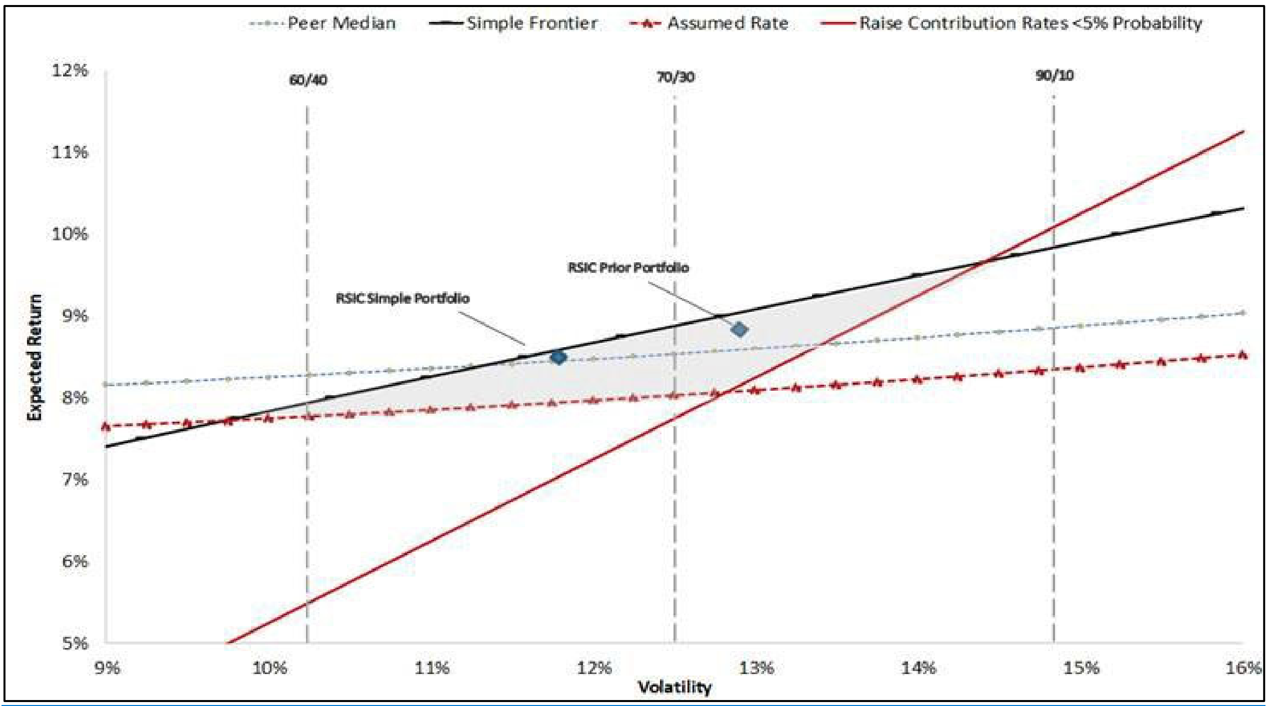
~~Table 2~~

The Commission also analyzed whether the Policy Portfolio would meet the Commission's long-term investment objective in that it would likely exceed the assumed rate of return and avoid risks particular to the Plan including not meeting the General Assembly's funded status objectives and avoiding a significant probability of requiring additional contribution increases. This analysis was based on the Investment Consultant's 2019 Capital Market Expectations.

As demonstrated in Table 3[2,] the Policy Portfolio would be expected to:

1. exceed the assumed rate of return,
2. compare favorably to the simple frontier[3],
3. compare favorably to the risk of the Reference Portfolio Benchmark; and
4. experience a less than 5 percent probability of requiring additional contributions increases in the next ten years (again other plan risks were also contemplated but would also be avoided because these risks would either fall along the same line or to the right of the risk line represented on the table).

Table 3



In reaching consensus on the asset allocation, the Commission also considered what role each asset class would play in the overall portfolio with each asset class performing the primary role of growth, diversification, or yield:

Public Equity: This asset class includes investments in the stock of publicly traded companies. The purposeof public equity in the portfolio is growth. The excess return expectations for this asset class are low. The asset class is highly liquid and can be accessed with minimal implementation cost.

[2] Although the Investment Consultant’s long-term capital market expectations were based on projected asset class returns over twenty years, the Reference and Policy Portfolios’ risk and return were calculated using these expectations to produce thirty-year results.

[3] The simple or efficient frontier comprises investment portfolios that offer the highest expected return for a specific level of risk. In this case, the investment portfolios along the simple frontier are limited to a mix of the five asset classes from the simplified portfolio shown in Table 4.

Bonds: This asset class includes investments in debt securities issued by governments, corporations, or other issuers. The primary purpose of bonds in the portfolio is diversification and the secondary purpose is to provide yield. The excess return expectations for this asset class are low and the asset class is expected to provide a persistent source of return while remaining highly liquid. Bonds are expected to serve a stabilizing function in times of market stress.

Private Equity: This asset class includes equity investments in privately held companies. Investors have historically been compensated with incremental return over comparable public equity investments in exchange for lower liquidity and increased business risk as compared to the public markets. The primary role of private equity in the overall portfolio is growth with an expected long-term return that exceeds public equity. The excess returns of this asset class are a source of magnitude of return for the portfolio the value of which is expected to exceed the higher cost of implementation as compared to public equity.

Private Debt: This asset class includes investments that provide alternative financing to businesses or assets and are in competition with traditional capital market or bank financing. Investors are compensated with incremental return over what can be achieved through traditional forms of lending in exchange for lower liquidity as compared to liquid credit markets and for serving as a solutions provider to these businesses. The primary role of this asset class in the portfolio is yield. The expectations for the consistency of return above what can be achieved through bonds or the liquid credit markets is high.

Real Assets: This asset class includes investments in physical assets like real property and infrastructure, as opposed to financial assets like stocks and bonds. The primary role of this asset class is diversification with the secondary purposes of providing inflation protection and yield. Although the expected liquidity for this asset class is low, the expectations for excess return are high.

Table 4

	Public Equity	Private Equity	Bonds	Private Debt	Real Assets
Primary role in portfolio (asset allocation)	Growth	Growth	Diversification	Yield	Diversification
Secondary role in portfolio (asset allocation)			Yield		Yield
Return expectation (20Y benchmark return)	High	> Public Equity	Low	> Bonds	Moderate
Alpha expectation where active: magnitude vs. cost	Low	High	Moderate	Moderate	Moderate
Consistency of excess return	Low	Moderate	Moderate	High	High
Expected liquidity	Very high	Very Low	Very high	Low	Low
RSIC Target Portfolio Expected Cost	Low	High	Low	Moderate	Moderate

The Commission believed that this change in approach to a five asset-class Policy Portfolio shifted the paradigm to one which values simplicity and holds a more complex portfolio accountable for improving risk-adjusted returns. A crucial component to ensure this accountability was having the appropriate benchmarks for the Policy Portfolio. The Commission was guided by the CFA Institute's recommendationsthat benchmarks are (i) specified in advance, (ii) appropriate, (iii) measurable, (iv) unambiguous, (v) reflective of investment options, (vi) owned, and (vii) investable. At its September 2019 meeting, the Commission reached consensus on the benchmarks in Table 5 for the Policy Portfolio.

Table 5

Asset Class	Benchmark[4]
Public Equity	*MSCI ACWI IMI Net*
Bonds	*Bloomberg Barclays Aggregate*
Private Equity	*Burgiss Private Equity*
Private Debt	*S&P LSTA +150 bps*
Real Assets	*NCREIF ODCE Net*

[4] *The Private Equity and Private Debt portfolios and benchmarks will be reported on a 3-month lag.*
MSCI ACWI IMI Net - Morgan Stanley Capital International All Country World Index Investable Market Index; S&P LSTA -Standard & Poor's Loan Syndication and Trading; and NCREIF ODCE – National Council of Real Estate Investment Fiduciaries Open End Diversified Core Equity.

Based on the 2019 Capital Market Expectations provided by the Commission's Investment Consultant that the Commission utilized when reaching consensus on the Policy Portfolio, the Policy Portfolio would have been expected to achieve a twenty-year annualized rate of return of a 7.83 percent with an expected volatility of 11.69 percent. The portfolio would have been expected to have a 58.41 percent probability of earning a twenty-year annualized rate of return that met or exceeded the then assumed rate of return of 7.25 percent.

Implementation

The Commission recognized that the CIO and investment staff may add value by structuring the Actual Portfolio in a manner that deviates from the Policy Portfolio target weights or may also pursue a strategy that causes the composition of an asset class to differ from the policy benchmark. As a result, the Commission provided the CIO and the investment staff with the discretion to structure the portfolio within the asset class and sub-asset class ranges in Table 6. In order to measure the risk and return impact of theseportfolio structure decisions, the Commission designed an Implementation Portfolio Benchmark that aggregates the underlying benchmarks of each asset class and sub-asset class strategy according to their actual weights. Providing this discretion while establishing a structure that measures the value of these decisions also set the right balance of accountability for Commission decisions and those of the CIO and investment staff.

Table 6

Asset Class	Target	Range	
Public Equity	46%	30%	60%
Domestic	Index	Index +/- 6%	
Developed Non-US	Index	Index +/- 6%	
Emerging Market	Index	Index +/- 4%	
Equity Options	0%	0%	7%
Bonds	26%	10%	35%
Core Bonds (IG)	26%	10%	35%
Inflation-linked (IG)	0%	0%	5%
Mixed Credit (non-IG)	0%	0%	8%
EM Debt	0%	0%	6%
Net Cash/Short Duration	0%	0%	7%
Private Equity	9%	5%	13%
Private Debt	7%	3%	11%
Real Assets	12%	6%	18%
Real Estate	9%	5%	13%
Infrastructure	3%	0%	5%

Despite changes in market conditions and fluctuations in capital market expectations, the Commission adhered to the discipline of only comprehensively reviewing the strategic asset allocation once every five years and made no material change the asset allocation or other provisions of this section in the intervening time-period. The Commission conducted its first subsequent strategic asset allocation review in Fiscal Year 2024-2025.

XII.

TABLES 1 AND 2 (~~2023, 2022, 2021, and 2020~~ PRIOR YEAR VERSIONS)

TABLE 1 (2022)

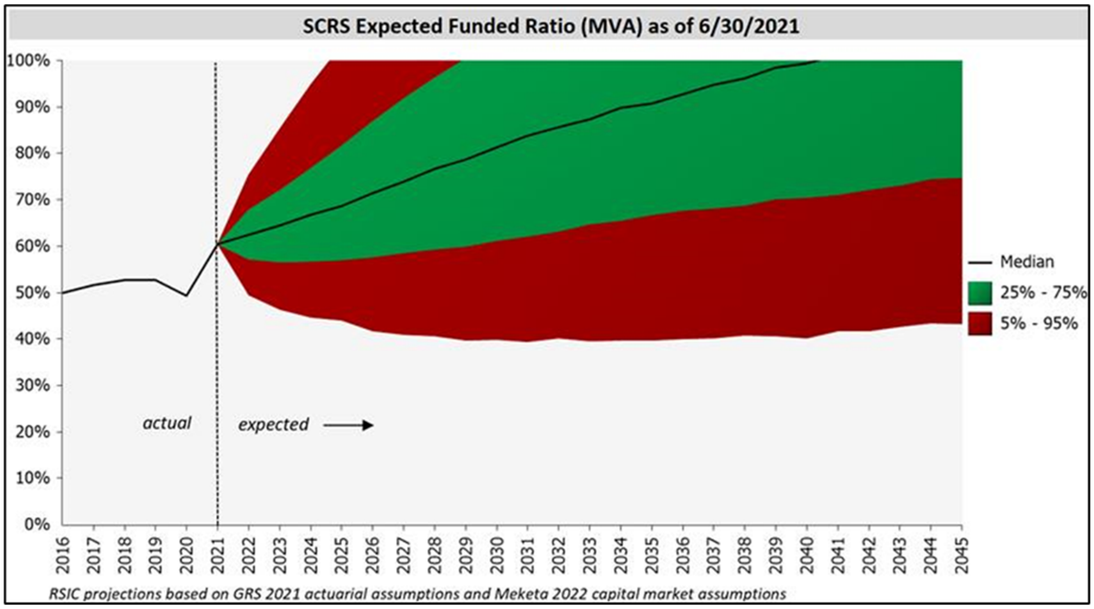


TABLE 1 (2021)

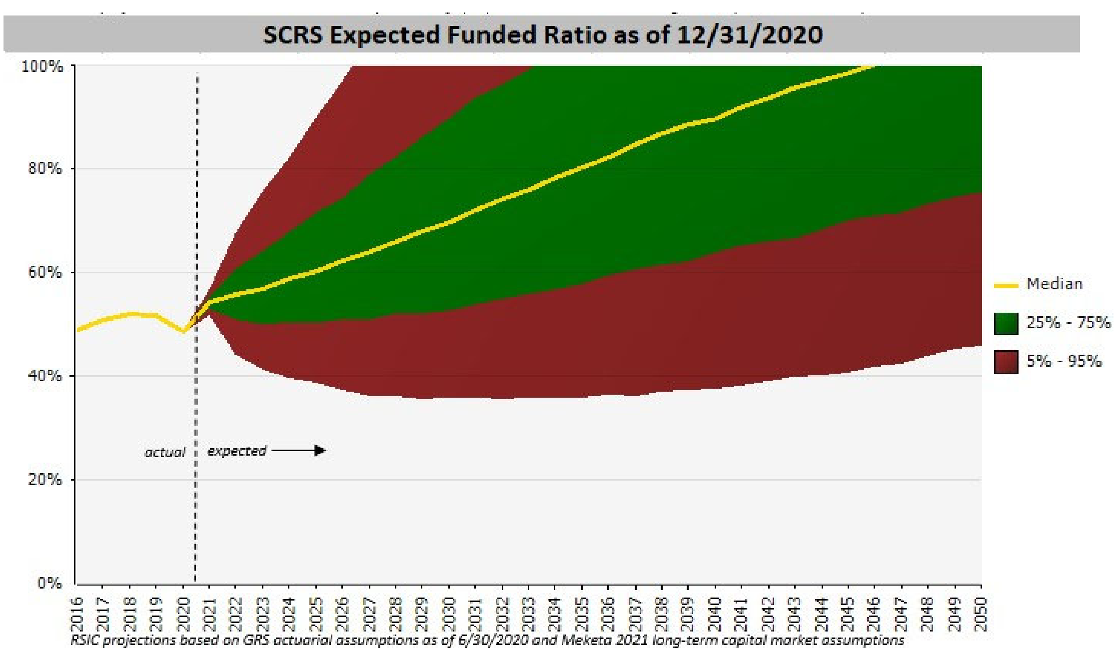


TABLE 1 (2020)

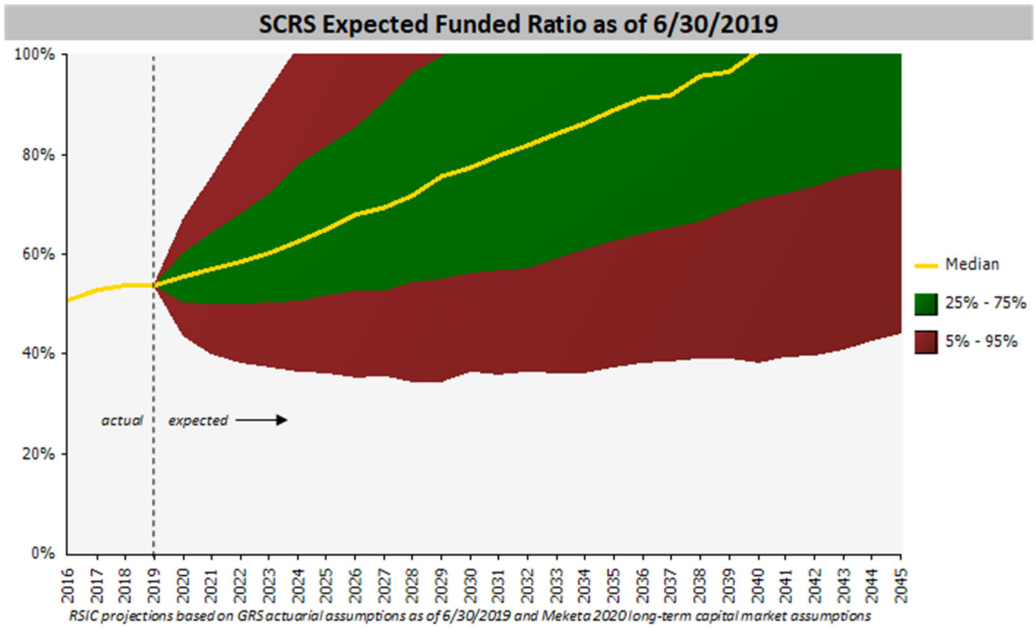


TABLE 2 (2022)

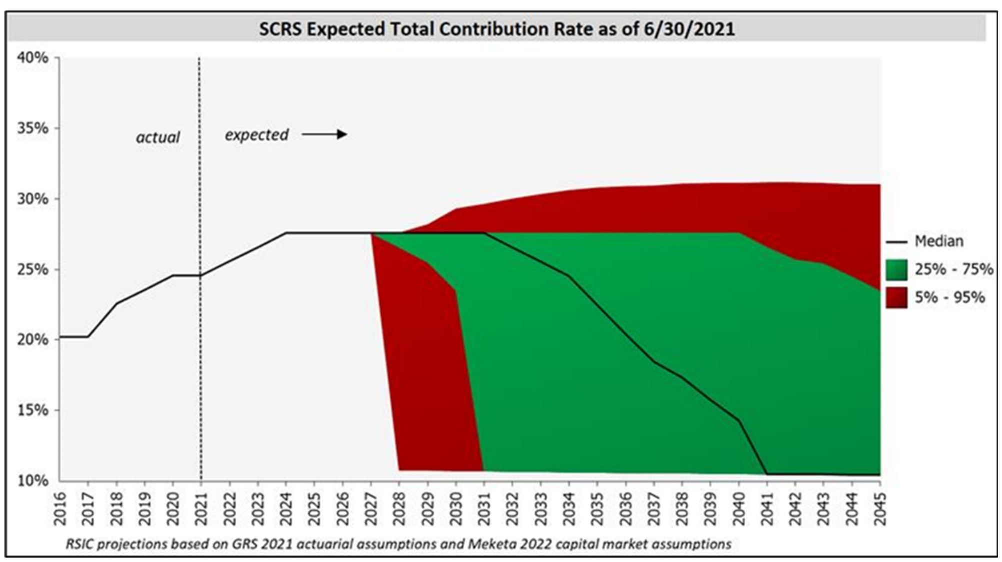


TABLE 2 (2021)

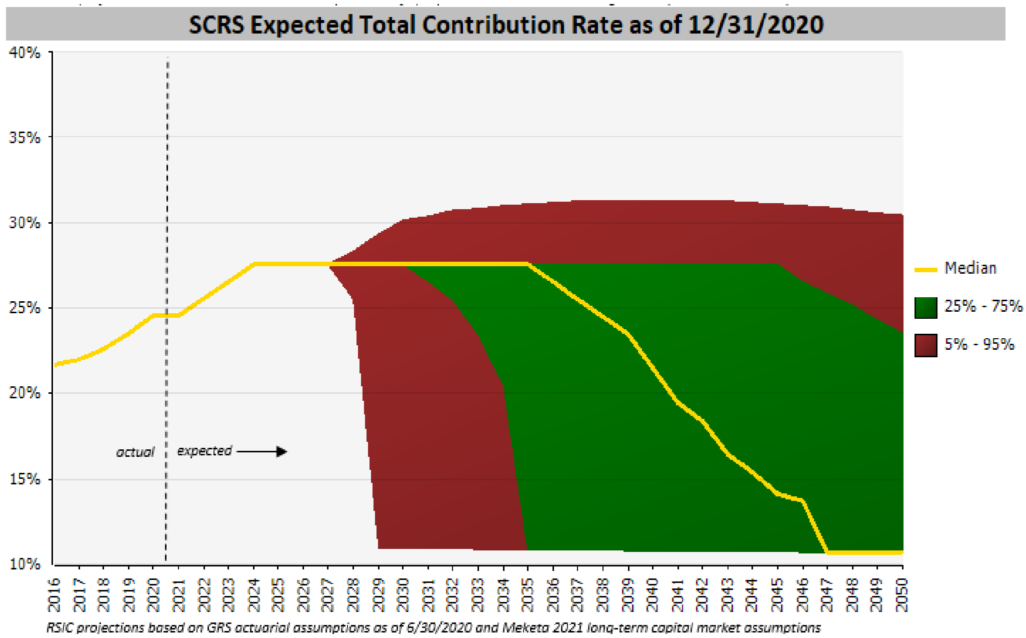
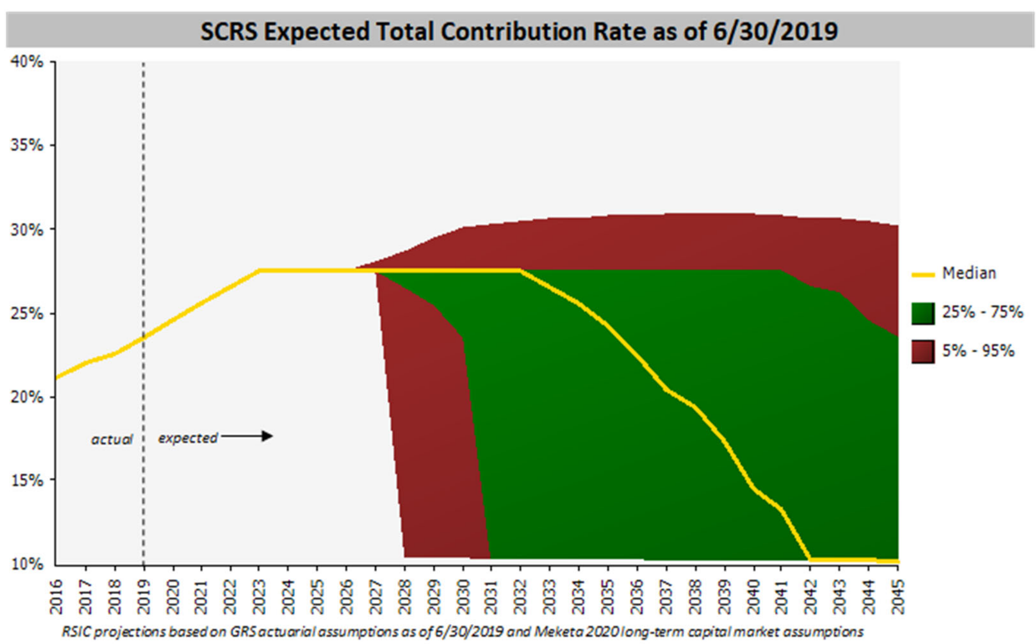


TABLE 2 (2020)



SOUTH CAROLINA RETIREMENT SYSTEM INVESTMENT COMMISSION

CONSOLIDATED ANNUAL INVESTMENT PLAN AND STATEMENT OF INVESTMENT OBJECTIVES AND POLICIES

Effective July 1, 2025

Role of this Document

The State of South Carolina administers five defined benefit pension plans: the South Carolina Retirement System ("SCRS"), the Police Officers Retirement System ("PORS"), the Retirement System for Members ofthe General Assembly ("GARS"), the Retirement System for Judges and Solicitors ("JSRS"), and the South Carolina National Guard Supplemental Plan ("SCNG") (together, the "Plan").

The South Carolina General Assembly established the Retirement System Investment Commission ("RSIC")as a state agency in 2005 and provided it with the exclusive authority to invest and manage the assets ofthe Plan which it does in one group trust. RSIC is governed by an eight-member board (the "Commission"). The Commission is a co-fiduciary of the assets of the Plan along with the South Carolina Public Employee Benefit Authority Board ("PEBA").

State law requires the Commission to adopt a Statement of Investment Objectives and Policies ("SIOP") and to review it annually and to either amend it or reaffirm it. The SIOP establishes investment and performance objectives, policies and guidelines, roles, responsibilities, and delegation of authority for themanagement of plan assets. State law also requires RSIC's Chief Investment Officer ("CIO") to develop anAnnual Investment Plan ("AIP") which must be presented to and adopted by the Commission prior to May 1st of each year. Pursuant to state law, relevant portions of the SIOP may constitute parts of the AIP.

In order to ensure consistency and agreement between the SIOP and AIP, the Commission has consolidatedthe requirements of both into one document which it will review annually prior to May 1st. As part of theannual review, the Commission will amend or reaffirm, as it deems appropriate, those portions of this document intended to meet the requirements of the SIOP and the Commission will consider the CIO's recommendation of any necessary changes to those portions of this document intended to meet the requirements of the AIP. In order to assist the Commission and the CIO in meeting their respective annual requirements, RSIC's Chief Executive Officer ("CEO") will provide a guide that designates those portions ofthis document that are required by the SIOP and those that are required by the AIP.

This Consolidated SIOP and AIP also serves as the RSIC's strategic plan.

The Consolidated AIP and SIOP takes effect July 1, 2025.

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I. STRATEGIC PURPOSE, INVESTMENT OBJECTIVE, AND BELIEFS

A. Purpose

The goal of the State's five defined benefit plans is to provide a lifetime of benefits in retirement to those who have dedicated a career of public service to the State and its political subdivisions. The funding to secure this promise of benefits comes from two sources - contributions made by the employee and employer and the investment return earned on the assets of the Plan. The General Assembly has provided the Retirement System Investment Commission with the sole authority to invest and manage the assets of the Plan. Thus, RSIC's purpose is to earn an investment return that aids in fulfilling the promise of benefit payments to our current and future retirees and theirbeneficiaries.

B. Investment Objective

RSIC's primary investment objective is to design an investment program that produces a long-term rate of return that when added to contributions, funds current and future benefit payments. In doing so, RSIC must remain mindful that the Commissioners, CEO, and CIO are named fiduciaries to the Plan's active employees, retirees, and their beneficiaries (collectively "beneficiaries"). The Plan's fiduciaries must carry out their respective responsibilities to invest and manage the Plan's assets solely in the interest of the Plan's beneficiaries, for the exclusive purpose of providing benefits, and in keeping with the highest duty of care the law recognizes. As a result, the return the investment program seeks to achieve should involve taking a prudent amount of investment risk.

Further, RSIC cannot design an investment program in isolation, but must instead design a program consistent with the realities of the Plan that is guided by the Plan's particular design, structure, and risk factors. An important guiding consideration is that the Plan is mature and until recently experienced net negative cash flows, in that the amount of annual contributions into the Plan were less than the annual amount of benefit payments flowing out of the Plan. It is expected that the Plan will begin experiencing net negative cash flows again in the future. As a result, the investment program must be designed in a way to provide sufficient liquidity to fund the net benefit payments to current retirees.

The investment program also must be guided by the consideration that the respective systems comprising the Plan are underfunded, in that the discounted liabilities of each system exceed the actuarial value of each system's assets. The 2024 Actuarial Valuation report from the Plan's actuaries shows the funded status of each system as:

SCRS	PORS	GARS	JSRS	SCNG
59.6%	68.3%	74.3%	48.7%	67.5%

The underfunded nature of the Plan presents the risk that the Plan's assets will be insufficient to support future benefit payments. As a result, the investment program must also be designed in a way to grow the assets of the Plan to support payments to future retirees and their beneficiaries. The General Assembly did take significant action to address the underfunded nature of the Plan in the 2017 Pension Reform Bill. The 2017 Pension Reform Bill requires that the unfunded accrued actuarial liability ("UAAL") amortization period for SCRS and PORS be reduced by one year each fiscal year untileach plan reaches a twenty-year amortization period. In order to support meeting this requirement, the General Assembly significantly increased contributions into SCRS and PORS. It should be noted that because of these efforts, the funding levels for both SCRS and PORS improved over the prior fiscal year and the amortization periods for both SCRS and PORS have been reduced to 14 and 13 years, respectively.

Thus, RSIC is tasked with designing an investment portfolio that balances the need to provide sufficient liquidity to fund current net benefit payments while also growing the portfolio to aid in providing benefits to future retirees.

Another guiding factor is that the General Assembly has set 7 percent as the assumed annual rate of investment return on the Plan's assets. The assumed rate of return not only serves as the discount rate to determine the net present value of the Plan's liabilities, but also serves as the primary driver of the Plan's funding policy. Investment performance relative to the assumed rate of return determines whether contribution rates are sufficient to meet the funding goals and requirements of the Plan.

RSIC realizes that investment performance will not meet or exceed the assumed rate of return every year, but rather strives to construct an investment portfolio that will meet or exceed this rate of returnover time at a prudent level of market risk, in keeping with its fiduciary duty to the Plan's beneficiaries. RSIC recognizes that achieving a long-term rate of return that exceeds the assumed rate requires investing the portfolio in a greater percentage of assets with relatively high expected volatility. As a result, the investment portfolio will experience greater market volatility which not only impacts the probability of the investment return exceeding the assumed rate over time, but also correspondingly impacts the probability of reaching the funded status goals of the Planwithout requiring additional contribution rate increases.

As a result, RSIC works to design an investment program that maximizes the probability that the Plan will meet the General Assembly's funded status goals, but also given the high level of contribution rates, strives to minimize the probability that the Plan will need additional contributions above those already required. RSIC believes that it can design an investment program with a significant probability of meeting or making significant progress towards both concerns as demonstrated by the stochastic analysis of our funded status expectations for SCRS set out in Table 1 below and a similar analysis of our contribution rate expectations set out in Table 2 below.

TABLE 1

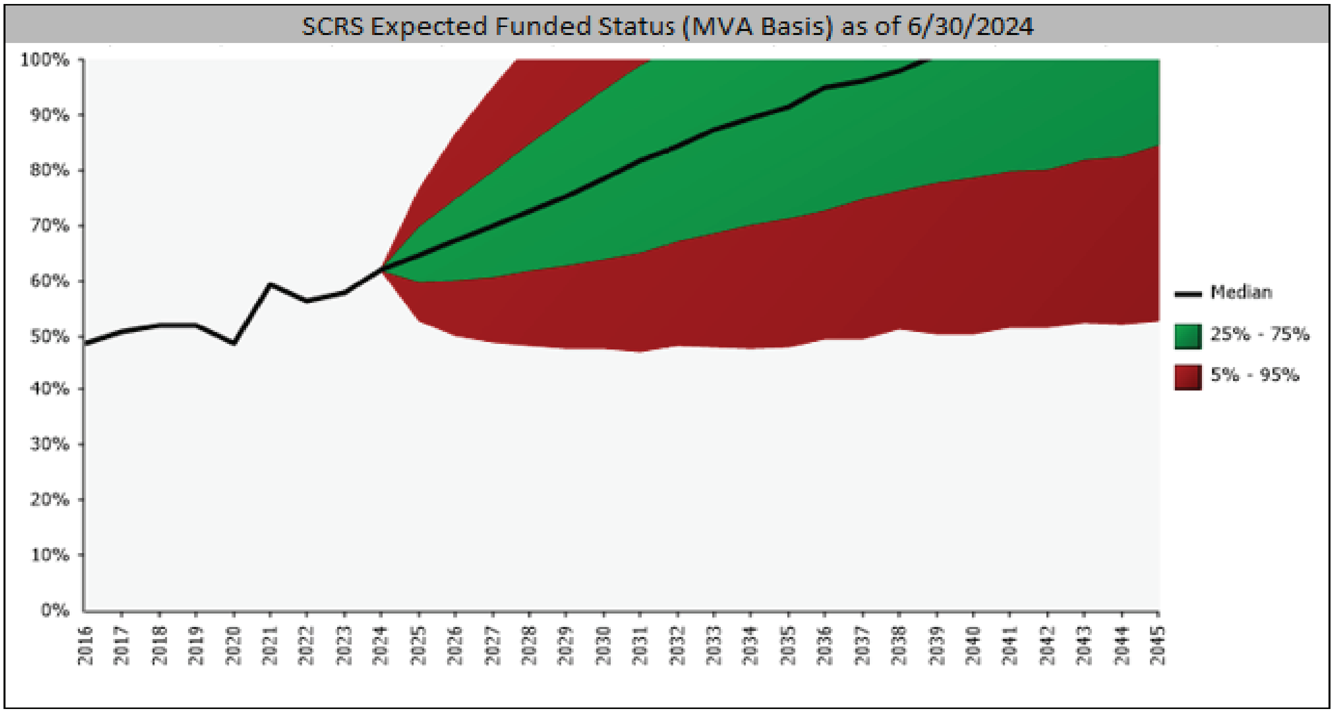


Table 1 tracks the actual, as well as expected, funded status of SCRS since 2016, the year prior to the passage of the 2017 Pension Reform Bill. SCRS is used as the example because its assets comprise the greatest percentage of the total assets of the five systems. The reason for the stochastic approach to the expected funded status is to demonstrate the impact of market volatility on the probable funded status of SCRS through time. The model upon which the simulation is based incorporates the actual structure, components, and assumptions of SCRS, including the contribution policy put into effect by the 2017 Pension Reform Bill. The model uses the Commission's Policy Portfolio, described below, as the investment portfolio and includes thousands of iterations based on the 2025 long-term capital market and volatility expectations provided by the Commission's Investment Consultant. The long-term expected return and volatility for the Policy Portfolio is discussed in Section III(D) below.

As can be seen in this table, the base case scenario is that SCRS reaches fully funded status by 2039, which is within the funded status goals set by the 2017 Pension Reform Bill. However, if the Plan were to experience the unfavorable 95th percentile scenario, the funded status of the Plan would not improve and would be expected to be in approximately the same funded position in thirty years that it is in currently.

The table also shows the actual improvement of the funded status of SCRS since 2016. The actual improvement shown on the table is attributable to additional contributions flowing into SCRS resulting from the 2017 Pension Reform Bill and better than forecasted investment returns since the bill's passage.

In addition to this stochastic analysis, the 2024 Actuarial Valuation shows the amortization period for SCRS as 14 years, which is nine years ahead of the 2017 Pension Reform Bill's requirement of 23 years. The PORS 2024 Actuarial Valuation also shows the amortization period as 13 years, which is ten years ahead of the 2017 Pension Reform Bill's requirement of 23 years.

TABLE 2

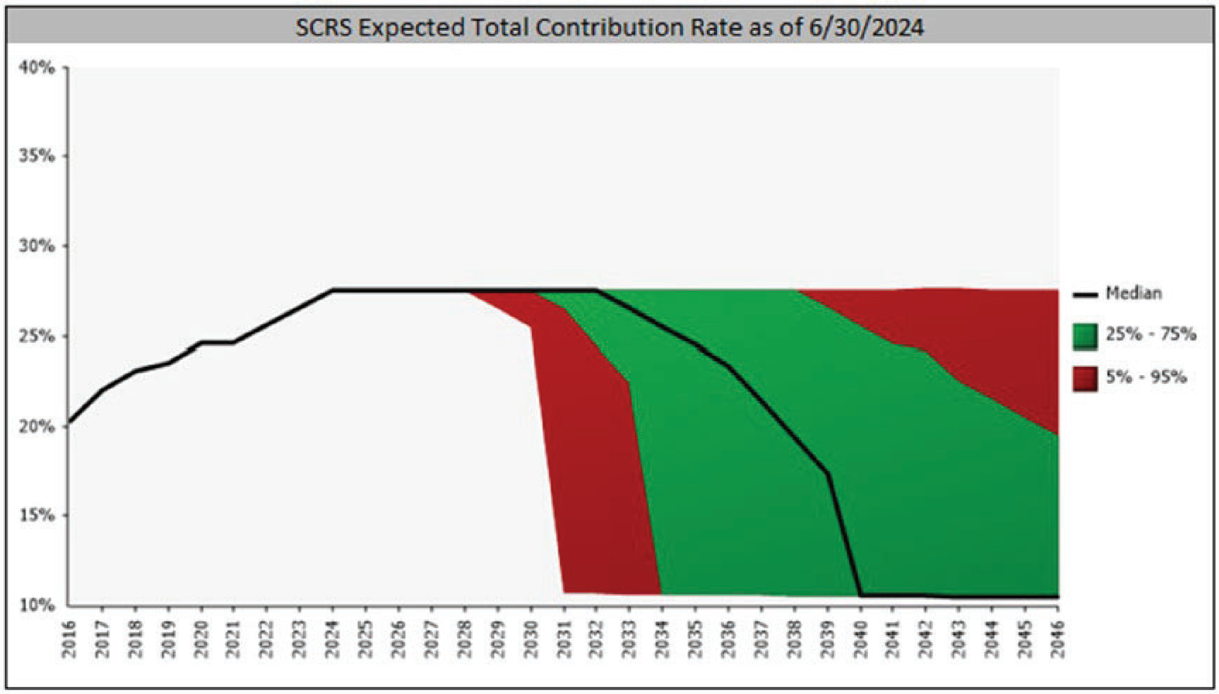


Table 2 tracks the actual, as well as expected, total employer and employee contribution rates for SCRS since 2016. This table also employs a stochastic approach to the expected combined contribution rate to more accurately demonstrate a range of probable outcomes due to market volatility. This analysis is based on the same assumptions used to produce Table 1.

As indicated in this table, the base case scenario shows combined employer and employee contribution rates for SCRS have increased to 27.56 percent pursuant to the schedule required by the 2017 Pension Reform Bill. The contribution rates are expected to begin to decline in 2033. The contribution rates are projected to decline to the 10.89 percent normal cost contribution rate by 2040. The table indicates that there is less than a five percent probability that contribution rates will need to increase above the 27.56 combined contribution rate required by the 2017 Pension Reform Bill. (Appendix XI contains historical versions of Tables 1 and 2 for each year since 2020 based on the corresponding year's capital market expectations).

C. Beliefs

As fiduciaries, the Commission and staff of RSIC are charged with exercising their roles and responsibilities to the Plan's participants and beneficiaries with the highest duty of care that the law recognizes. In order to ensure consistency in approach to decision making that is commensurate withthis fiduciary duty and focused on achieving the investment objective, the Commission and RSIC staff have adopted a set of core beliefs to ensure that we are collectively guided by a unifying set of principles.

Belief 1 – We believe that the Policy Allocation set by the Commission is the main driver of the investment portfolio's risk, return, and cost.

Belief 2 – We believe that investors must be rewarded for incurring additional risk, cost, and complexity.

Belief 3 – We believe that we are long-term investors which requires us to instill *discipline* and *patience* into our investment decision making and assessment process.

Belief 4 – We believe that achieving our investment objective requires an organization with strong governance, that maintains core values, and employs talented professionals. In order to do this, we must:

1. establish a governance structure with clear lines of authority and means to assess the quality of decision making and resulting performance;
2. recruit and retain a talented investment and operational staff consistent with our Core Values of:
    a. Humility,
    b. Intellectual Curiosity, and
    c. Team Player
3. achieve a deep understanding of value creation through the investment process;
4. emphasize risk awareness and focus on mitigating investment and enterprise risk; and
5. provide the foundation, infrastructure, and systems necessary to meet the investment objective and mitigate risk.

II. ROLES AND RESPONSIBILITIES

1. In 2005, RSIC was established by South Carolina law to invest and manage the assets of the State's five defined benefit retirement plans. RSIC invests and manages the assets of all five plans in one group trust. RSIC is governed by an eight-member Commission. The Commission's primary purpose is to set the strategic direction for an investment program that is consistent with its fiduciary duty and strives to earn an investment return that when combined with contributions fulfills the promise of benefit payments to the Plan's current and future retirees and their beneficiaries. This includes setting a long-term strategic asset allocation that meets the Commission's investment objective, oversight of the implementation of the investment portfolio and the business affairs of RSIC, approving certain investments, ensuring legal and ethical integrity, and maintaining accountability. The Commission also adopts a series of governance policies that define the roles and responsibilities of Commissioners and staff and provide general guidance for the operation of RSIC as an agency. (RSIC Governance Policies can be found at: https://www.rsic.sc.gov/_documents/2017.07.14%20Governance%20Policy%20Manual.pdf).

2. The Commission employs a CEO, who serves as the primary figure of accountability for RSIC. The CEO serves as the chief administrative officer of RSIC as an agency and is charged with the affirmative duty to carry out the mission, policies, and directives of the Commission. The CEO is delegated the Commission's authority necessary, reasonable, and prudent to carry out the operations and management of RSIC as an agency and to implement the Commission's decisions and directives. The CEO also serves as the chief risk officer for the organization. The CEO is charged with employing a CIO and all other agency staff who serve at the will of the CEO. The CEO is also delegated the final authority to close all investments and must certify that investments made pursuant to the Commission's Investment Authority Delegation Policy meet the requirements of the policy (*see* Section VI for the Investment Authority Delegation Policy).

3. The CIO manages RSIC's investment functions subject to the oversight of the CEO. RSIC primarily invests Plan assets by allocating capital to external investment managers who implement specific investment strategies to provide the exposures necessary to meet the requirements of the Commission's strategic asset allocation. The Commission has implemented an Investment Authority Delegation Policy which provides the CIO with the final authority to invest with external investment managers subject to the limits of the policy. For a proposed investment that exceeds the delegation policy, the CIO determines whether the investment is presented to the Commission for final approval.The CIO is also granted certain authority to manage the implementation and exposure of the portfolio.The CIO through the management of the investment staff also oversees investment risk management,investment manager oversight, and other related activities.

4. The Executive Leadership Team ("ELT") is currently comprised of the CEO, CIO, Chief Operating Officer ("COO"), Chief Legal Officer ("CLO"), the Deputy Chief Investment Officer ("DCIO"), and Chief Human Resources Officer ("CHRO"), and serves as RSIC's primary management committee and aids the CEO in making strategic organizational and operational decisions.

5. The Internal Investment Committee ("IIC") is a committee of senior staff appointed by the CEO and is chaired by the CIO. The IIC's responsibilities are provided by the IIC Charter but the IIC is primarily responsible for serving as the committee that vets and recommends new investments to theCIO for approval and execution, or recommendation to the Commission for its approval.

6. The Commission engages a general investment consultant ("Investment Consultant"), who reports to the Commission and assists and advises the Commission on asset allocation, asset/liability study, performance reporting, benchmarking/peer group comparisons, and general investment education and advice. The Commission Chair takes the lead in ensuring there is an effective and productive relationship between the Commission and the Investment Consultant and that the Investment Consultant has adequate clarity and direction in meeting the Commission's needs and requests. The CEO assists the Chair in managing the day-to-day relationship with the Investment Consultant and ensures effective collaboration and consultation between the Investment Consultant and RSIC staff. RSIC Staff may rely on the Consultant for data resources, external analyst inputs, and access to educational materials. The CEO may also retain specialty consultants to serve as an extension of RSIC staff in Private Equity, Private Debt, Real Estate, Infrastructure, and Hedge Funds.

7. The Internal Audit function is governed by the Commission's Audit and Enterprise Risk Management Committee and is primarily provided through external service providers. An internal staff member coordinates the relationship with external service providers and assists the committee with performing its duties and functions. The purpose of the Internal Audit function is to provide independent, objective assurance and recommendations designed to add value and improve RSIC operations. It assists the entity in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

8. The Enterprise Risk Management and Compliance ("ERM and Compliance") function reports to the CEO and serves as the primary staff to aid the CEO in fulfilling the role of chief risk officer. The ERM and Compliance function coordinates with the ELT and other staff on the assessment of, and provides oversight related to the identification and evaluation of, major strategic, operational,regulatory, informational, and external risks inherent in the business of RSIC. ERM and Compliance is also responsible for overseeing the process for monitoring compliance with RSIC policies and applicable laws.

9. The Public Employee Benefit Authority ("PEBA") is a separate agency that administers a comprehensive program of retirement benefits, performing fiduciary duties as stewards of the contributions and disbursements for the Plan. PEBA is responsible for producing GAAP basis financial statements for the Plan and maintains a general ledger to support that process. The financial statements that are produced by PEBA contain information regarding the investments made by the Commission and as such contain the official accounting records for Plan investments. The financial statements are presented in accordance with GAAP and comply with the Governmental Accounting Standards Board standards. The financial statements are audited annually by an independent audit firm hired by the State Auditor's Office.

10. The Commission and the PEBA Board serve as co-trustees of the Plan's assets. PEBA is the custodian of the Plan's assets and RSIC is responsible for the Plan's custodial banking relationship.

11. Subject to the approval of the State Fiscal Accountability Authority, PEBA designates the Plan's Actuary. The Commission is a third-party beneficiary to the contract with the Plan's Actuary, with full rights to all actuarial valuations prepared by the actuary.

12. The South Carolina General Assembly has the authority to control the budget and staffing for RSIC and to set the actuarial annual assumed rate of return for the Plan. Starting in early 2021, and every four years thereafter, in consultation with the Commission and the Retirement System's Actuary, PEBA proposed a 7 percent assumed annual rate of return to the General Assembly that took effect at the beginning of the

2021-2022 fiscal year because the General Assembly took no action to amend or reject the recommendation. The General Assembly also conducts periodic legislative oversight hearings of RSIC.

III. ASSET ALLOCATION

A. Purpose

The Commission's primary responsibility is to establish an investment program that is designed to meet the Commission's investment objective. The most significant action the Commission takes in fulfilling this responsibility is by setting the long-term strategic asset allocation. The Commission adopts a diversified portfolio that it expects to generate a long-term rate of return that meets its investment objective which is conditioned by its fiduciary duty to only expose the Plan'sassets to a prudent level of market risk. The strategic asset allocation the Commission adopts is referred to as the Policy Portfolio. The Policy Portfolio is established with a long-term perspective and the Commission does not expect to change this portfolio to react to short-term market conditions or frequent fluctuations in capital market expectations.

The Commission recognizes employing a long-term perspective discourages the temptation to react to short-term market trends. This can help an investor to avoid chasing returns in asset classes that have become expensive due to recent appreciation. The Commission believes that adherence to this disciplined, long-term perspective will produce its greatest benefits in periods of adverse market conditions. During these times the Policy Portfolio will serveas a stabilizing force for the investment program.

State law also requires the Commission to diversify the assets of the investment portfolio and to consider: (i) general economic conditions; (ii) the possible effect of inflation or deflation; (iii) the role that each investment or course of action plays within the overall portfolio; (iv) the needs for liquidity, regularity of income, and preservation or appreciation of capital; and (v) the adequacy of funding for the Plan based on reasonable actuarial factors.

The Commission undertook a significant strategic asset allocation review in 2019-2020 with the goal of establishing a more simplified and effective Policy Portfolio. A synopsis of this review can be found in Section XI below. As a result of the review, the Commission adopted the Policy Portfolio in Table 3.

Table 3

Asset Class	Weight
Public Equity	46%
Bonds	26%
Private Equity	9%
Private Debt	7%
Real Assets	12%

As part of the 2019-2020 review, the Commission adopted the discipline of only comprehensively reviewing the strategic asset allocation once every five years. In Fiscal Year 2024-2025, the Commission undertook its first comprehensive strategic asset allocation review pursuant to this discipline and the results of this review are set out below.

B. Reference Portfolio

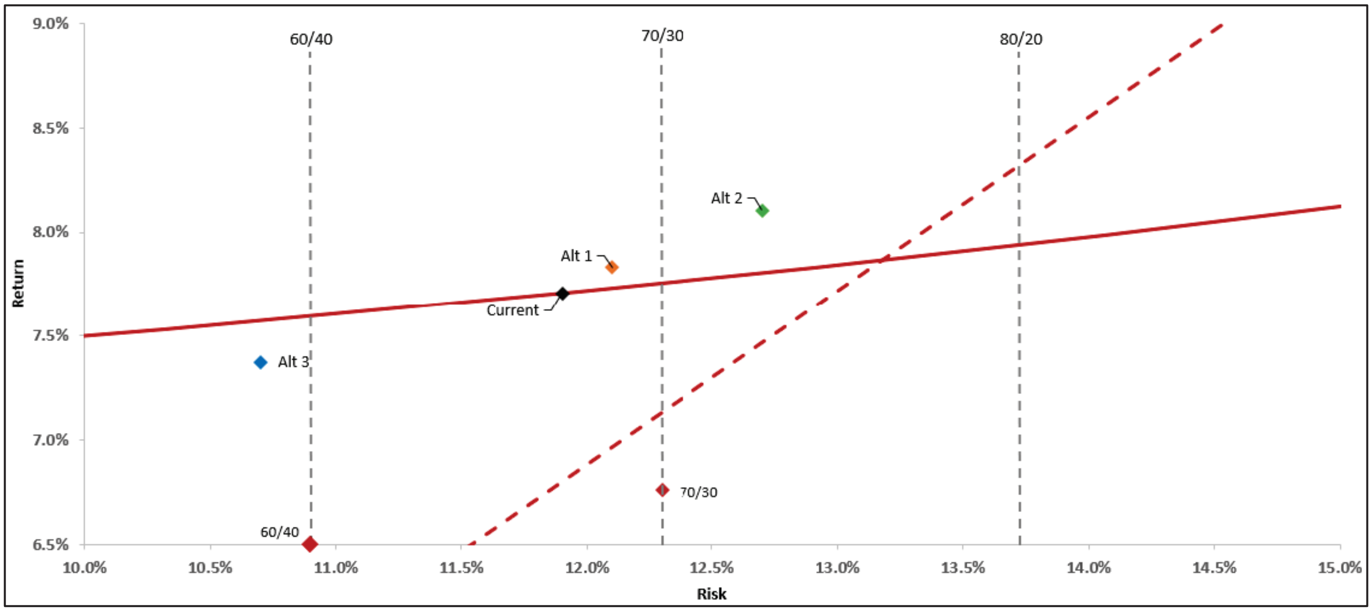
The Reference Portfolio is a simple two asset class benchmark portfolio comprised of stocks and bonds that serves as a risk reference for the Policy Portfolio. The Reference Portfolio does not serve as a risk limit for the Policy Portfolio, but rather as a risk barometer to show the value of diversifying the Policy Portfolio into additional asset classes.

During its Fiscal Year 2024-2025 asset allocation review, the Commission was guided by the analysis in Table 4 below in setting the Reference Portfolio. The Commission sets the Reference Portfolio's allocation as one consistent with the expected investment risk (as expressed in expected volatility) of a diversified portfolio of assets required to earn a return that is projected to exceed the assumed annual rate of return, or above the solid red line in Table 4, while also avoiding a greater than 5 percent probability of requiring additional contributions increases in the next ten years, or to the left of the dotted red line in Table 4. By avoiding the dotted red line, the strategic asset allocation would also avoid other significant plan risks that would fall to the right of the line plotted in Table 4.

In setting the Reference Portfolio, the Commission is mindful that South Carolina law provides that no more than seventy percent of the portfolio may be invested in equities. The law does not limit the types of assets that can make up the other thirty percent of the portfolio, which could conceivably include assets like high yield bonds which have an imbedded equity risk factor. However, the Commission believed it was prudent to constrain the Reference Portfolio to no more than seventy percent equity risk, as expressed by a seventy percent allocation to equities, and to mitigate the equity risk with a thirty percent allocation to bonds.

Using Table 4 as a guide, the Commission determined that a 70 percent Global Public Equities and 30 percent U.S. Bonds portfolio best represents the investment risk required for a diversified portfolio of assets to achieve the assumed annual rate of return over time while also avoiding a greater than five percent probability that contributions would need to increase in the next ten years. As a result, the Commission reaffirmed a 70 percent Global Public Equities (*MSCI ACWI IMI Net*) and 30 percent Bonds (*Bloomberg Barclays US Aggregate*) as the Reference Portfolio.

Table 4



C. Policy Portfolio

The Commission establishes a Policy Portfolio to serve as the Commission's long- term strategic asset allocation. The Policy Portfolio is a multi-asset class portfolio with expected volatility similar to the Reference Portfolio. A primary benefit of aligning the Policy Portfolio's risk target to a risk equivalent Reference Portfolio is that doing so reveals the performance impact gained through diversification. However, unlike the Reference Portfolio, the Policy Portfolio is a portfolio that could expected to be held and, in any respect, creates a presumption of simplicity for the actual portfolio and requires complexity gained through portfolio implementation and manager selection decisions to demonstrate their value.

During its Fiscal Year 2024-2025 asset allocation review, the Commission considered alternative Policy Portfolios. The expected risk and return of the then-current Policy Portfolio as well as three alternative portfolios are shown in Table 4. Alternatives 1 and 2 had increased expected return and investment risk while Alternative 3 took less investment risk and correspondingly was expected to earn less return.

The Commission adopted Alternative 1 as the new Policy Portfolio because the Commission believes that it best optimizes the expected return and risk necessary to meet its investment objective. The Commission took into consideration that Alternative 1's expected return exceeds the assumed rate of return and that the portfolio avoids a greater than five percent probability that contribution rates will need to increase in the next ten years as shown in Table 4. The Policy Portfolio's allocation is set out in Table 5 below.

Table 5

Asset Class	Weight
Public Equity	**43%**
Bonds	**25%**
Private Equity	**12%**
Private Debt	**8%**
Real Assets	**12%**

In setting the Policy Portfolio's asset allocation, the Commission is mindful of the role each asset class plays in the overall portfolio, with each asset class performing the primary role of providing growth, diversification, or yield, as summarized below and in Table 6:

Public Equity: This asset class includes investments in the stock of publicly traded companies. The purpose of public equity in the portfolio is growth. The excess return expectations for this asset class are low. The asset class is highly liquid and can be accessed with minimal implementation cost.

Bonds: This asset class includes investments in debt securities issued by governments, corporations, or other issuers. The primary purpose of bonds in the portfolio is diversification and the secondary purpose is to provide yield. The excess return expectations for this asset class are low and the asset class is expected to provide a persistent source of return while remaining highly liquid. The asset class is also expected to serve a stabilizing function in times of market stress.

Private Equity: This asset class includes equity investments in privately held companies. Investors have historically been compensated with incremental return over comparable public equity investments in exchange for lower liquidity and increased business risk as compared to the public markets. The primary role of private equity in the overall portfolio is growth. Even though other asset classes are also expected to generate *persistent* excess returns over time, Private Equity is expected to achieve a greater *magnitude* of excess return as measured over three and five -year time periods. It has a significantly higher cost of implementation as compared to public equity.

Private Debt: This asset class includes investments that provide alternative financing to businesses or assets and are in competition with traditional capital market or bank financing. Investors are compensated with incremental return over what can be achieved through traditional forms of lending in exchange for lower liquidity as compared to liquid credit markets and for serving as a solutions provider to these businesses. The primary role of this asset class in the portfolio is yield. Private Debt is expected to achieve a more *consistent* three-year excess return over its public market benchmark.

Real Assets: This asset class includes investments in physical assets like real property and infrastructure, as opposed to financial assets like stocks and bonds. The primary role of this asset class is diversification with the secondary purposes of providing inflation protection and yield. The asset class is expected to offer limited liquidity and greater consistency of excess return over three-year periods.

Table 6

	Public Equity	Private Equity	Bonds	Private Debt	Real Assets
Primary role in portfolio (asset allocation)	Growth	Growth	Diversification	Yield	Diversification
Secondary role in portfolio (asset allocation)			Yield		Yield
Return expectation (20Y benchmark return)	High	> Public Equity	Low	> Bonds	Moderate
Alpha expectation where active: magnitude vs. cost	Low	High	Moderate	Moderate	Moderate
Consistency of excess return	Low	Moderate	Moderate	High	High
Expected liquidity	Very high	Very Low	Very high	Low	Low
RSIC Target Portfolio Expected Cost	Low	High	Low	Moderate	Moderate

A crucial component of the asset allocation review process is to ensure that appropriate benchmarks are used for the Policy Portfolio. The Commission was guided by the CFA Institute's recommendationsthat benchmarks are (i) specified in advance, (ii) appropriate, (iii) measurable, (iv) unambiguous, (v) reflective of investment options, (vi) owned, and (vii) investable. In its Fiscal Year 2024-25 strategic asset allocation review, the Commission reached consensus on the benchmarks listed in Table 7 for the Policy Portfolio.

Table 7

Asset Class	Benchmark
Public Equity	**MSCI ACWI IMI Net**
Bonds	**Bloomberg Barclays Aggregate**
Private Equity	**Burgiss Private Equity**
Private Debt	**S&P LSTA +150 bps**
Real Assets	**75% ODCE/25% Burgiss Core USD Infrastructure > $1 billion**

Based on the 2025 Capital Market Expectations provided by the Commission's Investment Consultant that the Commission utilized when reaching consensus on the Policy Portfolio, the Policy Portfolio is expected to yield a thirty-year annualized rate of return of 7.1 percent with an expected volatility of 12.1 percent. The Commission believes that the Policy Portfolio's expected return and volatility are sufficient to meet its long-term investment objective.

D. Implementation Portfolio Benchmark

The Commission recognizes that the CIO and investment staff may add value by structuring the Actual Portfolio in a manner that deviates from the Policy Portfolio target weights or may also pursue a strategy that causes the composition of an asset class to differ from the policy benchmark. As a result, theCommission provides the CIO and the investment staff with the discretion to structure the portfolio differently than the Policy Portfolio within the asset class and sub-asset class ranges shown in Table 8. In order to measure the risk and return impact of these portfolio structure decisions, the Commission employs an Implementation Portfolio Benchmark that aggregates the underlying benchmarks of each asset class and sub-asset class strategy according to their actual weights. Providing this discretion while establishing a structure that measures the value of these decisions also sets the right balance of accountability for Commission decisions and those of the CIO and investment staff.

Table 8

Asset class	Target	Low	High
Public Equity	43%	30%	55%
Bonds	25%	10%	35%
Non-Index Investment Grade	*0%*	*0%*	*10%*
Non-Investment Grade	*0%*	*0%*	*10%*
Net Cash/Short Duration	*0%*	*0%*	*8%*
Private Equity	12%	5%	20%
Private Debt	8%	5%	13%
Real Assets	12%	6%	18%
Real Estate	*9%*	*6%*	*14%*
Infrastructure	*3%*	*0%*	*6%*

E. Manager Selection

The Commission also recognizes that the CIO and investment staff strive to add additional value through manager selection. In September 2017, the Commission adopted an Investment Delegation Policy that delegated investment manager selection decisions to the CIO and investment staff within clearly defined limits and exceptions. The Investment Authority Delegation Policy is set out in Section VI. The value of manager selection is discernable by comparing the Implementation Portfolio Benchmark and the Actual Portfolio.

F. Performance Reporting

Essential to the Commission's oversight function is performance reporting that makes clear the value of three major investment decisions: diversification, portfolio structure, and implementation. The Commission requires staff to provide a Portfolio Reporting Framework that easily allows the Commission to judge the value of these three investment decisions by comparing the relative performance between the Reference Portfolio, Policy Portfolio, Implementation Portfolio, and Actual Portfolio:

1. *Diversification (Policy Portfolio Benchmark vs. Reference Portfolio Benchmark):* The comparison of the Policy and Reference Portfolios Benchmarks reveals the value from diversification beyond a simple two-asset portfolio. The benefit of designing these portfolios with the same level of expected volatility is that the performance differential is an indication of the impact of diversification, rather than being a function of an expected risk differential. Although the effects are reported over shorter periods, the Commission should expect to see the value of diversification in this comparison over rolling five-year periods. Although these portfolios were established with the same level of expected volatility, the risk of these portfolios is expected to diverge during discrete periods of time but would generally be expected to rise and fall together over time.

2. *Portfolio Structure (Implementation Portfolio Benchmark vs. Policy Portfolio Benchmark):* This comparison supports an assessment of the quality of the portfolio structure. It reveals the performance impact of the decisions to structure the portfolio differently than the Policy Portfolio Benchmark. These impacts can be broken down into those that resulti from the *weights* of asset classes and those that resulti from the *composition* of asset classes. Although the effects are reported over shorter periods, the Commission should see thepositive performance impact of implementation benchmark decisions over rolling three-year periods. The reporting framework also include risk reports to highlight whether and how changes in portfolio structure alter the risk characteristics of the portfolio.

3. *Implementation (Actual Portfolio vs. Implementation Portfolio Benchmark):* This comparison aids in evaluating the quality of implementation, a key component of which is the impact of manager selection. The Commission should expect to see differential individual manager performance as compared to the implementation benchmark over short periods of time, but the Commission should expect in aggregate to see consistent value added through manager selection. Providing this additional comparison between the Actual Portfolio and the Implementation Benchmarks also disaggregates the performance gained through portfolio structure and that gained through manager selection. This additional look through provides the Commission with an enhanced ability to effectively exercise oversight over both portfolio structure and investment manager selection decisions made by the investment staff.

G. Asset Allocation Review

The Commission will conduct an Asset-Liability Management Study and asset allocation review every five years. The Commission will continue to receive long-term capital market expectations from the Investment Consultant annually and assess the impact to the expected return and volatility of the Reference and Policy Benchmark Portfolios. However, consistent with its beliefs and long-term approach to asset allocation, the Commission intends to limit interim asset allocation changes to those the Commission determines are **absolutely critical** to meeting its long-term investment objective and are commensurate with its risk tolerance and fiduciary duties. Consistent with this provision, the Commission conducted a strategic asset allocation review in Fiscal Year 2024-2025.

IV. STRATEGIC INITIATIVES

The Strategic Initiatives described in this Section are major ongoing staff projects contemplated to last up to three years and are likely to have a more significant impact to the portfolio, asset class, or an investment strategy than typical decisions. The CIO will include changes to these initiatives as part of the annual AIP proposal and will provide a quarterly update on progress towards these initiatives at regular Commission meetings.

1. Study the efficacy of including Investment Grade Private Credit in the Bonds portfolio including, but not limited to, the impact to risk, return, liquidity, and portfolio efficiency.

V. INVESTMENT POLICIES

A. General

1. The Commission and staff must only consider pecuniary factors when making an investment decision or when allocating capital to an external investment manager. A "pecuniary factor" is a factor that a prudent person in a like capacity would reasonably believe has a material effect or impact on the financial risk or return on an investment, including a factor material to assessing an investment manager's operational capability, based on an appropriate investment horizon consistent with a retirement system's investment objectives and funding policy. The term excludes "non-pecuniary factors" which is 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.

2. Internal Investment Committee (IIC) and Investment Approval Process - State law provides that the AIP is to be implemented by the Commission through the CIO. RSIC employs a team of investment professionals that support the CIO in carrying out investment management duties and responsibilities. One key component of this infrastructure is the IIC. The IIC assists the CIO by reviewing and providing recommendations to the CIO regarding proposed investments. The IIC also routinely monitors the Portfolio's investment performance and reviews relevant policies and procedures as part of its oversight function. The Commission adopted an Investment Authority Delegation Policy which grants the CIO the ability to approve those investments which fall within the parameters of this policy, subject to the oversight of the CEO. Other investments are presented to the Commission for its approval.

3. Due Diligence – The Investment Team maintains investment due diligence policies to provide consistency and oversight to the investment process. The Initial Due Diligence Policy outlines thekey tenets of the RSIC's decision-making process in hiring investment managers. The Ongoing Due Diligence Policy outlines the process and criteria used to evaluate the retention/termination of external investment managers. Both due diligence policies are tested annually by either an Agreed Upon Procedures review by an independent auditor or by the Director of Enterprise Risk Management & Compliance. The results of this review are provided to the Audit and Enterprise Risk Management Committee.

4. Counterparty Risk Management – The Quantitative Solutions Group monitors two sources of potential counterparty risk: (1) the overlay program and (2) the System's master custodial bank. While the risk arising from the overlay program is actively monitored by its external manager, as an added layer of oversight, the Quantitative Solutions Group is responsible for reviewing and reporting on the external manager's prudent management of these counterparty risks.

5. Investment Strategies, Objectives, and Performance Standards:
   i. In Section III(D), the Commission described the characteristics and established the role each asset class plays in the Policy Portfolio. Within defined limits and constraints, the Commission provides the CIO and investment staff the ability to structure the portfolio for each asset class in a manner that fulfills the role the asset class plays in the portfolio. The investment staff maintain a

"Baseline" document for each asset class that creates a shared understanding of how the portfolio will be structured to achieve the purpose of the asset class established by the Commission. In general, the annual plan for an asset class will involve measures designed to improve its alignment with its Baseline. The following items are detailed in the Baseline document:

a. The rationale and purpose of the asset class established by the Commission;

b. Target steady-state asset class exposures (including sub-strategies, geographies, or other relevant factors);

c. The target return, characteristics (income vs. appreciation), and expected active vs. passive implementation breakdown, and

d. An estimate of normal cost to implement the portfolio, and an estimate of the flex cost which may be incurred when market conditions present compelling opportunities.

ii. Baselines also address the following broader issues:

a. The role private investments play in the Portfolio;

b. The mix of private vs. public market investments;

c. How the portfolio is likely to change over time, and

d. The annual commitment pacing plan for each illiquid asset class.

iii. The Baseline document is reviewed and updated, as necessary, at least annually, and all RSIC staff are encouraged to present suggested revisions to any Baseline. Proposed changes to the Baseline documents are presented to the IIC for review and to the CIO for approval. In addition to addressing the investment objectives and performance standards foreach asset class, the Baseline also serves as a guide to workflow and portfolio management decisions. Investment decisions are reviewed against the Baseline for portfolio fit.

iv. As part of the individual asset class in-depth examination at each Commission meeting, the investment staff will also provide a review of the particular asset class Baseline, progress towards attaining the Baseline, and any material deviations from the Baseline.

v. The Commission will be informed promptly of any material change to a Baseline at the next Commission meeting following the change.

6. Allowable Investments and Limitations:

i. With certain limitations discussed below, State law provides that RSIC may invest "in any kind of property or type of investment consistent with" Title 9, Chapter 16 of the S.C. Code and Section 9-1-1310. These investments include, but are not limited to, futures, forward contracts, swaps, and options, equities, bonds, loans, 144(A)'s, exchange traded funds, American Depository Receipts, real property, and real estate investment trusts. These investments may be listed, exchange traded, or over the counter, negotiated contracts or investments.

ii. In addition to the instruments outlined above, for every asset class, a variety of investment structures may be utilized depending on the nature of a particular investment. In accordance with the terms of the investment limitations outlined in this policy, these structures may include, but are not limited to, mutual funds, limited partnerships, limited liability companies, strategic partnerships, trusts, commingled vehicles, fund-of-funds, and separately managed accounts in which assets may be held by either the Retirement System's master custodial bank or an external custodian who is selected and monitored by the externalmanager or general partner.

iii. Any investment structure and the underlying instruments must be of a type generally expected to obtain exposure to an asset or sub-asset class contained in Table 8, Section III. State law imposes certain limited restrictions on the investment of the Portfolio. The managers of the Portfolio's accounts **other than** index funds, commingled funds, limited partnerships, derivative instruments, or the like, are required to assist the Commission in meeting its obligations under S.C. Code Ann. §9-16-55, which sets forth limitations on investment in certain types of companies that are engaged in active business operations in Sudan. See Section IX for additional information.

iv. The Commission has also established a policy prohibiting an investment in any security or obligation issued by a company or a corporation that is a known sponsor of terrorist organizations or of a company domiciled in a country that is a recognized sponsor of terrorismor terrorist organizations as based on reports from the Office of Terrorism and Financial Intelligence of the Department of Treasury and the Country Reports on Terrorism by the Office of the Coordinator for Counterterrorism of the U.S. Department of State.

7. Internal Management and Overlay Program – Currently, the staff performs distribution management which is the management and disposition of in-kind distributions received from external investment managers or third parties. In addition, the CIO has discretion to use synthetic instruments, derivatives, equity baskets, and exchange traded funds in order to implement the asset allocation or otherwise manage the portfolio in accordance with the ranges established by the Commission. The Overlay program functions as a means by which the CIO and Investment Staff manage and modify exposures and manage risk in an efficient manner using synthetic instruments, exchange-traded-funds/notes, equity or fixed income baskets, options, futures, swaps, and forward currency contracts.

8. Portable Alpha – The Commission provides the CIO with the discretion to use Portable Alpha Strategies not to exceed 15 percent of total plan assets. The use of Portable Alpha is an implementation decision that is reflected in the Implementation Portfolio Benchmark. The benchmark for Portable Alpha Strategies is the *Secured Overnight Financing Rate* (SOFR).

9. Alternative Investments – The Commission has established guidelines applicable to its alternative investments, which include Hedge Funds and Private Markets Assets:

i. The Commission's initial commitment to a fund will not exceed 25 percent of the committed capital of that fund, unless the Commission, or the CEO for a delegated investment, specifically waives or suspends this restriction (a) in order to take advantage of a new firm or product that has not yet built an asset base, or (b) in the case of a fund that has been created specifically for RSIC (e.g., a single LP fund) or specifically for RSIC and a limited number of other investors (e.g., two member LP fund or LLC). The closing certification for any delegated investment for which the CEO waives this requirement must conspicuously note that this limitation is being waived and identify the basis for the waiver;

ii. Unless otherwise approved by the Commission, no more than 15 percent of an alternative asset investment allocation may be invested with a single manager, general partner, or single fund, with the exception of Funds of One and Strategic Partnerships; and

iii. Staff will notify the Commission if the combined exposure to Private Equity, Private Debt, and Private Real Assets exceeds 40 percent of total plan assets.

10. Equity investments not to exceed 70 percent – State law provides that the AIP must also include the minimum and maximum allocations to equity investments on an ongoing basis, not to exceed 70 percent. The allowable ranges for equity investments are set forth in Table 8, Section III(E). While State law does not stipulate whether the limitation of 70 percent is based on cost or market value, the Commission manages this limitation by the amount of exposure to equity on a market value basis. Therefore, if the exposure to equity investments exceeds 70 percent of the total market value of the Portfolio, the CIO is required to rebalance the Portfolio.

11. Managing Cost – In accordance with State law, the AIP addresses methods for managing the costs of RSIC's investment activities. RSIC strives to earn the highest risk-adjusted return on a net of fees basis and recognizes that cost is an important variable to consider. The Investment Team actively engages in an array of strategies to reduce the cost of the Portfolio, including thefollowing:

i. Increasing the initial investment size;

ii. Seeking aggregation discounts from firms with which RSIC has multiple investmentstrategies;

iii. Utilizing co-investments in private markets;

iv. Quantifying and monitoring the effectiveness of active implementation across public market asset classes; and

v. Requesting reductions to, or elimination of, management fees, as appropriate.

12. Risk:

i. All investments carry some degree of risk. The focus of RSIC's risk function is managing and monitoring these risks to ensure that the Portfolio's risks are appropriate and that the overall level of risk taken is consistent with meeting the Commission's investment objective. Key risk initiatives are:

a. Incorporating the Plan's liability structure into the investment decision process; and

b. Developing and refining tools to facilitate the incorporation of the Plan's liabilities into portfolio management.

ii. RSIC Staff monitors risk levels both in absolute terms, but also in relation to the Reference Policy benchmark established by the Commission's asset allocation. This is accomplished using a mix of proprietary and third-party systems and tools.

iii. At the Portfolio level, Staff will:

a. Maintain the Portfolio's asset allocation within the limits established by this policy;

b. Employ an appropriate level of diversification and adhere to the limits within this policy or as contracted with the manager;

c. Adhere to policies and procedures established by the Commission; and

d. Maintain adequate liquidity for benefit payments and capital calls.

iv. Staff provides the Commission with risk reporting as part of the Portfolio Performance Framework to ensure that risk remains within acceptable levels and to judge the value of portfolio structure and manager selection decisions on a risk adjusted basis.

13. Manager Monitoring Guidelines - RSIC Staff maintains an Ongoing Due Diligence Policy that outlines the manager monitoring requirements in detail. In summary, the Investment Team is required to perform periodic reviews of each active manager. These reviews contribute to the decision to either retain or terminate that manager. These reviews involve both quantitative andqualitative assessments in order to ensure that any decision is made fairly and consistently, and to avoid untimely or undisciplined decisions that may adversely impact returns. Additionally, the Investment Team reviews summaries of the audited financial statements, compliance certifications, and investmentfees on an annual basis. Compliance with the Ongoing Due Diligence Policy is reviewed annually through an Agreed Upon Procedures audit performed by an independent auditor.

14. Proxy Voting – (1) Shareholder proxy votes must be cast in a manner in keeping with fiduciary duty and in a manner that is consistent with the best interest of the trust fund, based on pecuniary factors, and most likely to maximize shareholder value over an appropriate investment horizon. Any engagement with a company regarding the exercise of shareholder proxy votes or the proposal of a proxy question must be based on pecuniary factors and for the purpose of maximizing shareholder value, except that RSIC may engage with a company to express opposition to the proposal of or the merits of a proxy question that does not have a pecuniary impact.

(2) To the extent that it is economically practicable, RSIC must retain the authority to exercise shareholder proxy rights for shares that are owned directly or indirectly. RSIC may retain a proxy firm or advisory service to assist it in exercising shareholder proxy rights, but only if the proxy advisor has a practice of and commits to follow proxy guidelines that are consistent with the requirements of item (1).

(3) RSIC may only allocate capital to a public equity investment strategy if the manager of the investment strategy has a practice of and commits in writing to meet the requirements of item (1), unless it is not economically practicable to do so, or it is necessary to avoid the concentration of assets with any one or more investment managers. For any public equity investment strategy for which the manager does not have a practice of and does not commit in writing to meet the requirements of item (1), a summary of the terms, fees, and performance of the investment must be included in RSIC's annual investment report and published in a conspicuous location on the RSIC's website.

(4) The Commission must annually review compliance with this section regarding the exercise of shareholder proxy rights. The Commission must review a report that summarizes the votes cast by or on the Commission's behalf or at the Commission's direction. The report must include a vote caption, RSIC's vote, the recommendation of company management, and the recommendation of any proxy advisor retained by RSIC. This report must be posted in a conspicuous location on the Commission's website.

(5) The Commission finds that the provisions of Section 9-16-30(G) of the South Carolina Code are intended to apply to public equity investments and are not intended to apply to private equity investments given the nature, structure, and characteristics of private equity investments.

B. Compliance

1. Placement Agent Policy – State law prohibits RSIC from making an investment where a placement agent receives compensation in connection with RSIC's investment. The Commission's Placement Agent Policy is set out in Section VIII.

2. Investment Manager Sourcing and Conflict Disclosure Policy – In order to enhance transparency and avoid even the appearance of impropriety, before an investment recommendation is made to the Commission or CIO, any Commissioner or RSIC staff member involved in the sourcing or due diligence of a new investment must disclose any conflict with the proposed investment.. Additionally, the CEO and CIO must disclose any conflict with any proposed investment.

3. Annual Certification and Ongoing Testing of Guideline Compliance – The Ongoing Due Diligence Policy requires each manager to annually certify its compliance with the contractually specified guidelines. These certifications are reviewed by RSIC's Compliance function and the Investment Team reviews summaries of the certifications. Compliance with the manager certification process is reviewed annually through an Agreed Upon Procedures Audit performed by an independent auditor. For public markets mandates which are governed by an Investment Management Agreement and custodied with the master custodial bank, automated reports are generated and reviewed on those mandates that can be monitored electronically.

C. Governance and Oversight

1. Performance Standards and Reporting - As noted above, State law requires that the AIP address the Commission's performance standards. The performance standards and benchmarks are described in Section III. In addition, RSIC receives monthly performance reports from the custody bank and the Commission receives quarterly performance reports prepared by RSIC's performance reporting staff and the general investment consultant. The performance reporting prepared by RSIC performance reporting staff must incorporate the Portfolio Performance Framework required in Section III.

2. Diversification – State law requires that the AIP address the topic of diversification, including sectors, issues and other allocations of assets that provide diversification in accordance with prudent investment standards. The Commission provides the CIO with parameters regarding its diversification objectives through the asset allocation, asset and sub-asset allocation ranges, and performance standards set out in Section III. The Portfolio Reporting Framework required in Section III also provides the Commission the ability to oversee the implementation of the long-term portfolio strategy, as well as the actual implementation of the Commission's diversification directives.

3. Procedures regarding consultants, managers, service providers selections and terminations

   i. Selection - State law requires that the AIP include procedures and policies for selecting, monitoring, compensating, and terminating investment consultants, equity investment managers, and other necessary professional service providers. Investment managers are primarily selected by the CIO, subject to the oversight of the CEO, pursuant to the Investment Authority Delegation Policy through an investment process that also complies with the Investment and Operational Due Diligence Polices. The CIO recommends to the Commission for its approval the selection of any manager of an investment that exceeds the limits of or falls into one of the exceptions to the investment delegation policy. Any investment recommended to the Commission for its approval must also comply with the Investment and Operational Due Diligence Policies. All other service provides are selected pursuant to the Commission's Service Provider Selection Policy which is included in the Commission's Governance Policies (RSIC Governance Policies can be found at: https://www.rsic.sc.gov/_documents/2017.07.14%20Governance%20Policy%20Manual.pdf.

ii. Compensation, Fees and Expenses – Service providers, including consultants and investment managers, will be compensated commensurate with the services provided and industry practices. The Commission will pursue cost savings through structural efficiencies and will strive for fee reductions through negotiations. Investment management fees are evaluated utilizing several metrics or tests. First, fees are examined relative to industry/peer standards. Second, when it reviews potential new mandates or restructurings of existing allocations, the investment staff assesses fees based on the cost relative to other implementation options. For example, in global public equities, the fees charged by active managers (as well as their expected performance and risk) are compared to other methods of obtaining similar market exposure, while in the private markets, fees (as well as expected performance and risk) are compared to public market implementation alternatives. Lastly, to the extent practicable, fees will also be evaluated based on an assessment of the manager's ability to generate excess returns. Investment Staff gathers actual fees and provides annual public disclosure of all fees paid to external managers. The Commission receives an annual report on the cost of its investment program from an independent expert and may also call upon its investment consultants for assistance in analyzing and addressing issues relating to investment fees. Operating expense applicable to internal investment operations and the general business of the RSIC are managed by the CEO within the parameters of the annual budget approved by the General Assembly.

iii. Term and Termination -The Commission or the CIO, as applicable, may terminate an investment manager whenever the Commission or CIO determines that its objectives can more efficiently or effectively be met by the selection of another manager or under a different management mandate. The Commission and CIO retain the right to terminate a manager with or without cause and at any time. It should be noted that termination rights may not apply to certain types of investment structures (e.g., typical private markets funds). Circumstances which suggest an immediate review and a possible termination include, but are not limited to, the following:

a. Manager changes strategy or investment style;

b. Critical elements of the investment process have deteriorated;

c. Transaction costs are unreasonable;

d. Management fees are higher than similarly styled managers for similarly sized portfolios;

e. Manager is unable to meet the performance expectations within the risk tolerance specified;

f. Material organizational or personnel changes;

g. Manager is not complying with the applicable provisions of the Commission's SIOP; and

h. Manager is not complying with the applicable provisions of the Commission's AIP.

4. Delegation of Authority to CIO - State law requires that the AIP and SIOP contain a detailed description of the delegation of final authority to invest made by the Commission. The Commission has delegated its final authority to invest to the CIO, subject to the oversight of the CEO, generally in the following amounts:

a. not to exceed 75 bps of plan value per investment for illiquid structures; and
b. not to exceed 200 bps of plan value per investment for liquid structures.

The Commission's full Investment Authority Delegation Policy is set out in Section VI.

5. Policies and Procedures to Adapt Portfolio to Market Contingencies - State law requires that the AIP include policies and procedures providing flexibility in responding to market contingencies. The ranges included with the Commission's asset and sub-asset class allocation ranges established in Section III provide the CIO with extensive flexibility to adapt the portfolio tomarket conditions. Similarly, the Commission's Investment Authority Delegation Policy provides the CIO the ability to adapt the Portfolio to changes in market conditions. To the extent that the CIO deems the scope of the authority delegated to the CIO insufficient, the CIO with the approval of the CEO may take action deemed necessary to protect the Portfolio in an extreme market environment. The CIO will promptly inform the Commission of any such actions.

6. Portfolio Rebalancing - The Commission delegates to the CIO or his designee the authority to execute manager and/or securities transactions to implement rebalancing, manage liquidity, or to otherwise manage exposures within the allowable ranges. As part of this delegation, the Commission expects the CIO to articulate, implement and provide reporting to the Commission regarding the Portfolio's rebalancing and exposure management activities as requested. A high-level summary of the rebalancing and exposure management guidelines include:

i. Portfolio exposure is reviewed on an ongoing (weekly and monthly) basis by Staff and the CIO to ensure that the Portfolio is within its allocation ranges and to identify appropriate actions necessary to maintain compliance and to provide for the Plan's liquidity needs.

ii. The goal of the rebalancing and exposure management activities is to implement the investment strategy at a reasonable cost within the targets and ranges established by the Commission, recognizing that constant rebalancing to the exact target may not be economically justifiable. The following guidelines are used:

a. Rebalancing is currently performed quarterly unless a case has been made ***not*** to rebalance. Potential rebalancing activity is flagged for consideration based upon exposure reporting that is updated by RSIC's performance reporting staff. Rebalancing the portfolio incurs costs (trading commissions, bid-ask spread, and market impact) which are taken into consideration when rebalancing the Portfolio;

b. When an asset class reaches its minimum or maximum allocation, Staff will initiate rebalancing transactions to keep allocations within the approved ranges. Otherwise, Staff must seek Commission approval to remain outside the range; and

Concentration risk with respect to significant reliance on any single external manageris reviewed regularly by Staff. Mitigation of performance, operational, headline/ reputational, or other fiduciary risks is typically achieved by maintaining a diversified allocation approach both within and across asset classes.

iii. RSIC Staff must balance the risks noted above with the economic benefits associated with a streamlined approach that uses fewer, larger allocations. Additional analyses of the costs and benefits of passive vs. active market exposure are an important input in these decisions.

D. Investment Manager Guidelines

1. General - In keeping with the responsibilities assigned to the CIO by State law and the Commission's Governance Policies, the Commission authorizes the CIO and his designees to develop and revise investment management guidelines for each internally and externally managed investment manager. In making this delegation, the Commission acknowledges that discretion in implementing the investment strategy, within the parameters of all applicable guidelines, will typically be granted to the Commission's investment managers. This discretion is usually limited to the selection of securities and the timing of transactions within the portion of the Portfolio allocated to each manager.

2. Funds of One - A Fund of One is an investment structure in which there is typically a majority investor in a specific vehicle or fund. The Commission or CIO as applicable may elect to use a Fund of One structure when the structure will have lower costs, customized exposure advantages, and/or other beneficial considerations. The CIO is responsible for the day-to-day investment responsibilities with respect to Funds of One, including providing affirmative or negative consentfor underlying investments, as required.

3. Pooled or Commingled Funds:

i. Commingled investment vehicles can often provide lower costs and better diversification than can be obtained with a separately managed account pursuing the same investment objectives.

ii. The Commission or CIO, as applicable, may structure a portfolio as a separate account that allows for the advantages of commingled vehicles, but with RSIC as the only investor. With international assets, commingled vehicles save the Commission from having to provide additional resources for currency and foreign custody issues as the manager will assume responsibility for these functions.

iii. If an investment mandate is structured through a commingled vehicle, the investment policies of that vehicle will be the legal governing policies of the investment of assets allocated to that vehicle.

4. Strategic Partnerships - The Commission may elect to establish Strategic Partnerships with certain asset managers who are believed to possess specific expertise, knowledge, and capabilitiesfor a

limited or broad range of investment strategies. The performance of each Strategic Partnership will be reviewed by the Commission periodically, with a more comprehensive reviewoccurring approximately every 3 to 5 years. The investment approval and evaluation process within the Strategic Partnership is similar to that followed for other investments, however, in addition to passing RSIC's internal process, the investment must also be approved by the investment committee of the strategic partnership.

5. Trade Execution - For all accounts, the Commission expects the purchase and sale of its securities to be conducted in a manner designed to receive the best combination of price and execution. The Commission may evaluate policies that provide for the most efficient and effectivetrading process. The compliance with investment guidelines must be monitored by the investmentmanagers on an ongoing basis and be based on then-current market values. Securities that, if purchased, would constitute a compliance violation may not be purchased. In the event of a compliance violation, the manager will be expected to promptly notify investment staff. If for some reason the manager does not believe that it is prudent to immediately bring the account back into compliance, the manager will be expected to present a justification as well as a proposalfor bringing the account composition back into compliance.

E. Compliance with Section 9-16-320 of South Carolina Code:

1. S.C. Code Section 9-16-320 requires the Commission to meet at least once each fiscal quarter for the purpose of reviewing the performance of investments, assessing compliance with the annual investment plan, and determining whether to amend the plan.

2. The Commission has adopted a strategic calendar that sets a meeting schedule of five meetings per year with a least one meeting every fiscal quarter. The strategic calendar also contains standing agenda items for each meeting to ensure compliance with this Section to include:

i. Quarterly Investment Performance Review – at each meeting the Commission receives a report and presentation on the quarterly, fiscal year to date, one, five, and ten-year plan investment performance. The quarterly performance reports and presentations are based on the Portfolio Performance Reporting Framework described in Section III and are designed to provide the Commission with the ability to judge the absolute value of performance as well as the relative performance between the benchmark portfolios and actual portfolio's performance. The Commission also receives risk reports to judge the absolute and relative risk of the of these portfolios.

ii. AIP Compliance Review – At each meeting the Commission receives reports detailing compliance with the Annual Investment Plan to include:

a. A review of the asset class exposures and sub-asset class components of the portfolio to ensure compliance with the allowable ranges contained in Section III, Table 8, and to ensure adequate diversification of the portfolio and that the portfolio is not concentrated in any one industry sector, market sector, or issuer;

b. A review of relevant progress towards any of the Strategic Initiatives in Section IV;

c. Any significant market contingencies and review of any responsive action that resulted in a decision not to rebalance the portfolio pursuant to Section V.C.6 or any action taken to protect the Portfolio which fell outside the allowable ranges in Section III, Table 8;

d. Action resulting in significant cost savings to the Portfolio;

e. Any material deviation from the general operational and investment policies, and

f. As part of an in-depth review of one of the Policy Portfolio asset classes at each meeting, a review of the asset class baseline and progress towards meeting the baseline.

iii. The Commission retains the authority to amend any portion of the AIP requirements at any meeting and is required to consider amendments proposed by the CIO at its April meeting. However, if the Commission does not act to amend the AIP at any other meeting, it should be presumed that it determined not to amend the plan.

F. General Provisions Related to Alternative Investments

1. South Carolina law, the Employee Retirement Income Security Act of 1974 (“ERISA”), and the Uniform Management of Public Employee Retirement Systems Act of 1997 (“UMPERSA”) each havesimilar or compatible, but not identical, definitions and responsibilities of fiduciaries with respect to managing and investing assets of retirement systems. For clarity and consistency, it is prudent forthe Commission to declare standards for interpretation of certain terms used in thesesources.

2. As relating to the use of alternative investment strategies, the “Plan Assets” of the Retirement System include the System’s ownership interest in the following entities (e.g., a share or a unit), but do not include the underlying assets owned by the entity itself:

i. a registered investment company;

ii. a registered security that is widely held and freely transferable;

iii. an entity in which “benefit plan investors” hold less than 25 percent of the equity interest asdefined and determined by ERISA §3(42);

iv. an “operating company” engaged in the production or sale of a product or service other than the investment of capital;

v. a “real estate operating company” or REOC (which actively manages and develops real estate consistent with U.S. Department of Labor ERISA regulations);

vi. a “venture capital operating company” or VCOC (which actively manages “venture capital investments” consistent with U.S. Department of Labor ERISA regulations); or

vii. a private investment partnership or offshore investment corporation the offering memorandum of which allows for the entity to take both long and short positions, use leverage and derivatives, and invest in many markets.

3. Whenever RSIC invests in an entity that does not hold Retirement System’s assets, the decision to invest in the entity will be subject, *inter alia*, to the South Carolina fiduciary rules andethics standards provided by state law, but the transactions engaged in by the entity generally will not be subject to the same rules.

4. RSIC will at times need to interpret statutes while implementing and administering the investment program. Whenever the South Carolina statutes are substantively similar to provisions of ERISA or UMPERSA, and to the extent practicable and consistent with South Carolina law and other principles of general application relating to public pension plans, RSIC intends to use (1) pertinent provisions of

ERISA; (2) interpretive rules and regulations of the U.S. Department of Labor relating to ERISA; and (3) the Reporter's official comments to UMPERSA for guidance.

VI. Investment Authority Delegation Policy

A. Pursuant to Section 9-16-330(B) of the 1976 Code, the Commission delegates to the CIO the final authority to invest subject to the oversight of the CEO and the requirements and limitations of this policy. The size of any one investment made pursuant to this policy is limited to the percentage of total plan assets that applies to the particular asset class to which the investment pertains as provided in Section C of this policy and subject to any other limitation the Commission may place on this authority at any given time. The value of total plan assets to which the percentage limitations apply must be the estimated total value of plan assets included in the most recent quarterly investment performance report prepared pursuant to Section 9-16-90(A) of the 1976 Code. For purposes of this policy, a co-investment made outside of a co-investment partnership (e.g., the GCM Co-Investment Partnership or a co-investment vehicle attached to a fund investment) is considered a separate and distinct investment from an investment in a commingled fund, fund of one structure, or an amount committed to a separately managed account and is separately subject to the limitations and requirements of this policy. Individual investments made in a separately managed account or a fund of one structure are not considered separate investments for purposes of this policy and are subject in aggregate to the limitations and requirements of this policy regardless of whether some degree of discretion is retained by staff regarding individual investments to be included in the applicable account.

B. The investment process for any investment made pursuant to this policy must adhere to RSIC's Due Diligence Guidelines and Policies. Notwithstanding the authority granted by this policy, an investment must be presented to the Commission for its approval if it meets any of the following criteria:

1. An investment into an asset class other than (i) an asset class or sub-asset class provided in Table 8, Section III of the Consolidated AIP/SIOP or (ii) Portable Alpha Hedge Funds;
2. The majority of the types of assets contemplated to underlie the investment have not been previously included in the investment portfolio;
3. The strategy to be employed by the investment manager is not substantially similar to an investment that has been previously subject to the Commission's investment due diligence process; or
4. The investment strategy, other than in publicly traded assets, has important direct connections to South Carolina residents, state policymakers, or South Carolina focused businesses, and/or a majority of the assets of the investments would be principally located in South Carolina.

C. 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. The size of an individual investment made pursuant this policy is subject to the following limitations provided for the asset class applicable to the investment:

1. Public Markets - 2% of the total value of plan assets, unless it is reasonable to believe that due to the particulars of the investment strategy that liquidating the investment would ordinarily require longer than ninety days and, in such case, the limit is 1% of the total value of plan assets, for:

i. Global Public Equity:
   a. Domestic,
   b. Developed Non-US,
   c. Emerging Market.
ii. Bonds:
   a. Core Bonds (IG),
   b. Inflation-linked (IG),
   c. Mixed Credit,
   d. Non-IG,
   e. EM Debt,
   f. Non-index (IG),
   g. Net Cash and Short Duration, and
iii. Portable Alpha Hedge Funds.

2. Publicly-Traded Real Estate - 1% of the total value of plan assets.

3. Private Markets - 75 bps of the total value of plan assets for:
   i. Private Equity,
   ii. Private Debt,
   iii. Private Real Assets,
      a. Real Estate, and
      b. Infrastructure.

D. Pursuant to Section 9-16-330(B)(2), the closing documentation of any investment made pursuant to this policy must include the CEO's certification that the investment conforms to the amount and extent of delegation provided by this policy.

E. The Commission must be informed of an investment made pursuant to this policy no later than three days following the closing of the investment. The notification must include an executive summary of the investment and provide access to any of the following documents relied upon by staff when making the investment:
   1. the investment due diligence report,
   2. the operational due diligence report,
   3. any memorandum and/or reports from the general or specialty consultant,
   4. the Internal Investment Committee action summary,
   5. the completeness check certification, and
   6. the final versions of pertinent legal documents, including the Investment contract, limited partnership agreement, the investment management agreement, as applicable, and/or other closing documents.

F. An investment made pursuant to this policy must be reviewed with the Commission at the next regularly scheduled Commission meeting.

G. Passively Managed Strategies (Public Markets) - The Commission believes that the use of indexed strategies in Public Equity and Bonds has been, and continues to be, an important tool of portfolio management. For Public Equity and Bonds, a decision to add or reduce indexed benchmark exposure is considered an implementation decision, rather than an investment decision, and is not subject to the limitations set forth in subsection C.1, and is rather subject to the asset class ranges provided in Section III, Table 8.

H. The CIO must provide the Commission with an updated proposed investment pipeline on a quarterly basis.

I. The delegation of the final authority to invest pursuant to this section includes the authority to terminate an investment manager as described in Section V.C.iii. The CIO must approve any termination of a manager made pursuant to this policy, subject to the oversight of the CEO. The CIO must provide a memorandum to the Commission summarizing his justification for terminating the manager within three days of terminating the manager. The CIO must provide a review of the termination to the Commission at the next Commission meeting.

J. The Commission will review this policy annually to ensure that it remains relevant and appropriate, or when there has been an amendment to state law relevant to any section of this policy, or a Commission approved change in the responsibilities, duties or operations of the Commission or its Committee generally, or as otherwise deemed appropriate by the Commission.

K. No provision of this policy shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision shall apply in all respects.

L. This policy was adopted by the Commission on September 28, 2017, subject to final approval by the Chair of the incorporation of certain amendments into the policy. The Chair issued final approval of the policy on October 23, 2017.

M. This policy was amended on December 2, 2021 and took effect on December 2, 2021.

N. This policy was further amended on _____, 2025, and took effect on July 1, 2025.

VII. SECURITIES LITIGATION POLICY ("POLICY")

A. Purpose and General Principles

a. The purpose of this Policy is to set forth the South Carolina Retirement System Investment Commission's[1] guidelines with respect to securities litigation. Interests in securities litigation matters will be managed as assets of the South Carolina Retirement Systems Group Trust (the "Trust") with the goal of enhancing the long-term value of the Trust.

b. The Commission acknowledges that it has a fiduciary duty to take reasonable actions to pursue and collect on legal claims held as an asset of the Trust. The Commission also recognizes that most, if not all, of the securities litigation claims in which the Trust may have an interest will be pursued by law firms from the class action bar regardless of whether RSIC takes an active role in the litigation.

c. This Policy outlines the Commission's procedures for monitoring the Trust's portfolio for potentially actionable losses, protecting the Trust's interests in litigation related to portfolio losses, and maximizing recoveries attainable by the Trust from such actionable losses.

d. This policy consists of four sections: 1) a section relating to asset recovery as passive class members in U.S.-based securities actions; 2) a section for litigation of securities listed on domestic exchanges where RSIC deems active participation is warranted; 3) a section for litigation of securities listed on foreign exchanges; and 4) a section related to the monitoring process for both foreign and domestic claims in which the Trust takes an active role.

B. Part One: Securities Litigation Policy for Filing Proofs of Claim ("Passive Participation")

a. Under U.S. federal law, securities class action lawsuits function as "opt-out" cases. This means that the Trust does not need to participate as a named party in order to recover its *pro rata* share of a class action recovery so long as the certified class claims include the losses incurred by the Trust. This type of participation is called Passive Participation. When notified of a class action settlement in which the Trust has suffered a loss, RSIC need only submit a timely and valid proof of claim in order to be included in any recovery.

b. The Trust's custodial bank, The Bank of New York Mellon ("BNY Mellon"), is responsible for completing and filing all proofs of claim, including the necessary supporting documents and information in every securities class action pending in the U.S. in which the Trust has a direct interest (i.e., for Trust assets that are custodied at BNY Mellon ("In-Bank Assets")). BNY Mellon is not responsible for filing proofs of claim for, or otherwise reporting on the management of, securities class action litigation for assets that are not custodied at BNY Mellon ("Out-of-Bank Assets").

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[1] "Commission" refers to the commission of eight members responsible for managing the South Carolina Retirement System Investment Commission, as specified in S.C. Code of Laws Ann. Section 9-16-315.

"South Carolina Retirement System Investment Commission" or "RSIC" refers to the agency established by South Carolina law for the purpose of investing and managing all assets held in trust for the participants and beneficiaries of the state's five separate defined benefit plans.

c. BNY Mellon’s claims filing responsibilities are set forth in more detail in the Service Level Description, dated July 21, 2019, between the Trust by and through RSIC and BNY Mellon (the “SLD”). The SLD outlines the process for: (i) identifying and reviewing all class action recoveries (whether by settlement or trial); (ii) providing timely notice of each settlement recovery to RSIC and the Commission; (ii) filing complete and accurate proofs of claim forms in a timely fashion on behalf of the Trust; (iv) providing quarterly reports outlining all claims filed on behalf of the Trust during the quarter; and (v) providing quarterly reports identifying all securities litigation proceeds recovered by the Trust directly or on its behalf. In the event of a claim involving securities that are not identified by a specific security identifier (e.g., CUSIP, ISIN, SEDOL, etc.), BNY Mellon will use commercially reasonable efforts to identify impacted securities recorded in BNY Mellon’s records relating to the security named in the documentation received. In the event that BNY Mellon is unable to file a claim on the Trust’s behalf (e.g., involving anti-trust claims), BNY Mellon, or in some cases a third party, will forward the relevant claim information to RSIC, and RSIC will utilize the services of third-party claims filing services that specialize in analyzing and filing such claims.

C. Part Two: Securities Litigation Policy for Securities Listed on a Domestic Exchange

a. While the Commission has a fiduciary obligation to take reasonable action to collect on legal claims held by the Trust, the Trust, acting by RSIC, may need to engage in active participation (“Active Participation”) on occasion. This type of participation involves serving as lead plaintiff in cases in the domestic exchange context. Active Participation in domestic securities class actions must be balanced with the Commission and RSIC’s primary obligation to maximize the investment returns of the Trust. This determination must also be weighed against the additional costs and burden on staff that may result by becoming lead plaintiff in a securities litigation case as well as the recognition that the Trust’s position as a lead plaintiff will not, in and of itself, entitle the Trust to any greater recovery.

b. **Authority to Seek Lead Plaintiff Designation:** Due to the time-sensitive nature of electing to seek a lead plaintiff designation and the Chief Executive Officer’s (“CEO”) statutory designation as the chief administrative officer of RSIC, the Commission, through this Policy, has delegated to the Executive Leadership Team the authority to elect to seek a lead plaintiff designation where appropriate, reasonable, and prudent to protect the interests of the Trust.

c. **Decision-Making Guidance for Active Participation:** The Executive Leadership Team will generally consider seeking lead plaintiff status (“Active Participation”) in a domestic class action when: (i) the Trust’s projected losses exceed $5 million U.S. Dollars (the “Loss Threshold”); or (ii) when the loss is substantial but less than the Loss Threshold and there are significant special factors justifying the Trust’s involvement. The determination of special factors will be made in the discretion of the Executive Leadership Team.

d. **Monitoring Procedures:** In addition to the reporting provided by BNY Mellon for class action litigation involving In-Bank Assets, the Trust may retain three or more securities litigation monitoring law firms (the “Firms”) to advise RSIC via periodic reporting of recently-filed class actions in which the Trust has sustained losses and which appear to have merit. The Firms will generally be engaged for up to five years, with the option to terminate earlier or renew for additional periods. Each of the Firms will provide reporting on at least a quarterly basis outlining all recently filed claims in which the Trust has sustained losses. Additionally, the Firms will submit written memos to RSIC on certain cases, including any cases exceeding the Loss Threshold, regarding the alleged facts of the case, the estimated losses, the Firm's view on the merits of the allegations, and a recommendation as to whether RSIC should seek a lead plaintiff position in the matter. RSIC Legal will perform an initial review of all reports and memos received from the Firms. Any reports or memos indicating a loss that exceeds the Loss Threshold will be forwarded to the CLO for further review. The CLO will review the reports and will follow up with the Firms that have provided the memorandum to get additional insight and information about potential claims exceeding the Loss Threshold ("Reviewable Claims") and will make additional inquiries or conduct additional research as needed.

e. After review by the CLO, the CLO will confer with the Executive Leadership Team regarding the merits of Reviewable Claims, including the projected losses incurred by the Trust, the specifics of the related investment(s), available staff resources, and the recommendations of the Firms regarding whether the Trust should seek a lead plaintiff position. Any decision to seek a lead plaintiff designation for a claim exceeding the Loss Threshold or based on special circumstances must be made by a unanimous vote of the Executive Leadership Team. The Executive Leadership Team will notify the Chair and Vice-Chair of the Commission about any decision to seek a lead plaintiff position and will update the Commission via reporting to the Commission's secure portal.

f. **Selection of Outside Counsel for Securities Litigation** If the Executive Leadership Team determines that it is prudent to hire one of the Firms or other legal counsel to represent the Trust in a securities litigation action to protect the assets of the Trust, all selection of counsel and retainer agreements shall be negotiated, executed, and monitored by the CEO with assistance from the CLO. The CEO may engage one of the Firms hired to monitor the Trust's portfolio, or the CEO may seek to engage other counsel after consultation with the CLO and notice and consultation with the Office of the South Carolina Attorney General, as required by S.C. Code Ann. Section 9-16-315(I). When RSIC first engages the Firms, RSIC will pre-negotiate a proposed engagement agreement for potential litigation, which must be approved by the CEO.

D. Part Three: Securities Litigation for Securities Listed on a Foreign Exchange

a. Due to the 2010 Supreme Court case, *Morrison v. National Australia Bank Ltd.*,[2] investors no longer have the protections of U.S. securities laws for securities that were purchased on a non-U.S. exchange. Unlike the U.S. class action process, foreign securities actions generally require investors to join as a named-plaintiff or "opt-in" at the commencement of the case in order to be entitled to a share of any recovery. This "opt-in" process requires affirmative decisions early in the process to join the lawsuit in order to participate in any recovery. In many cases, investors may be required to make these decisions before a foreign action is even filed.

[2] *Morrison v. National Australia Bank Ltd.,* 561 U.S. 247 (2010).

b. **Decision-Making Guidance for Active Management:** Because there is rarely an option for passive participation in foreign securities actions, the review for participation in these actions differs from those explained in Part Two of this Policy. The CLO will review notices of potential claims in foreign securities actions and will review recommendation memos received from the Firms or other sources in those cases where the loss threshold exceeds $1 million (the "Foreign Loss Threshold"). In foreign jurisdictions, various groups, including non-law firm litigation funding organizations, may act as a funding source for the litigation and work with a certain legal team to initiate litigation. In some cases, the group that first files a lawsuit may become a founding group ("Founding Group"). Founding Groups may impose differing terms and conditions in order to participate in a lawsuit. The CLO will review all available factors relating to participating in foreign actionsfor claims exceeding the Foreign Loss Threshold, including but not limited to: (i) the amount of the loss; (ii) the potential litigation fees; (iii) the litigation funding requirements; (iv) whether more than one litigation funding group is proposing participation; (v) the risk of adverse costs; (vi) the legal merits of the case; (vii) the contractual requirements for joining and/or bringing a claim; and (viii) the potential cost of staff's time. After reviewing the above factors and the documentation required to elect to participate in the applicable foreign jurisdiction, the CLO will make a recommendation to the CEO on whether to participate, and if applicable, which Founding Group to elect based on the most suitable contract terms available for the Trust. The CEO,after reviewing the CLO's recommendation, will elect (A) whether or not to pursue participation in foreign litigation that exceeds the Foreign Loss Threshold; and (B) which funding group to select based on the terms and legal requirements of each. The CLO, working with the Firm(s), as applicable, will negotiate the required documentation and retain the right to change a recommendation to participate if suitable contract terms cannot be negotiated with the Founding Group.

E. Part Four: Litigation Monitoring for Active Participation in Domestic and Foreign Litigation

a. The CEO, acting via the CLO, will monitor any pending domestic or foreign cases in which RSIC is actively participating. The CLO will request quarterly written status updates from any Firms representing RSIC in Active Participation cases. The CLO will actively participate in discussions with the Firms regarding any participation by RSIC Staff or document production needs. The CEO and CLO will be actively involved in settlement discussions for any domestic litigation action. The CLO will submit periodic updates to the CEO and the Commission regarding such cases. In accordance with the CEO's statutory authority as chief administrative officer of the Commission, the CEO retains the ultimate authority related to the direction of any class action litigation and/or settlement pursuant to this Policy. The CEO may consult the Commission on any matter related to the initiation of or conduct of any lawsuit pursuant to this Policy. The CEO shall have full authority to approve a proposed settlement of any litigation. In addition, the CEO shall have full authority to execute all contracts, legal documents, settlements, certifications, and authorizations required to pursue litigation authorized by the Executive Leadership Team.

F. The Commission shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.

VIII. Placement Agent Policy

A. Purpose. It is the intent of this Policy to comply with S.C. Code Ann. §9-16-100, which prohibits compensation being paid to a Placement Agent (as defined below) as a result of an investment by the Retirement System (as defined below).

B. Definitions. For purposes of this Policy, the following capitalized terms will have the defined meaning set forth below:

- **a.** Pursuant to §9-16-100(B), a "Placement Agent" means any individual directly or indirectly hired, engaged, or retained by, or serving for the benefit of or on behalf of an external manager or an investment fund managed by an external manager and who acts or has acted for compensation as a finder, solicitor, marketer, consultant, broker, or other intermediary in connection with making an investment with or investing in a fund managed by the external investment manager.
- **b.** "Placement Agent Policy Compliance Letter" means that letter which will be requested from prospective external investment management firms in accordance with the terms of this Policy.
- **c.** "Policy" means this Placement Agent Policy.
- **d.** "Retirement System" means the South Carolina Retirement Systems Group Trust.
- **e.** "RSIC" means the South Carolina Retirement System Investment Commission.

C. Procedure

- **a.** RSIC staff will inform prospective external investment management firms ("Investment Managers") as to the RSIC's Placement Agency Policy and statutory requirements as soon as practicable after RSIC staff begins the due diligence review of any potential investment. The RSIC staff member leading the due diligence review for the investment is responsible for sending written notice (paper, fax or email) to the Investment Manager requesting a Placement Agent Policy Compliance Letter. If a copy of this Policy has not already been provided to the Investment Manager, then this Policy will be made available to the Investment Manager prior to or at the time notice is given to the Investment Manager.
- **b.** The Placement Agent Policy Compliance Letter must be included in the RSIC investment Due Diligence Report packet.
- **c.** Investments will not be voted on by the Commission, Internal Investment Committee, or otherwise approved pursuant to RSIC policies, prior to receipt of the completed Placement Agent Policy Compliance Letter and confirmation from RSIC compliance staff that the letter is sufficient per Section G below.
- **d.** The following entities must complete the Placement Agent Policy Compliance Letter as outlined below:
  - **i.** Investment Managers that have a direct contractual investment management relationship with the RSIC or with an investment vehicle in which the RSIC is invested.
  - **ii.** Investment Managers that have an indirect contractual investment management relationship with the RSIC through an investment vehicle that invests in funds or other pooled investment vehicles or other assets.

D. Placement Agent Policy Compliance Letter. The Investment Manager will provide disclosure in the form of a letter addressing all requirements specified below:

  a. Certification that, in compliance with §9-16-100, no Placement Agent (as defined by State law) received, or will receive, compensation in connection with the RSIC making an investment with or investing in a fund managed by the Investment Manager.

  b. Representation that the Investment Manager has reviewed the applicable law and has not relied on the counsel or advice of RSIC or any employee, representative, agent or officer of RSIC regarding the interpretation and application of the applicable law.

  c. Representation that all information contained in the Placement Agent Policy Compliance Letter is true, correct, and complete in all material respects.

E. Open Records Law. RSIC may be required to disclose information in the Placement Agent Policy Compliance Letter under the South Carolina Freedom of Information Act.

F. Investments with Separate Account Investment Management Agreements ("IMAs"). If, after closing, the RSIC determines that the Placement Agent Policy Compliance Letter contains a material inaccuracy or omission, the RSIC will, to the fullest extent possible, seek the option, in its sole discretion and without liability to the Investment Manager or any third party, to terminate the IMA and to pursue all remedies that may otherwise be available to the RSIC without incurring any penalty under any agreement to which it is a party.

G. Investments in commingled investment structures (LPAs, LLCs, Trusts, etc.). The RSIC will endeavor to have provisions incorporated into the transaction documents for commingled investment structures which would permit the RSIC to take those actions described in the next sentence. If, after closing, the RSIC determines that the Placement Agent Policy Compliance Letter contains a material inaccuracy or omission, the RSIC will seek to obtain the option, in its sole discretion and without liability to the commingled investment structure, the General Partner or equivalent management entity, any other investor in the structure or third party, to cease making further capital contributions and/or direct payments to the investment and to pursue all remedies that may otherwise be available to the RSIC without being deemed to be a defaulting Limited Partner under the transaction documents and without incurring any other penalty under any agreement to which it is a party.

H. Review. RSIC's compliance staff will review Placement Agent Policy Compliance Letters and will determine whether each letter is sufficient. Any questions regarding the sufficiency of the letter will be referred to the RSIC legal department and will be reported to the CIO and applicable RSIC Staff.

I. Staff Contact. RSIC staff will provide notice about the prohibition in the state law to any party that contacts RSIC staff regarding a potential investment and appears to be acting in the role of a Placement Agent.

J. Obligation to Update. It is the Investment Manager's obligation to promptly inform RSIC staff of any material changes to a prior-filed Placement Agent Policy Compliance Letter, and to submit an updated Placement Agent Policy Compliance Letter where warranted prior to the RSIC's closing on an investment.

K. Review and History

- **a.** The Commission will review this policy at least every three years to ensure that it remains relevant and appropriate, or when there has been an amendment to state law relevant to any section of this policy, or a Commission approved change in the responsibilities, duties, or operations of the Commission or its committees generally, or as otherwise deemed appropriate by the Commission.
- **b.** No provision of this policy shall apply to the extent that it is in conflict with any provision of the Code of Laws of South Carolina, 1976, as amended. In the event of such conflict, the applicable Code provision shall apply in all respects.
- **c.** This policy was initially adopted on September 20, 2012.
- **d.** This policy was amended on June 22, 2017 and will take effect on July 1, 2017.

IX SUDAN DIVESTMENT POLICY

A. Background. The State of South Carolina has enacted a Sudan divestment law, codified at S.C. Code Ann. §9-16-55 ("Act"). The uncodified preamble to the Act notes that "[d]ivestment is a course of last resort that should be used sparingly and under extraordinary circumstances," but states that "the genocide occurring in the Sudan is reprehensible and abhorrent," warranting this type of legislative response. The Act, which applies solely to the South Carolina Retirement Systems Group Trust ("Group Trust") managed by the South Carolina Retirement System Investment Commission ("Commission" as the governing body, "RSIC" as the agency), sets forth various criteria that are to be considered by the Commission in making the determinations required by the Act.

B. Purpose. The purpose of this Sudan Divestment Policy ("Policy") is to document the manner in which the Act is administered. The Commission has the exclusive authority to invest and manage the assets of the Group Trust pursuant to S.C. Code Ann. §9-16-20. The Commission also has the fiduciary duty to manage the assets of the Group Trust solely in the interests of the retirement systems, participants, and beneficiaries. The Commission must discharge these responsibilities in a manner consistent with all applicable statutes, regulations, and policies, including the Act.

C. Definitions. The Act utilizes the following defined terms:

- **a.** "Active Business Operations" means a Company engaged in Business Operations that provide revenue to the Government of Sudan or a Company engaged in Oil-Related Activities.
- **b.** "Business Operations" means maintaining, selling, or leasing equipment, facilities, personnel, or any other apparatus of business or commerce in Sudan, including the ownership or possession of real or personal property located in Sudan.
- **c.** "Company" means a sole proprietorship, organization, association, corporation, partnership, venture, or other entity, its subsidiary or affiliate that exists for profit-making purposes or to otherwise secure economic advantage. "Company" also means a Company owned or controlled, either directly or indirectly, by the Government of Sudan, that is established or organized under the laws of or has its principal place of business in the Sudan.
- **d.** "Government of Sudan" means the Government of Sudan or its instrumentalities as further defined in the Darfur Peace and Accountability Act of 2006.
- **e.** "Investment" means the purchase, ownership, or control of stock of a Company, association, or corporation, the capital stock of a mutual water Company or corporation, bonds issued by the government or a political subdivision of Sudan, corporate bonds, or other debt instruments issued by a Company.
- **f.** "Military Equipment" means weapons, arms, or military defense supplies.
- **g.** "Oil-Related Activities" means, but is not limited to, the export of oil, extracting or producing oil, exploration for oil, or the construction or maintenance of a pipeline, refinery, or other oil field infrastructure.
- **h.** "Public Employee Retirement Funds" means those assets as defined in §9-16-10(1).
- **i.** "Scrutinized Companies" means any of the following:

i. The Company is engaged in Active Business Operations in Sudan; and
ii. The Company is engaged in Oil-Related Activities or energy or power-related operations, or contracts with another Company with Business Operations in the oil, energy, and power sectors of Sudan, and the Company has failed to take Substantial Action related to the Government of Sudan because of the Darfur genocide; or
iii. The Company has demonstrated complicity in the Darfur genocide.
iv. The Company is not engaged in Oil-Related Activities and lacks significant Business Operations in the eastern, southern, and western regions of Sudan; and
v. The Company is engaged in Oil-Related Activities or energy or power-related operations, or contracts with another Company with Business Operations in the oil, energy, and power sectors of Sudan, and the Company has failed to take Substantial Action related to the Government of Sudan because of the Darfur genocide; or
vi. The Company has demonstrated complicity in the Darfur genocide.
vii. The Company supplies Military Equipment within the borders of Sudan.[3]

j. "State" means the State of South Carolina.

k. "Substantial Action" means a boycott of the Government of Sudan, curtailing business in Sudan until that time described in Section I of this Policy, selling Company assets, equipment, or real and personal property located in Sudan, or undertaking significant humanitarian efforts in the eastern, southern, or western regions of Sudan.

l. "Sudan" means the Republic of the Sudan, a territory under the administration or control of the Government of Sudan, including, but not limited to, the Darfur region, or an individual, Company, or public agency located in Khartoum, northern Sudan, or the Nile River Valley that supports the Republic of the Sudan.

D. Identification of Companies

a. Identifying Scrutinized Companies. RSIC Staff ("Staff") has engaged the services of a specialized research firm ("Advisor") to (i) identify companies doing business in Sudan, as defined in the Act, and (ii) provide Staff with a list of such Scrutinized Companies ("Scrutinized Companies List").

b. Updates to Scrutinized Companies List. Staff shall ensure that the Scrutinized Companies List is updated on or about January 1 and July 1 of each year.

E. Engagement

a. Determining Scrutinized Status. For each Company identified by the Advisor pursuant to Section D of this Policy, RSIC (either via Staff or the Advisor) shall send a written notice informing the Company that it may become subject to divestment by RSIC. The notice

[3] If a Company provides equipment within the borders of Sudan that may be readily used for military purposes, including but not limited to, radar systems and military-grade transport vehicles, there is a strong presumption against investing in the Company unless that Company implements safeguards to prevent the use of that equipment for military purposes.

shall offer the Company the opportunity to clarify its Sudan-related activities within 90 days in order to avoid qualifying for potential divestment.

b. Compliance. If, following RSIC's notification (either via Staff or the Advisor) to a Company pursuant to Section E. a. of this Policy, that Company ceases the activities that caused the Company to be added to the Scrutinized Companies List, as determined by the Advisor, the Company shall be removed from the Scrutinized Companies List, and the provisions of this Section E shall cease to apply to the Company unless it resumes the activities that caused the Company to be added to the Scrutinized Companies List.

F. Determinations to be made by the Chief Investment Officer

a. Delegation to the Chief Investment Officer. The Commission has delegated authority to the Chief Investment Officer ("CIO") to, in consultation with RSIC's Chief Executive Officer, make the determinations required under the Act and to take actions necessary to implement this Policy.

b. General. If, following RSIC's engagement with a Company pursuant to Section E. a. of this Policy, the Company continues to be a Scrutinized Company, Staff will present the CIO with detailed information gathered from the Advisor, affected investment managers, and others regarding the Company, its Business Operations, the Group Trust's holdings, and any other information required by the Act and this Policy. The CIO will make determinations as to (i) whether Staff should sell, redeem, divest, or withdraw the Group Trust's interests in the Company, and (ii) the timing of any such sale, redemption, divestment, or withdrawal. The CIO will also make the determinations described in Section I of this Policy.

G. Prohibition. RSIC shall not use Public Employee Retirement Funds to acquire new Investments in Companies on the Scrutinized Companies List, except as provided in this Policy.

H. Permissible Investments under the Act

a. The Act does not apply to the following types of Investments:

i. Investments in a Company that is primarily engaged in supplying goods or services intended to relieve human suffering in Sudan;

ii. Investments in a Company that promotes health, education, journalistic, or religious activities in or welfare in the western, eastern, or southern regions of Sudan;

iii. Investments in a United States Company that is authorized by the federal government to have Business Operations in Sudan; and

iv. Investments that constitute indirect beneficial ownership through index funds, commingled funds, limited partnerships, derivative instruments, or the like.

b. In developing the Scrutinized Companies List, the Advisor shall determine, in good faith and with due professional care, whether any of the foregoing exemptions and exclusions set forth in the Act apply.

I. Determinations required to be made by the CIO pursuant to §9-16-55(D)(1). The Act states that nothing in the Act "requires the [C]ommission to take action as described in [the Act] unless the

[C]ommission determines, in good faith, that the action described in [the Act] is consistent with the fiduciary responsibilities of the [C]ommission as described in [Title 9, Chapter 16 of the Code]and there are appropriated funds of the State to absorb the expenses of the [C]ommission to implement this [Act].” §9-16-55(D)(1). Accordingly, whenever the CIO is asked to consider taking action under the terms of the Act or this Policy, Staff will assist the CIO in making the determinations required to be made as described in this Section.

J. Reporting. Staff shall, following the close of RSIC’s fiscal year, prepare a formal report to the Commission regarding actions taken pursuant to the Act. RSIC shall also publish the report. The report shall include all of the following information with respect to the previous fiscal year:

- **a.** The Scrutinized Companies List;
- **b.** A list of all Companies added to or removed from the Scrutinized Companies List;
- **c.** A summary of correspondence with Companies engaged by RSIC under the Act;
- **d.** A list of all Companies that RSIC will continue to engage concerning their Business Operations in Sudan;
- **e.** A summary of all Investments sold, redeemed, divested, or withdrawn under the Act; and
- **f.** A list of all Investments that were retained by RSIC pursuant to a determination by the CIO as set forth in Section I.

K. Expiration. The restrictions in the Act shall apply only until:

- **a.** The Government of Sudan halts the genocide in Darfur for twelve months as determined by both the Department of State and the Congress of the United States; or
- **b.** The United States revokes its current sanctions against Sudan.

L. Indemnification. The Act provides that present and former board members, officers, and employees of the State Fiscal Accountability Authority, present, future, and former directors, officers, and employees of the South Carolina Public Employee Benefit Authority, the Commission, and contract investment managers retained by the Commission must be indemnified from the general fund of the State and held harmless by the State from all claims, demands, suits, actions, damages, judgments, costs, charges, and expenses, including court costs and attorney’s fees, and against all liability, losses, and damages of any nature whatsoever that these present, future, or former board members, officers, employees, or contract investment managers shall or may at any time sustain by reason of any decision to restrict, reduce, or eliminate Investments pursuant to the Act.

X.
LONG-TERM ANNUALIZED RETURN AND VOLATILITY EXPECTATIONS (VERUS 2025)

XI.
Asset Allocation History

The following is included in the AIP/SIOP to memorialize the major strategic asset allocation changes the Commission made in 2020 as the result of a one-year review over the course of Fiscal Year 2019-2020. This review yielded two important outcomes: (1) a shift from a complex strategic asset allocation comprised of eighteen asset classes with target weights to a simplified asset allocation comprised of five asset classes with target weights, and (2) instilling a discipline of only conducting a comprehensive strategic asset allocation review once every five years. The Commission believes that it is important to maintain the history of this asset allocation review as part of the AIP/SIOP to preserve the reasoning and lessons learned as part of the Commission's institutional memory.

The Commission undertook a comprehensive strategic asset allocation review of the then-existing Policy Portfolio in early 2019 which led to the Commission adopting a streamlined strategic asset allocation in April 2020. At the time the Commission began the 2019-2020 strategic asset allocation review, the Policy Portfolio was comprised of eighteen separate asset classeswith twenty-one different benchmarks. Many of the asset classes had small target weights – several with less than three percent.

Both the CIO and the Investment Consultant expressed concern that thePolicy Portfolio was over-diversified and required a high level of complexity to exist in the Actual Portfolio without a clear improvement in risk or return. The Commission found this to be inconsistent with its investment belief that investors must be rewarded for incurring additional risk, cost, and complexity.The Commission also believed that the existing Policy Portfolio established the wrong balancebetween its role as setting the strategic direction of the investment program and investment staff's role in implementing the portfolio. As a result, the Commission determined that a more consolidatedPolicy Portfolio was in order which valued simplicity and required complexity in the Actual Portfolio to prove its value. The Commission determined that key to this effort was developing a series of benchmarks that would collectively form a Portfolio Performance Framework to clearly determine the value of investment decisions.

Reference Portfolio

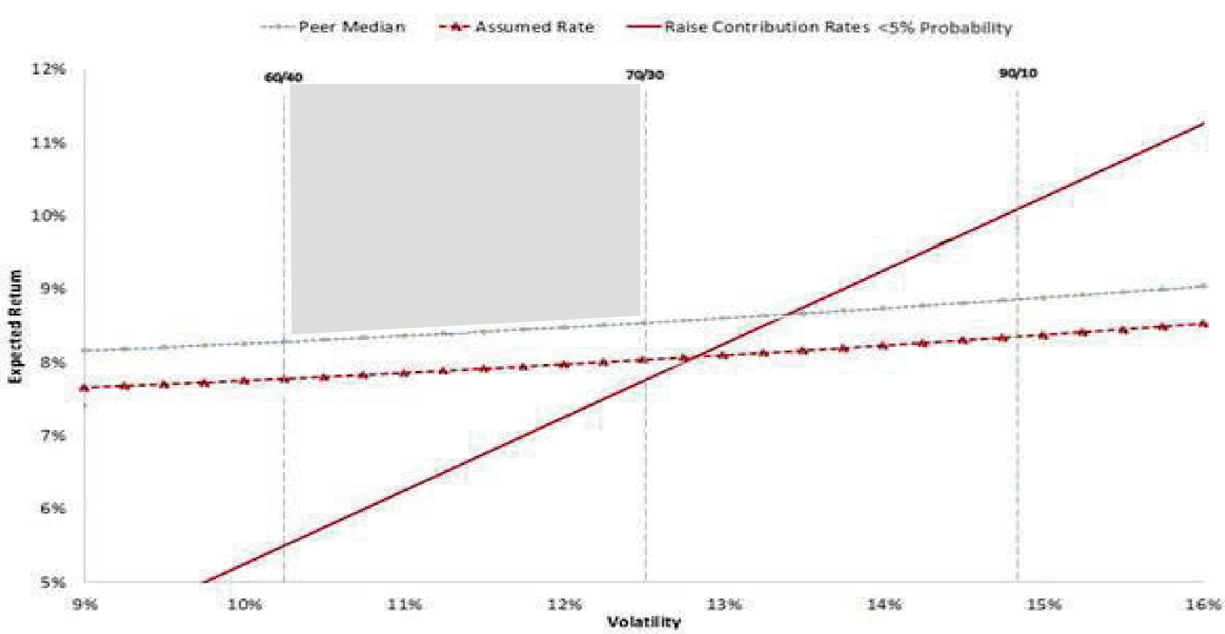
The Commission decided that it would begin the development of this framework by setting a Reference Portfolio. The Reference Portfolio would be a simple two asset class benchmark portfolio comprised of stocks and bonds. The point of the Reference Portfolio was not to limit the portfolio to a simple mix of stocks and bonds, but rather to set a risk reference for establishing the Policy Portfolio. Although the intent was for the Reference Portfolio's risk to represent that of the Policy Portfolio, the Reference Portfolio would not serve as a risk limit for the Policy Portfolio, but rather a barometer to measure the value over time of diversifying into a multi-asset class portfolio.

The Commission attempted to set the allocation of the Reference Portfolio to one consistent with a portfolio that most closely expressed the risk required to earn a return that was expected to exceed the then assumed annual rate of return while also avoiding a greater than 5 percent probability of requiring additional contributions increases in the next ten years (other plan risks were also contemplated but would also be avoided because these risks would either fall along the same line or to the right of the red risk line represented in Table 3 below). In setting the Reference Portfolio, the

Commission was mindful that South Carolina law provides that no more than seventy percent of the portfolio may be invested in equities. The law does not limit the types of assets that could make up the other thirty percent of the portfolio, which could conceivably include assets like high yield bonds which have an embedded equity risk factor. However, the Commission believed it was prudent to constrain the Reference Portfolio to no more than seventy percent equity risk, as expressed by a seventy percent allocation to equities, and to mitigate the equity risk with a thirty percent allocation to bonds.

The Commission considered the appropriate Reference Portfolio at its April and June 2019 meetings. The Commission determined that a 70 percent Global Public Equities (*MSCI ACWI IMI Net*) and 30 percent Bonds (*Bloomberg Barclays Aggregate*) portfolio best represented the volatility of a diversified portfolio of assets that would be expected to earn a return that exceeds the assumed annual rate of return over time while also avoiding a greater than 5 percent probability of requiring additional contributions increases in the next ten years. The Commission reached consensus on this allocation as the Reference Portfolio Benchmark. In reaching this consensus, the Commission accepted that a Reference Portfolio with a risk level associated with a seventy percent allocation to equities was prudently necessary to meet its investment objective.

Table 1



Policy Portfolio

After reaching consensus on the Reference Portfolio in June 2019, the Commission then began establishing a Policy Portfolio that would serve as the Commission's long-term strategic asset allocation. The Policy Portfolio would be a multi-asset class portfolio with similar expected volatility as the Reference Portfolio. The Policy Portfolio would be expected to consolidate the then existing eighteen asset class Policy Portfolio into a more simplified allocation without substantially impacting the expected return, but with a similar level of risk as the Reference Portfolio. The purpose of setting the Policy Portfolio's risk target to that of the Reference Portfolio was to reveal the performance impact gained through diversification.

However, unlike the Reference Portfolio, the Policy Portfolio would be a portfolio that could be held and, in any respect, would serve as the gravitational pull to a more simplified Actual Portfolio.

The Commission considered the transition to a more simplified Policy Portfolio at its April and June 2019 meetings and reached consensus on the transition to the simplified target allocation in Table 2 below.

Table 2

Legacy Asset Allocation	
Nominal IG Bonds	6
Treasuries	5
TIPS	2
Mixed Credit	4
EM Debt	4
Private Debt	7
US Equity	18
Developed Int'l Equity	11
EM Equity	6
Equity Options	7
Private Equity	9
Real Estate (Public)	1
Real Estate (Private)	8
Infrastructure (Public)	1
Infrastructure (Private)	2
PA Hedge Funds	10
GTAA	7
Other Opportunistic	1

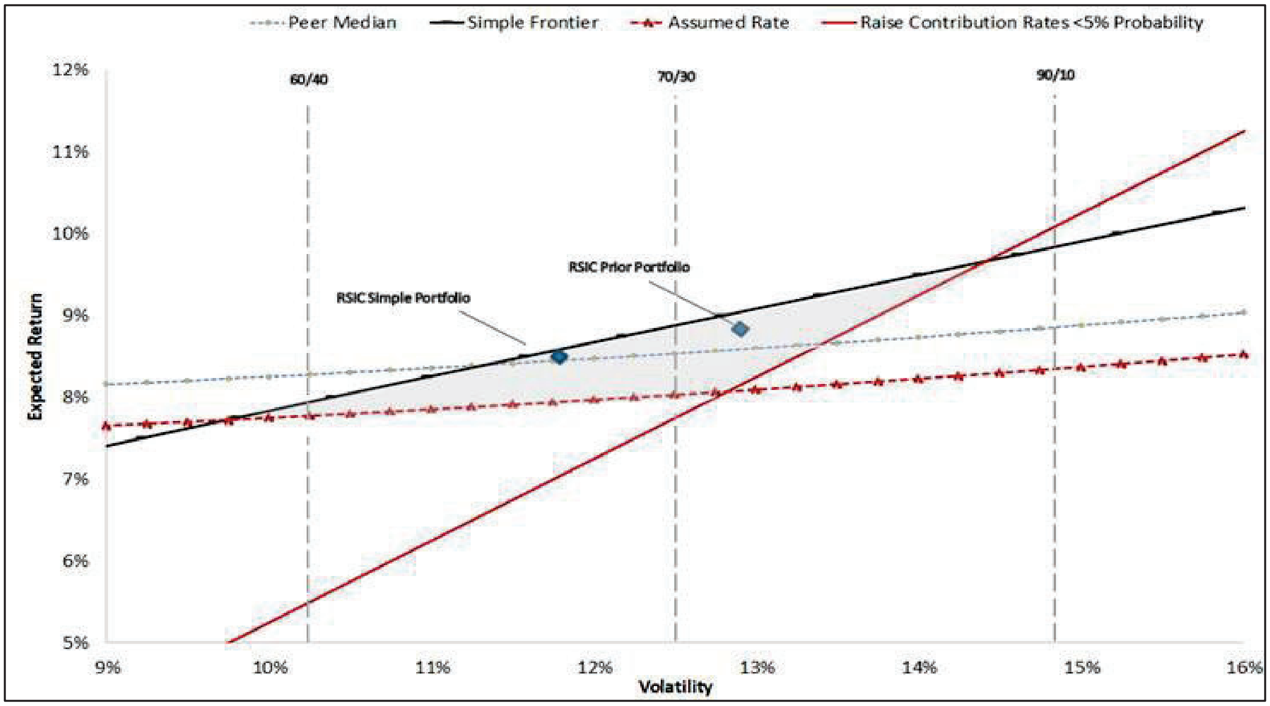
2020 Asset Allocation	
Bonds	26
Private Debt	7
Global Equity	46
Private Equity	9
Real Assets	12

The Commission also analyzed whether the Policy Portfolio would meet the Commission's long-term investment objective in that it would likely exceed the assumed rate of return and avoid risks particular to the Plan including not meeting the General Assembly's funded status objectives and avoiding a significant probability of requiring additional contribution increases. This analysis was based on the Investment Consultant's 2019 Capital Market Expectations.

As demonstrated in Table 3[2,] the Policy Portfolio would be expected to:

1. exceed the assumed rate of return,
2. compare favorably to the simple frontier[3],
3. compare favorably to the risk of the Reference Portfolio Benchmark; and
4. experience a less than 5 percent probability of requiring additional contributions increases in the next ten years (again other plan risks were also contemplated but would also be avoided because these risks would either fall along the same line or to the right of the risk line represented on the table).

Table 3



In reaching consensus on the asset allocation, the Commission also considered what role each asset class would play in the overall portfolio with each asset class performing the primary role of growth, diversification, or yield:

Public Equity: This asset class includes investments in the stock of publicly traded companies. The purposeof public equity in the portfolio is growth. The excess return expectations for this asset class are low. The asset class is highly liquid and can be accessed with minimal implementation cost.

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[2] Although the Investment Consultant's long-term capital market expectations were based on projected asset class returns over twenty years, the Reference and Policy Portfolios' risk and return were calculated using these expectations to produce thirty-year results.

[3] The simple or efficient frontier comprises investment portfolios that offer the highest expected return for a specific level of risk. In this case, the investment portfolios along the simple frontier are limited to a mix of the five asset classes from the simplified portfolio shown in Table 4.

Bonds: This asset class includes investments in debt securities issued by governments, corporations, or other issuers. The primary purpose of bonds in the portfolio is diversification and the secondary purpose is to provide yield. The excess return expectations for this asset class are low and the asset class is expected to provide a persistent source of return while remaining highly liquid. Bonds are expected to serve a stabilizing function in times of market stress.

Private Equity: This asset class includes equity investments in privately held companies. Investors have historically been compensated with incremental return over comparable public equity investments in exchange for lower liquidity and increased business risk as compared to the public markets. The primary role of private equity in the overall portfolio is growth with an expected long-term return that exceeds public equity. The excess returns of this asset class are a source of magnitude of return for the portfolio the value of which is expected to exceed the higher cost of implementation as compared to public equity.

Private Debt: This asset class includes investments that provide alternative financing to businesses or assets and are in competition with traditional capital market or bank financing. Investors are compensated with incremental return over what can be achieved through traditional forms of lending in exchange for lower liquidity as compared to liquid credit markets and for serving as a solutions provider to these businesses. The primary role of this asset class in the portfolio is yield. The expectations for the consistency of return above what can be achieved through bonds or the liquid credit markets is high.

Real Assets: This asset class includes investments in physical assets like real property and infrastructure, as opposed to financial assets like stocks and bonds. The primary role of this asset class is diversification with the secondary purposes of providing inflation protection and yield. Although the expected liquidity for this asset class is low, the expectations for excess return are high.

Table 4

	Public Equity	Private Equity	Bonds	Private Debt	Real Assets
Primary role in portfolio (asset allocation)	Growth	Growth	Diversification	Yield	Diversification
Secondary role in portfolio (asset allocation)			Yield		Yield
Return expectation (20Y benchmark return)	High	> Public Equity	Low	> Bonds	Moderate
Alpha expectation where active: magnitude vs. cost	Low	High	Moderate	Moderate	Moderate
Consistency of excess return	Low	Moderate	Moderate	High	High
Expected liquidity	Very high	Very Low	Very high	Low	Low
RSIC Target Portfolio Expected Cost	Low	High	Low	Moderate	Moderate

The Commission believed that this change in approach to a five asset-class Policy Portfolio shifted the paradigm to one which values simplicity and holds a more complex portfolio accountable for improving risk-adjusted returns. A crucial component to ensure this accountability was having the appropriate benchmarks for the Policy Portfolio. The Commission was guided by the CFA Institute's recommendationsthat benchmarks are (i) specified in advance, (ii) appropriate, (iii) measurable, (iv) unambiguous, (v) reflective of investment options, (vi) owned, and (vii) investable. At its September 2019 meeting, the Commission reached consensus on the benchmarks in Table 5 for the Policy Portfolio.

Table 5

Asset Class	Benchmark[4]
Public Equity	*MSCI ACWI IMI Net*
Bonds	*Bloomberg Barclays Aggregate*
Private Equity	*Burgiss Private Equity*
Private Debt	*S&P LSTA +150 bps*
Real Assets	*NCREIF ODCE Net*

[4] *The Private Equity and Private Debt portfolios and benchmarks will be reported on a 3-month lag. MSCI ACWI IMI Net - Morgan Stanley Capital International All Country World Index Investable Market Index; S&P LSTA -Standard & Poor's Loan Syndication and Trading; and NCREIF ODCE – National Council of Real Estate Investment Fiduciaries Open End Diversified Core Equity.*

Based on the 2019 Capital Market Expectations provided by the Commission's Investment Consultant that the Commission utilized when reaching consensus on the Policy Portfolio, the Policy Portfolio would have been expected to achieve a twenty-year annualized rate of return of a 7.83 percent with an expected volatility of 11.69 percent. The portfolio would have been expected to have a 58.41 percent probability of earning a twenty-year annualized rate of return that met or exceeded the then assumed rate of return of 7.25 percent.

Implementation

The Commission recognized that the CIO and investment staff may add value by structuring the Actual Portfolio in a manner that deviates from the Policy Portfolio target weights or may also pursue a strategy that causes the composition of an asset class to differ from the policy benchmark. As a result, the Commission provided the CIO and the investment staff with the discretion to structure the portfolio within the asset class and sub-asset class ranges in Table 6. In order to measure the risk and return impact of theseportfolio structure decisions, the Commission designed an Implementation Portfolio Benchmark that aggregates the underlying benchmarks of each asset class and sub-asset class strategy according to their actual weights. Providing this discretion while establishing a structure that measures the value of these decisions also set the right balance of accountability for Commission decisions and those of the CIO and investment staff.

Table 6

Asset Class	Target	Range	
Public Equity	46%	30%	60%
Domestic	Index	Index +/- 6%	
Developed Non-US	Index	Index +/- 6%	
Emerging Market	Index	Index +/- 4%	
Equity Options	0%	0%	7%
Bonds	26%	10%	35%
Core Bonds (IG)	26%	10%	35%
Inflation-linked (IG)	0%	0%	5%
Mixed Credit (non-IG)	0%	0%	8%
EM Debt	0%	0%	6%
Net Cash/Short Duration	0%	0%	7%
Private Equity	9%	5%	13%
Private Debt	7%	3%	11%
Real Assets	12%	6%	18%
Real Estate	9%	5%	13%
Infrastructure	3%	0%	5%

Despite changes in market conditions and fluctuations in capital market expectations, the Commission adhered to the discipline of only comprehensively reviewing the strategic asset allocation once every five years and made no material change the asset allocation or other provisions of this section in the intervening time-period. The Commission conducted its first subsequent strategic asset allocation review in Fiscal Year 2024-2025.

XII.
TABLES 1 AND 2 (PRIOR YEAR VERSIONS)

TABLE 1 (2022)

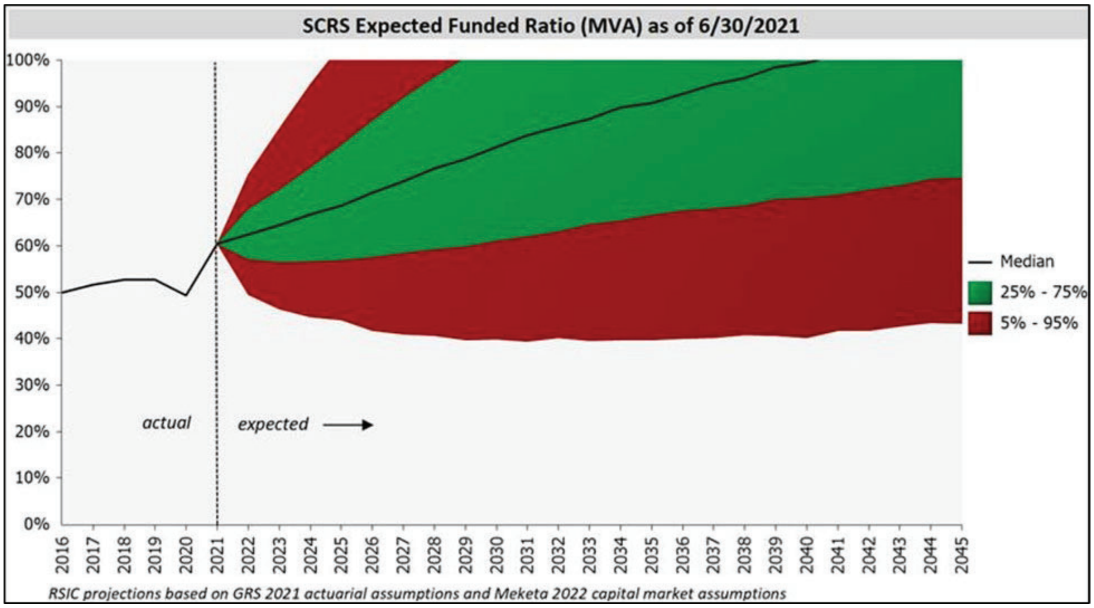


TABLE 1 (2021)

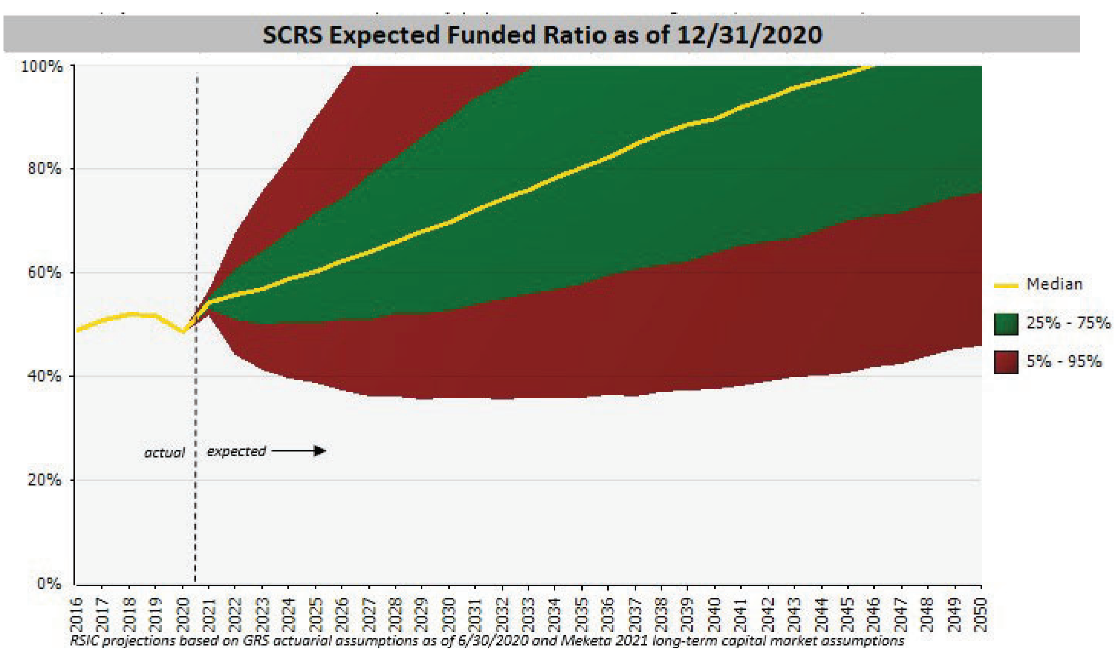


TABLE 1 (2020)

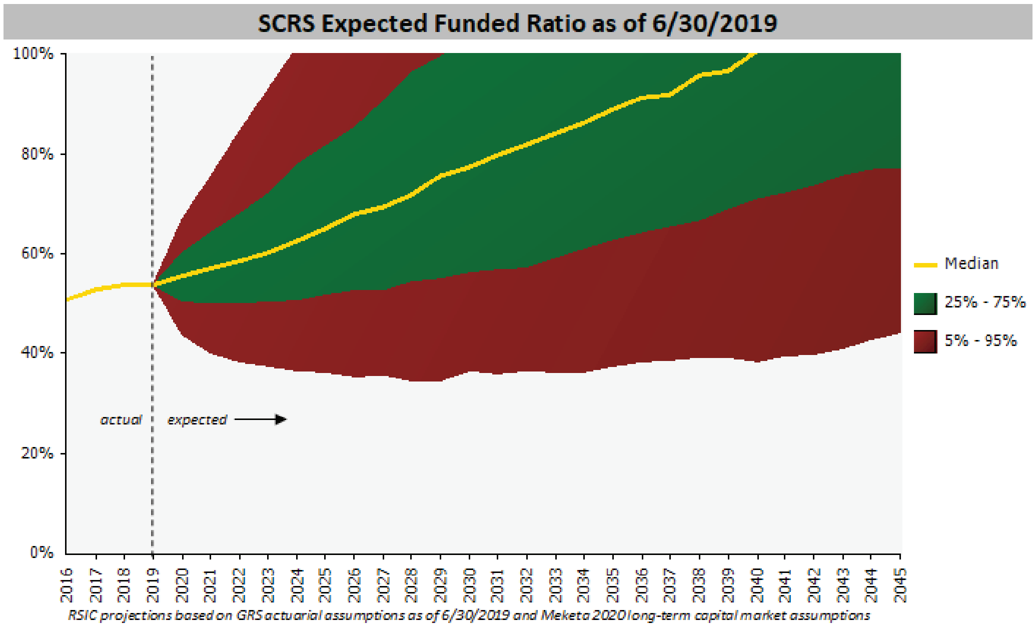


TABLE 2 (2022)

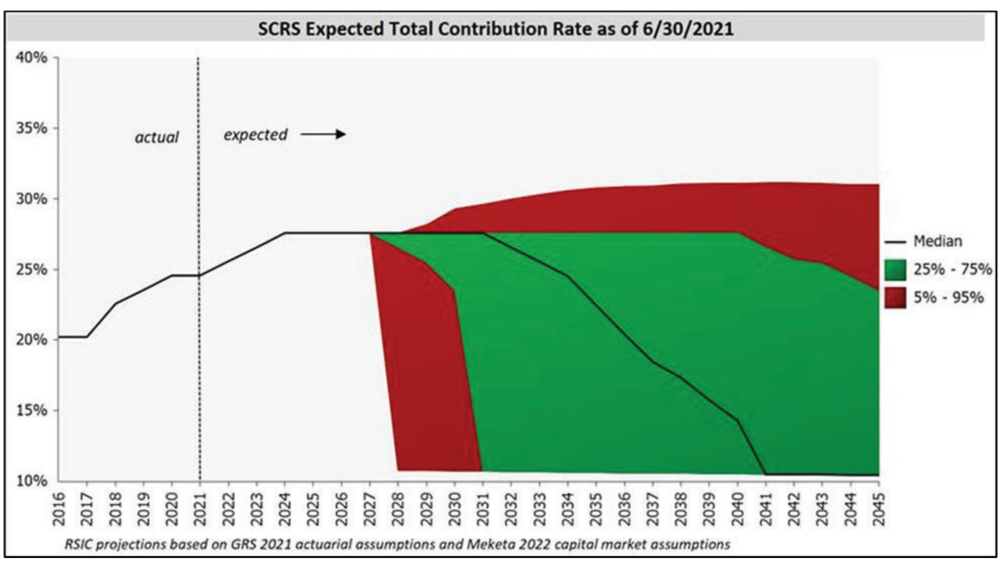


TABLE 2 (2021)

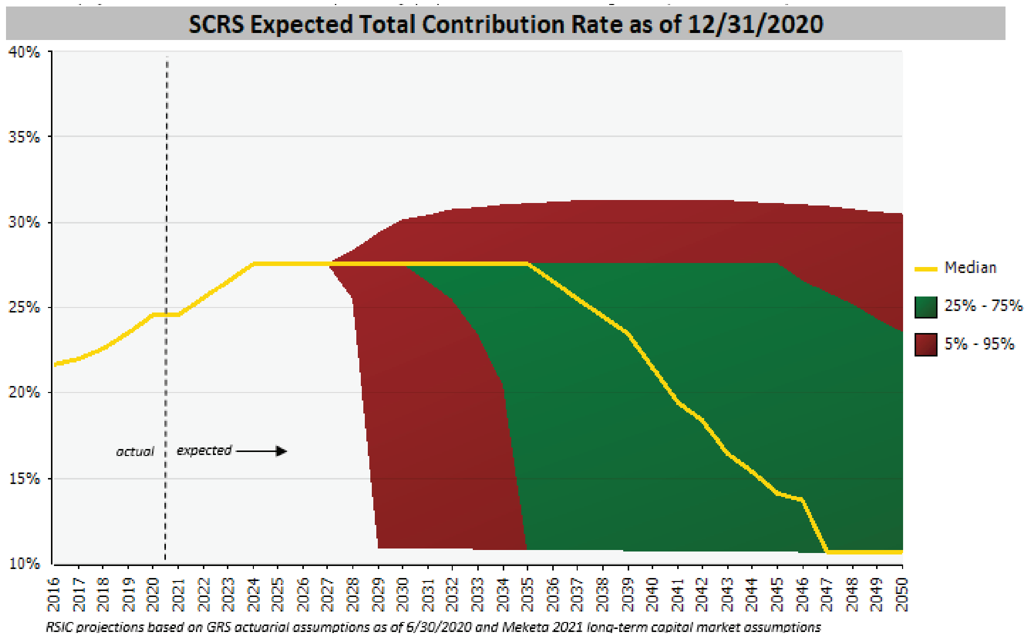
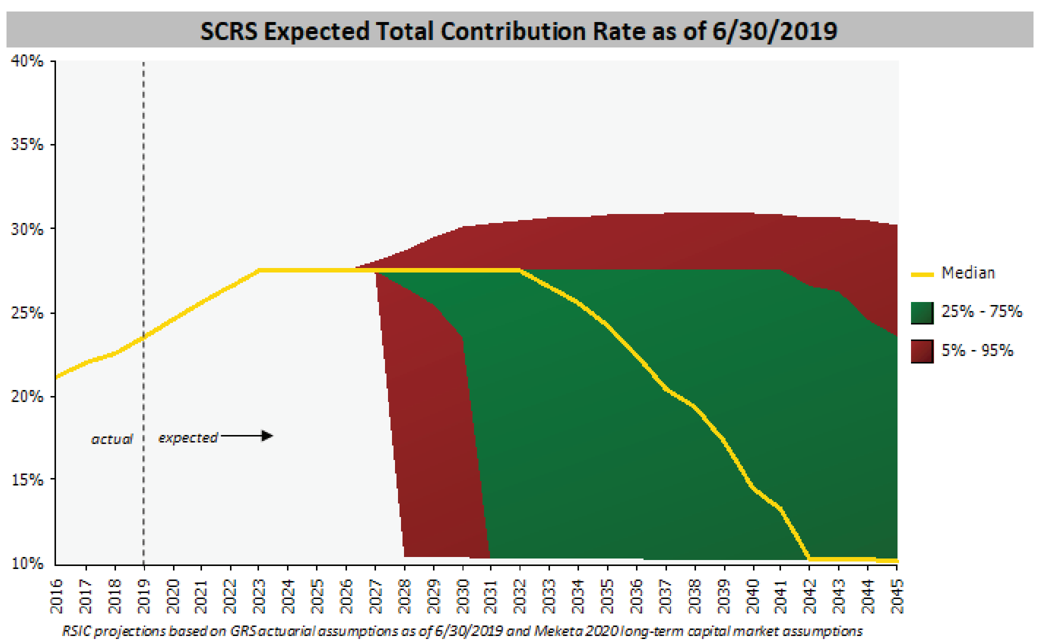


TABLE 2 (2020)



RSIC Performance Analysis

Data as of 12-31-2024

Key Takeaways

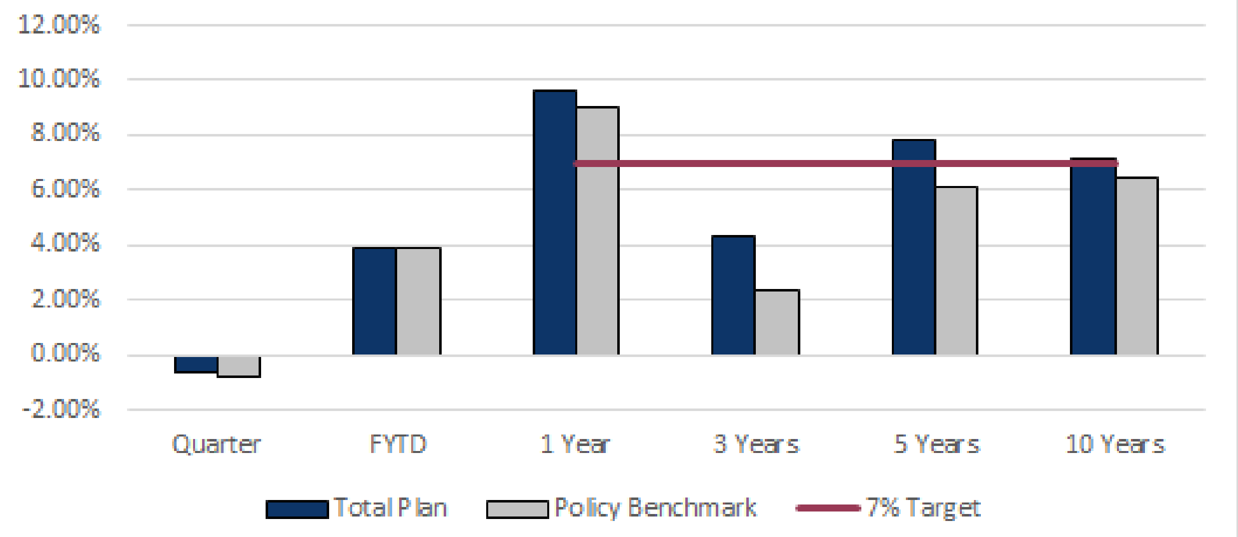
1. Plan Value of ~$47 billion remains near our all-time high

2. The Plan outperformed the Policy Benchmark by ~2%, adding ~$2.5 billion in value over the last three years.

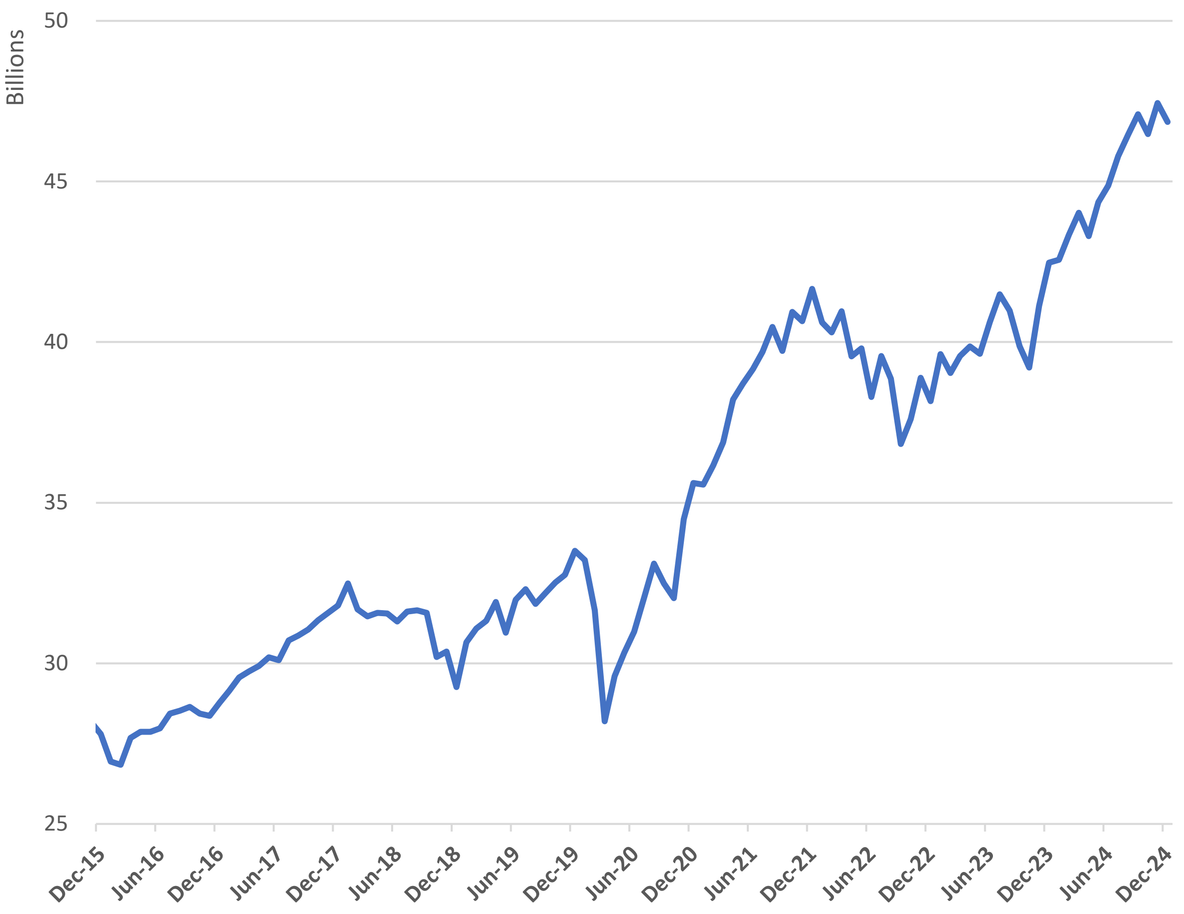
3. Relative risk appetite remains near historically low levels

Performance - Plan & Policy Benchmark[2]

Net of Fee Returns by Time Period[2]



Plan Growth 10 Years



Rolling period performance as of December 31, 2024[1]					Annualized		
Executive Summary	Market Value (millions)	Quarter	FYTD	1 Year	3 Years	5 Years	10 Years
Total Plan	**$46,857**	**-0.61%**	**3.89%**	**9.59%**	**4.32%**	**7.82%**	**7.16%**
Policy Benchmark		-0.82%	3.88%	8.97%	2.34%	6.07%	6.48%
Excess Return (%)		0.21%	0.01%	0.62%	1.98%	1.74%	0.67%
Excess Return ($ millions)		$95	$12	$275	$2,591	$3,686	$2,834
Net Benefit Payments ($ millions)		$57	$224	$289	-$288	-$1,422	-$6,601

Asset Class Performance[1,3,4,5]

As of December 31, 2024

Trailing Performance as of 12/31/2024	Portfolio Weight	Quarter	FYTD	Annualized 3 Years	Annualized 5 Years
Public Equity	**43.9%**	**-1.20%**	**5.62%**	**5.32%**	**10.01%**
Benchmark		*-1.24%*	*5.52%*	*4.90%*	*9.62%*
Bonds	**24.6%**	**-3.38%**	**0.67%**	**-2.26%**	**-0.49%**
Benchmark		*-3.06%*	*1.98%*	*-2.41%*	*-1.11%*
Private Equity	**13.1%**	**2.62%**	**3.56%**	**5.81%**	**13.49%**
Benchmark		*2.91%*	*3.79%*	*2.64%*	*12.48%*
Private Debt	**7.3%**	**2.19%**	**4.98%**	**8.77%**	**8.83%**
Benchmark		*2.38%*	*4.72%*	*7.97%*	*7.25%*
Real Assets	**11.1%**	**0.47%**	**1.37%**	**2.56%**	**6.05%**
Benchmark		*0.96%*	*0.99%*	*-3.14%*	*1.10%*
Portable Alpha Hedge Funds	10.1%	2.45%	2.99%	4.51%	6.04%
Total Plan	**100.0%**	**-0.61%**	**3.89%**	**4.32%**	**7.82%**
RSIC Policy Benchmark		*-0.82%*	*3.88%*	*2.34%*	*6.07%*

*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:

Trump Administration policies, including tariffs, deregulation, and DOGE, are being priced into markets, influencing growth and inflation expectations.

Private Credit remains resilient, while Real Estate valuations appear to be bottoming out.

Portfolio Performance Framework

As of December 31, 2024

Reference Portfolio	
FYTD	4.46%
1-Year	11.67%
3-Years	2.80%
5-Years	6.83%

Policy Benchmark	
FYTD	3.88%
1-Year	8.97%
3-Years	2.34%
5-Years	6.07%

Implementation Benchmark	
FYTD	4.24%
1-Year	9.99%
3-Years	2.85%
5-Years	6.96%

Plan Return	
FYTD	3.89%
1-Year	9.59%
3-Years	4.32%
5-Years	7.82%

Value from Diversification	
FYTD	-0.58%
1-Year	-2.70%
3-Years	-0.46%
5-Years	-0.76%

Quality of Portfolio Structure	
FYTD	0.36%
1-Year	1.02%
3-Years	0.51%
5-Years	0.89%

Quality of Manager Selection	
FYTD	-0.35%
1-Year	-0.40%
3-Years	1.47%
5-Years	0.86%

Actual vs Reference	
FYTD	-0.56%
1-Year	-2.08%
3-Years	1.52%
5-Years	0.99%

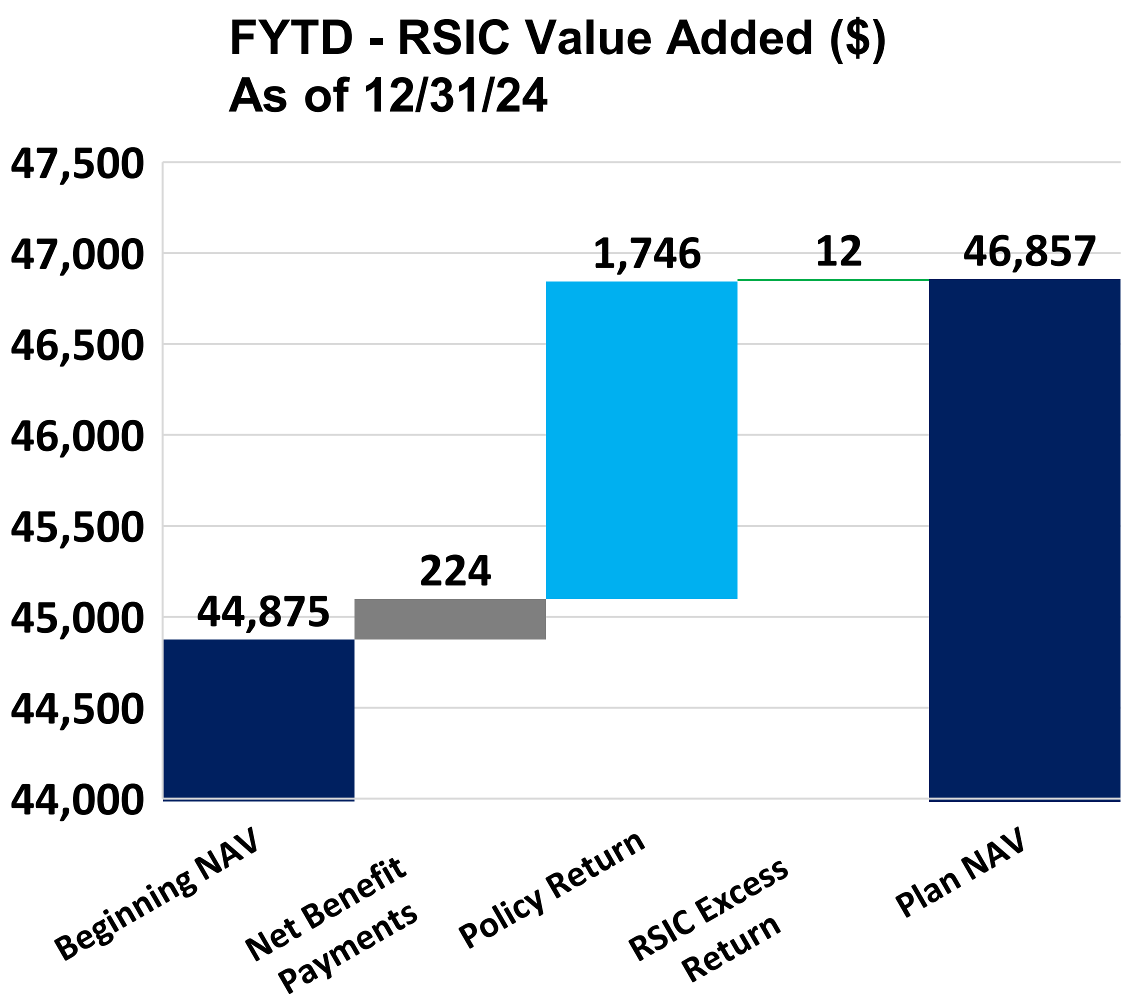
Actual vs Policy	
FYTD	0.01%
1-Year	0.62%
3-Years	1.98%
5-Years	1.74%

Key Highlights:

While it remains negative, **Value from Diversification** improved from prior quarter across all time periods as other asset classes outperformed 70/30

Modest FYTD **Actual vs. Policy** highlights our lower relative risk posture while helping to maintain our significant value-add over longer-term trailing periods.

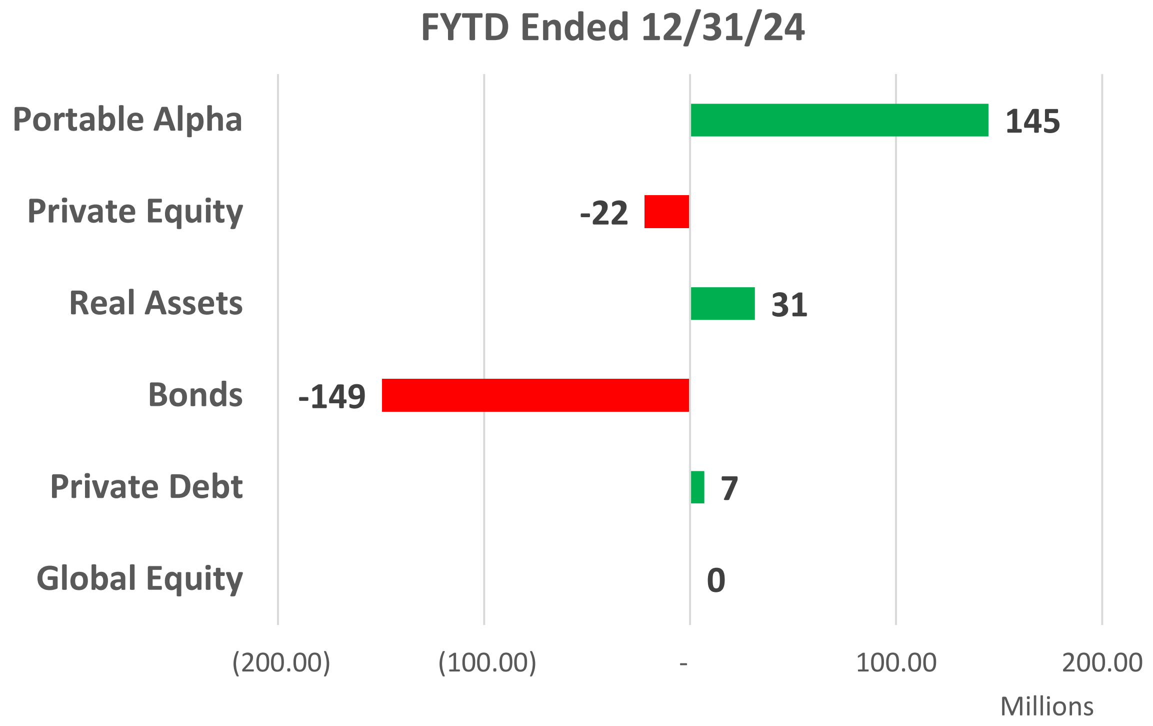
FYTD Performance Attribution



Key Highlights:

Public Markets reversed gains as the Fed paused its rate-cutting cycle.

Portable Alpha implementation continued to deliver strong performance.



FYTD Performance Attribution

Attribution Table (BPS)	Allocation	Implementation	Selection	Total
Bonds	2	-6	-28	-32
Private Debt	-1	0	2	1
Global Equity	-4	-1	5	0
Private Equity	-1	0	-4	-5
Real Assets	2	40	-35	7
Portable Alpha	n/a	5	26	31
Total	-2	38	-35	1

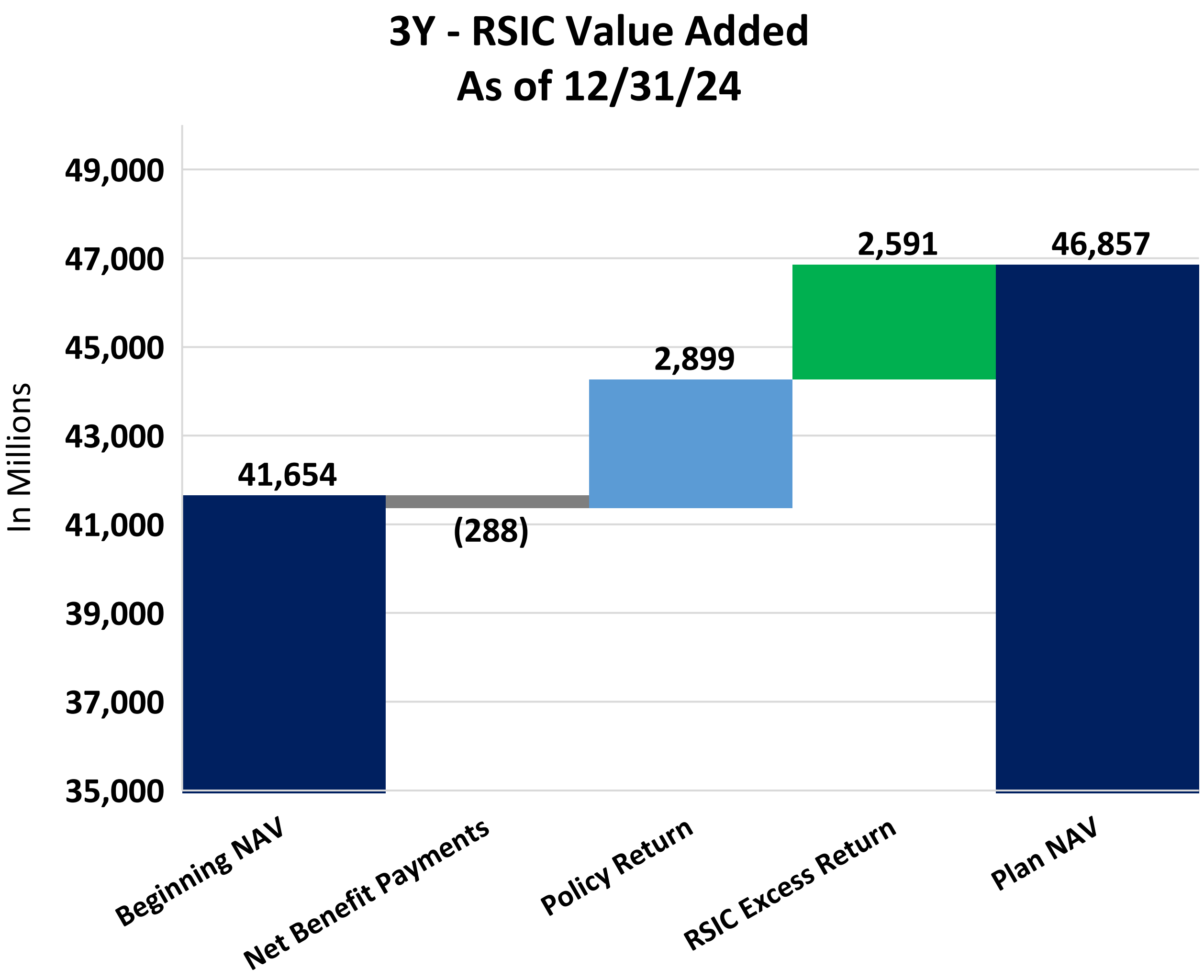
Key Highlights:

Limited Allocation Effect since most asset classes are near target weights.

Longer duration treasuries have weighed on FYTD performance relative to our lower-duration policy benchmark.

Public market proxies in Real Assets boosted Implementation which offset the private market Selection effects.

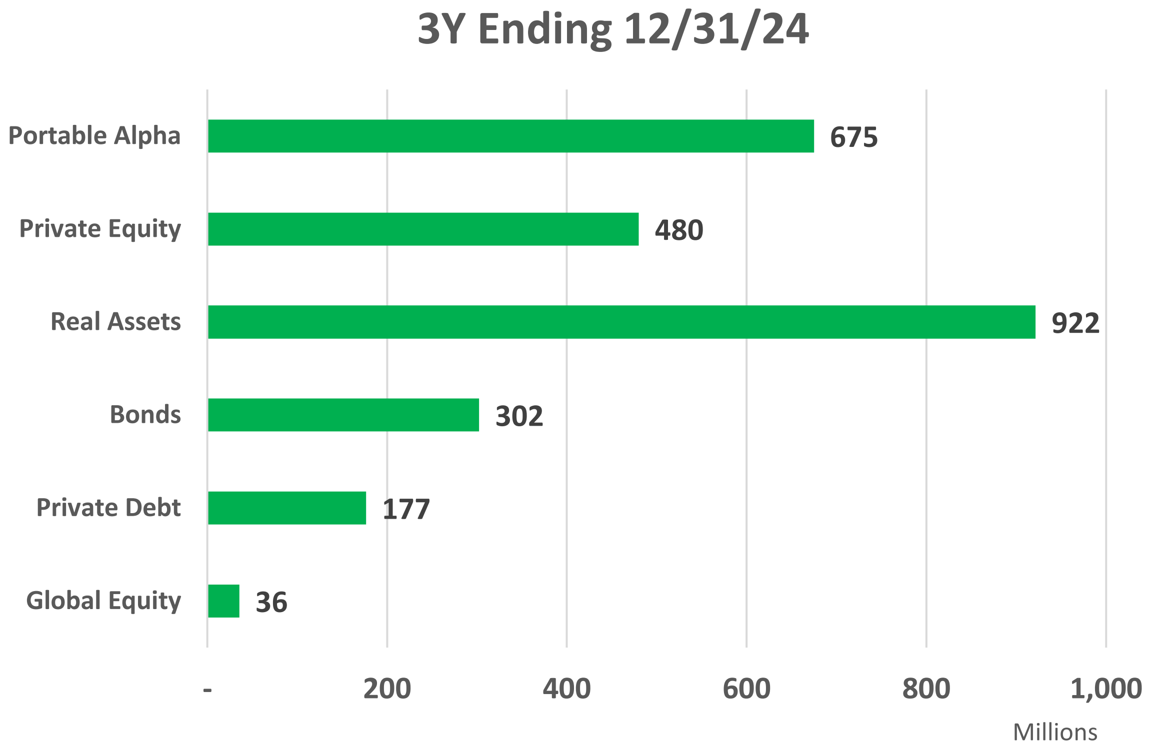
3-Year Performance Attribution



Key Highlights:

Excess returns achieved across all asset classes.

Diversification within asset classes has contributed positively to performance.



Investment Risk Assessment – Expected vs. Realized

		Reference Portfolio	Policy	Actual
Expected Total Risk: Measures the volatility of the portfolio (liquid proxies for illiquid)	***Expected Risk***	*13.6%*	*13.0%*	*13.8%*

		Reference	Policy	Actual
Realized Risk: Reflects the actual volatility of returns	***Realized Risk***	*13.6%*	*9.5%*	*8.2%*

Key Takeaways

1. Plan Value of ~$47 billion remains near our all-time high
2. The Plan outperformed the Policy Benchmark by ~2%, adding ~$2.5 billion in value over the last three years.
3. Relative risk appetite remains near historically low levels

Appendix

Asset Allocation and SIOP Compliance[5]

As of December 31, 2024

Exposure Report as of 12/31/2024	Net Exposure	Policy Targets	Over / Under	Allowable Ranges	SIOP Compliance
Public Equity	43.9%	46.0%	-2.1%	30% - 60%	Yes
Bonds	24.6%	26.0%	-1.4%	15% - 35%	Yes
Private Equity	13.1%	9.0%	4.1%	5% - 13%	No
Private Debt	7.3%	7.0%	0.3%	3% - 11%	Yes
Real Assets	11.1%	12.0%	-0.9%	6% - 18%	Yes
Portable Alpha Hedge Funds	10.1%	n/a	10.1%	0% - 15%	Yes
Total Plan	100.0%	100.0%	0.0%	n/a	Yes
Total Private Markets	31.3%	28.0%	3.3%	0% - 30%	No

Asset Class Performance[1,3,4,5]

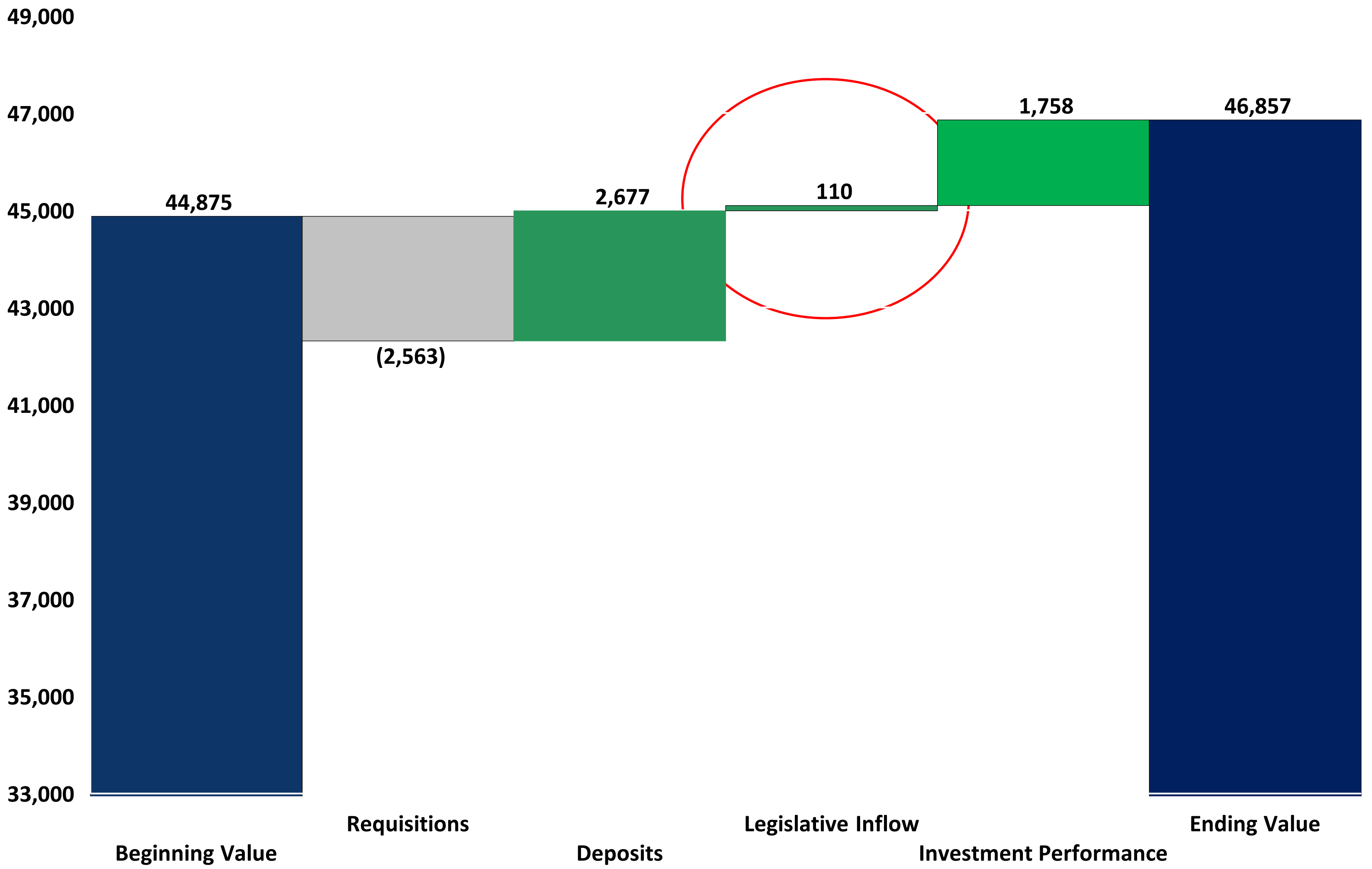
As of December 31, 2024

Trailing Performance as of 12/31/2024	Portfolio Weight	Quarter	FYTD	Annualized 3 Years	Annualized 5 Years
Public Equity	**43.9%**	**-1.20%**	**5.62%**	**5.32%**	**10.01%**
Benchmark		*-1.24%*	*5.52%*	*4.90%*	*9.62%*
Bonds	**24.6%**	**-3.38%**	**0.67%**	**-2.26%**	**-0.49%**
Benchmark		*-3.06%*	*1.98%*	*-2.41%*	*-1.11%*
IG Fixed	20.2%	-4.81%	0.23%	-4.27%	-1.50%
IG Floating (Hedged)	0.9%	-2.42%	2.40%	3.32%	n/a
EMD	0.1%	-0.40%	4.79%	-16.63%	-10.68%
Mixed Credit	0.4%	3.90%	5.97%	7.49%	8.05%
Cash and Short Duration (Ne	3.0%	1.16%	2.48%	3.95%	2.49%
Private Equity	**13.1%**	**2.62%**	**3.56%**	**5.81%**	**13.49%**
Benchmark		*2.91%*	*3.79%*	*2.64%*	*12.48%*
Private Debt	**7.3%**	**2.19%**	**4.98%**	**8.77%**	**8.83%**
Benchmark		*2.38%*	*4.72%*	*7.97%*	*7.25%*
Real Assets	**11.1%**	**0.47%**	**1.37%**	**2.56%**	**6.05%**
Benchmark		*0.96%*	*0.99%*	*-3.14%*	*1.10%*
Private Real Estate	7.8%	0.36%	-0.71%	0.93%	5.13%
Public Real Estate	0.1%	-5.33%	12.55%	-0.23%	7.08%
Private Infrastructure	3.0%	1.04%	3.40%	8.02%	7.49%
Public Infrastructure	0.1%	-3.45%	8.86%	0.49%	4.00%
Portable Alpha Hedge Funds	10.1%	2.45%	2.99%	4.51%	6.04%
Total Plan	**100.0%**	**-0.61%**	**3.89%**	**4.32%**	**7.82%**
RSIC Policy Benchmark		*-0.82%*	*3.88%*	*2.34%*	*6.07%*

*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.

FYTD Benefits and Performance

As of December 31, 2024



Other flows include a $110 million legislative inflow.

Asset Allocation and SIOP Compliance[5]

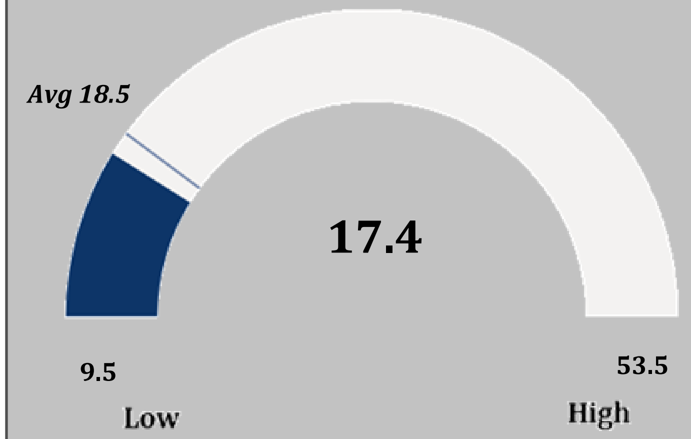
Exposures as of December 31, 2024

Exposure Report as of 12/31/2024	Net Exposure	Policy Targets	Over / Under	Allowable Ranges	SIOP Compliance
Public Equity	**43.9%**	**46.0%**	**-2.1%**	**30% - 60%**	**Yes**
Bonds	**24.6%**	**26.0%**	**-1.4%**	**15% - 35%**	**Yes**
Investment Grade - Fixed	20.2%	26.0%	-5.8%	10% - 35%	Yes
Investment Grade - Floating	0.9%	n/a	0.9%	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)	3.0%	n/a	3.0%	0% - 7%	Yes
Private Equity	**13.1%**	**9.0%**	**4.1%**	**5% - 13%**	**No**
Private Debt	**7.3%**	**7.0%**	**0.3%**	**3% - 11%**	**Yes**
Real Assets	**11.1%**	**12.0%**	**-0.9%**	**6% - 18%**	**Yes**
Private Real Estate	7.8%	9.0%	-1.2%	n/a	Yes
Public Real Estate	0.1%	n/a	0.1%	n/a	Yes
Private Infrastructure	3.0%	3.0%	0.0%	n/a	Yes
Public Infrastructure	0.1%	n/a	0.1%	n/a	Yes
Portable Alpha Hedge Funds	**10.1%**	**n/a**	**10.1%**	**0% - 15%**	**Yes**
Total Plan	**100.0%**	**100.0%**	**0.0%**	**n/a**	**Yes**
Total Private Markets	**31.3%**	**28.0%**	**3.3%**	**0% - 30%**	**No**

Investment Risk Monitoring

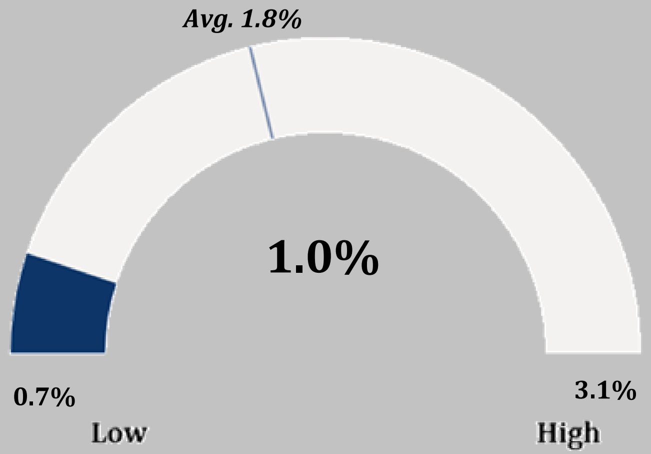
Market Risk

Volatility Index (VIX)



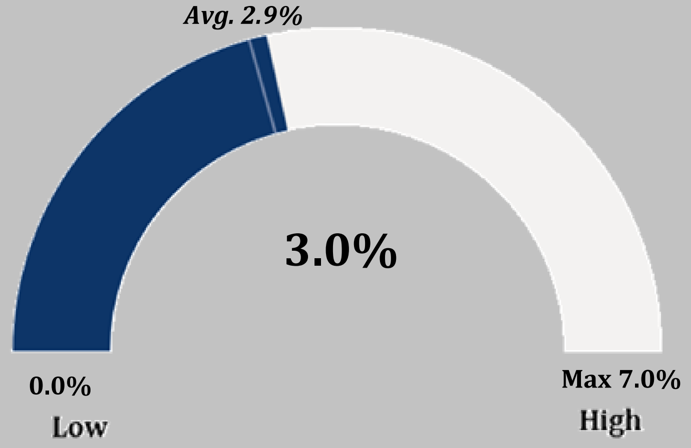
Active Risk

Tracking Error



Liquidity

Available Cash



Footnotes and Disclosures

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

<u>Benchmarks</u>

- **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: December 31, 2024

Verus®

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SEATTLE 206.622.3700
CHICAGO 312.815.5228
PITTSBURGH 412.784.6678
LOS ANGELES 310.297.1777
SAN FRANCISCO 415.362.3484

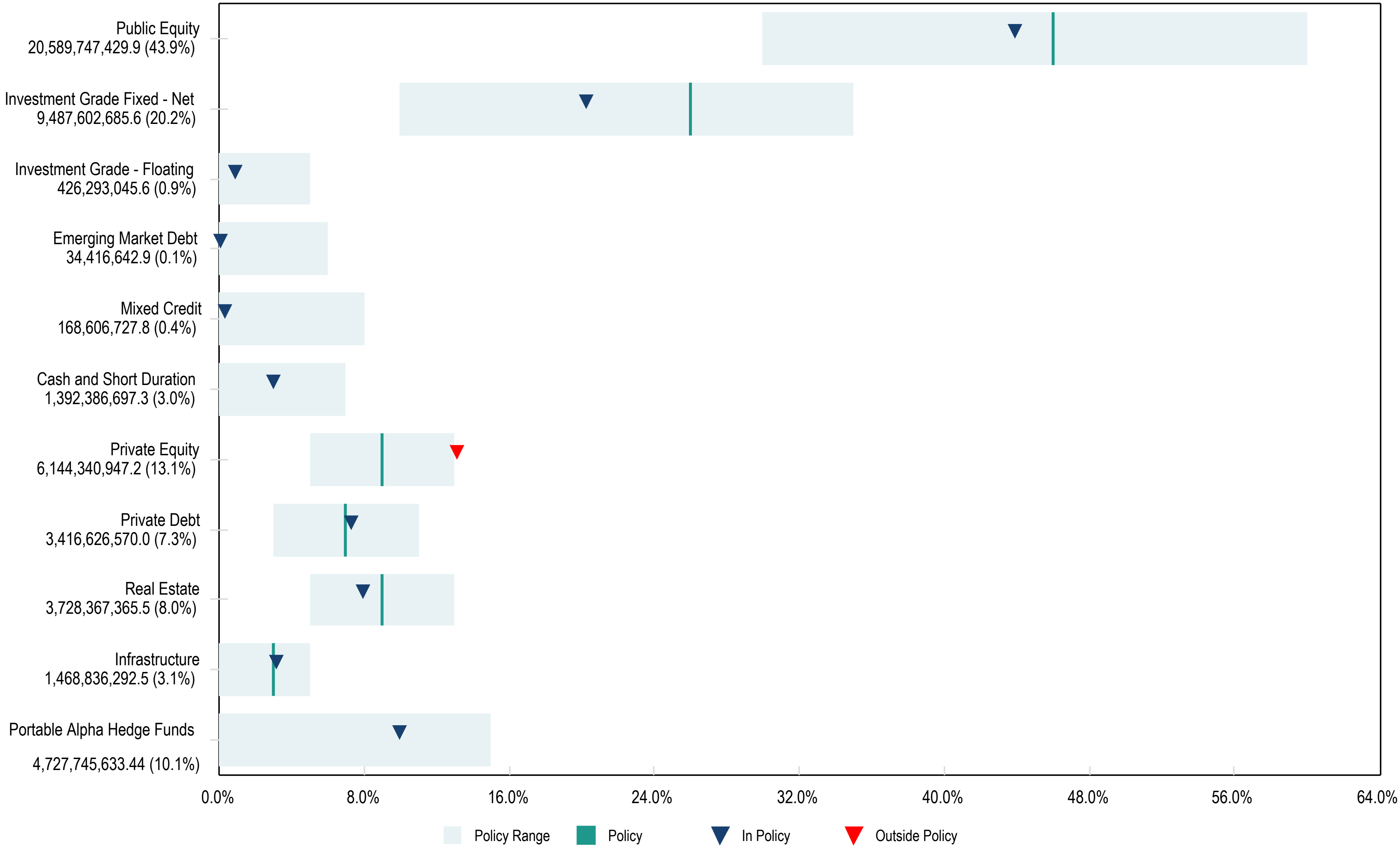
Allocation vs. Targets and Policy
Quarter Ending December 31, 2024

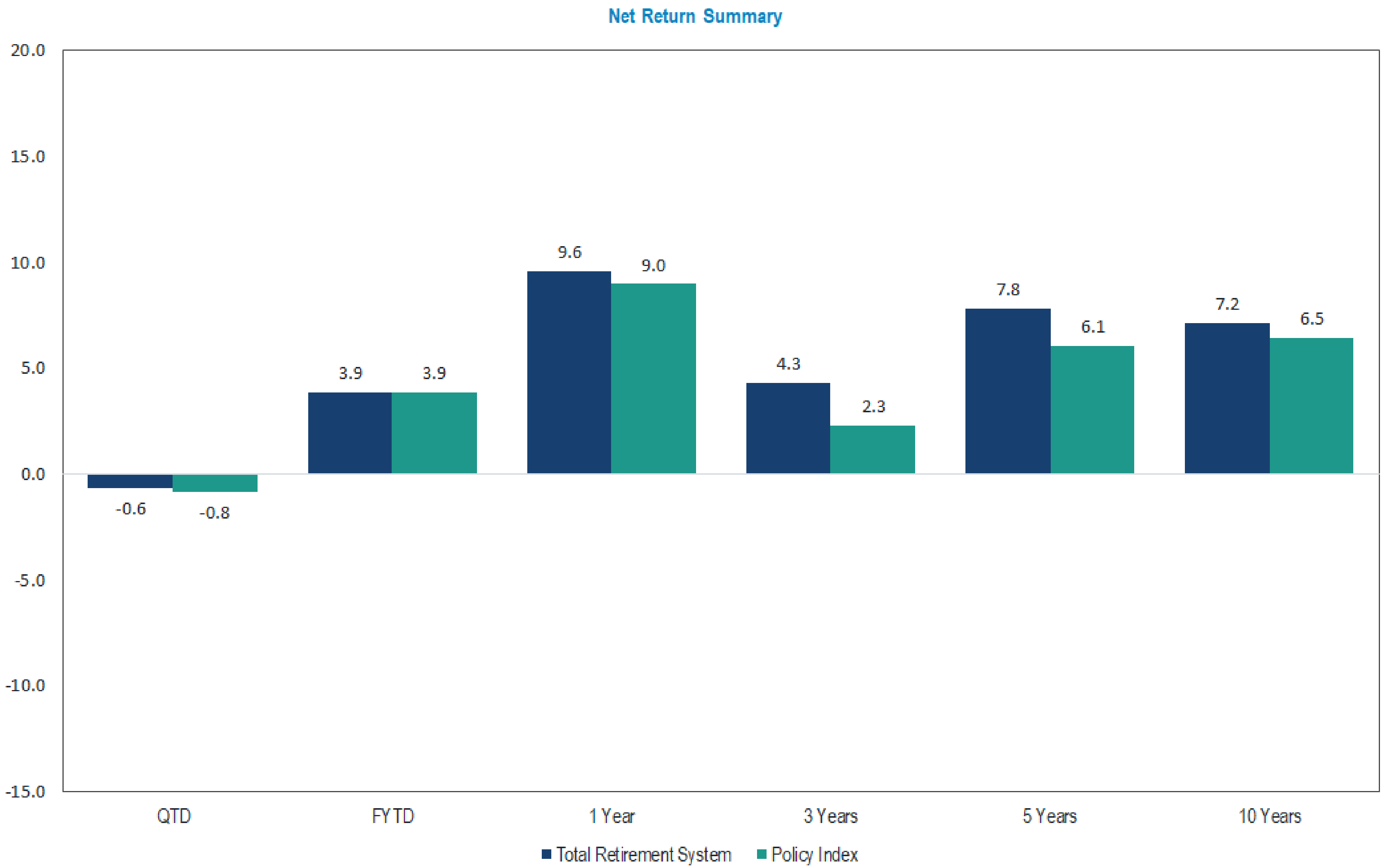
	MV at 12/31/2024	Overlay Exposures	Net Position	% of Total System	% of Total System (Net)	Policy Targets	Allowable Ranges	SIOP Compliance?
Total System	**46,857,224,404**	**-**	**46,857,224,404**	**100%**	**100%**	**100%**		
Public Equity	**20,467,763,501**	**121,983,929**	**20,589,747,430**	**43.7%**	**43.9%**	**46%**	**30% - 60%**	**Yes**
Public Equity	20,467,763,501	121,983,929	20,589,747,430	43.7%	43.9%	46%	30% - 60%	Yes
Bonds	**6,903,544,095**	**4,605,761,704**	**11,509,305,799**	**14.7%**	**24.6%**	**26%**	**15% - 35%**	**Yes**
Investment Grade - Fixed	131,729,522	9,355,873,163	9,487,602,686	0.3%	20.2%	0%	10% - 35%	Yes
Investment Grade - Floating	426,293,046	-	426,293,046	0.9%	0.9%	0%	0% - 5%	Yes
Emerging Market Debt	34,416,643	-	34,416,643	0.1%	0.1%	0%	0% - 6%	Yes
Mixed Credit	168,606,728	-	168,606,728	0.4%	0.4%	0%	0% - 8%	Yes
Cash and Short Duration	6,142,498,156	(4,750,111,459)	1,392,386,697	13.1%	3.0%	0%	0% - 7%	Yes
Private Equity	**6,144,340,947**	**-**	**6,144,340,947**	**13.1%**	**13.1%**	**9%**	**5% - 13%**	**No**
Private Debt	**3,416,626,570**	**-**	**3,416,626,570**	**7.3%**	**7.3%**	**7%**	**3% - 11%**	**Yes**
Real Assets	**5,197,203,658**	**-**	**5,197,203,658**	**11.1%**	**11.1%**	**12%**	**6% - 18%**	**Yes**
Real Estate	3,728,367,365	-	3,728,367,365	8.0%	8.0%	9%	5% - 13%	Yes
Infrastructure	1,468,836,292	-	1,468,836,292	3.1%	3.1%	3%	0% - 5%	Yes
Portable Alpha Hedge Funds	**4,727,745,633**	**(4,727,745,633)**	**-**	**10.1%**	**0.0%**	**0%**	**0% - 15%**	**Yes**

Includes cash in the Russell Overlay separate account

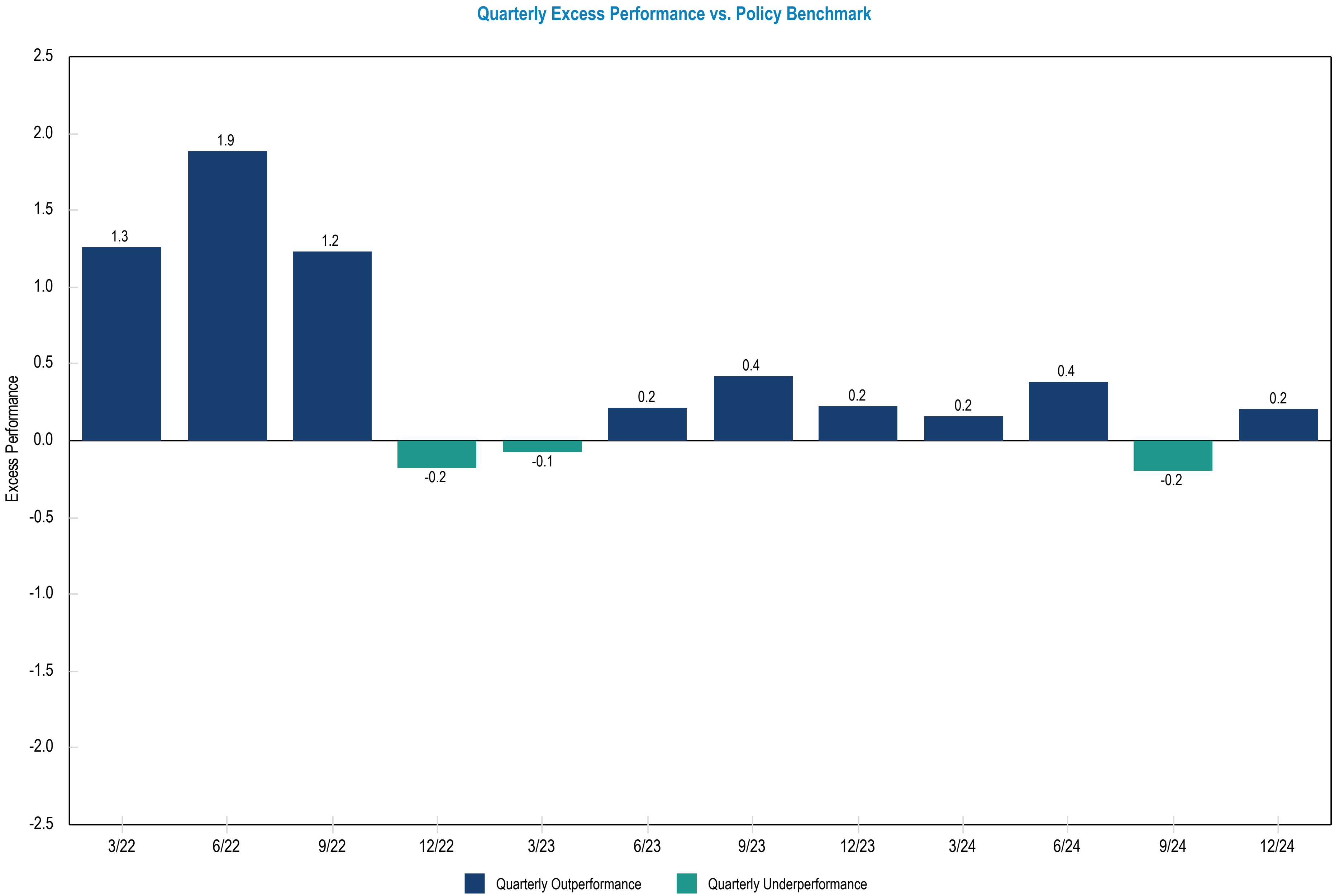
Percentages may not sum to 100% due to rounding

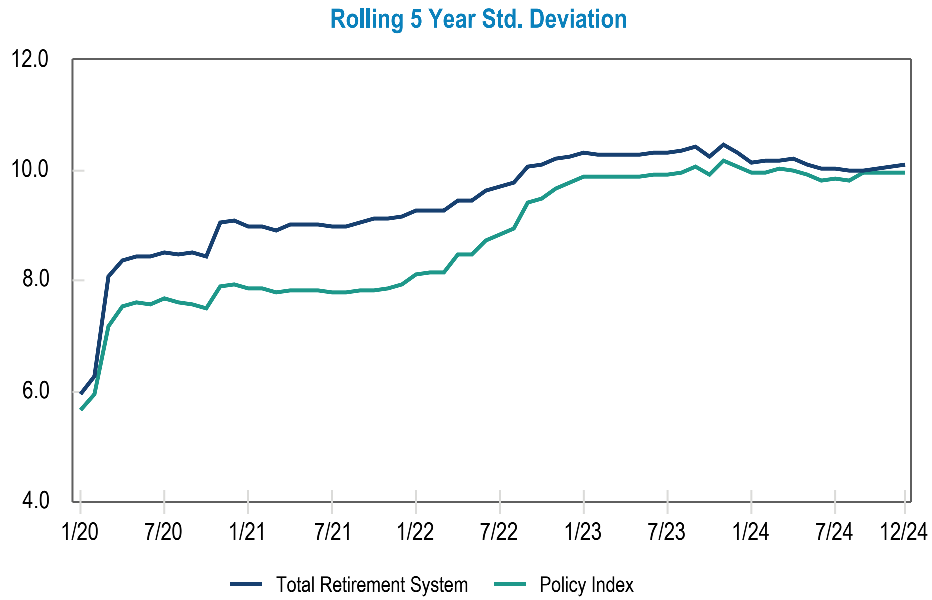
Actual vs. Policy Ranges:
(Including Overlay)

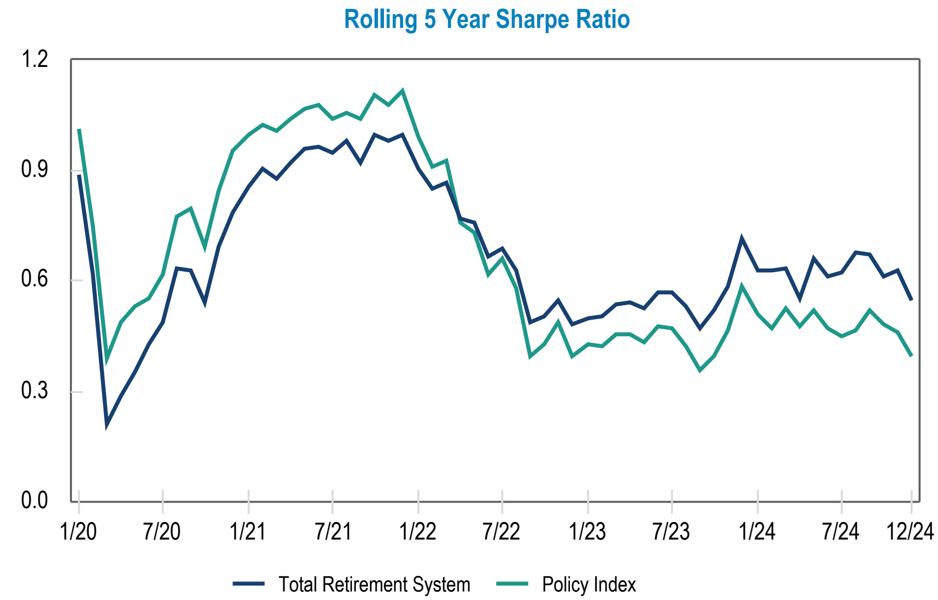


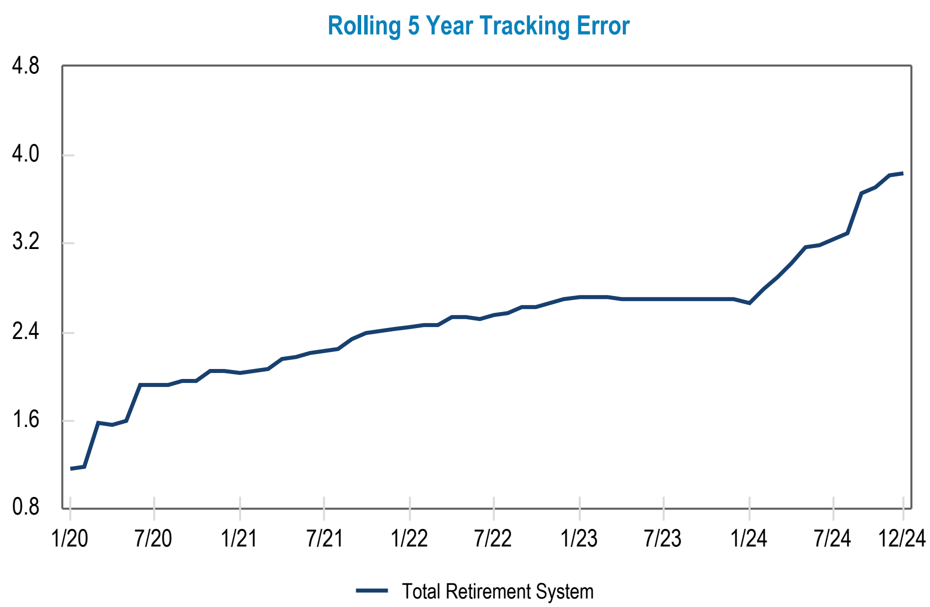


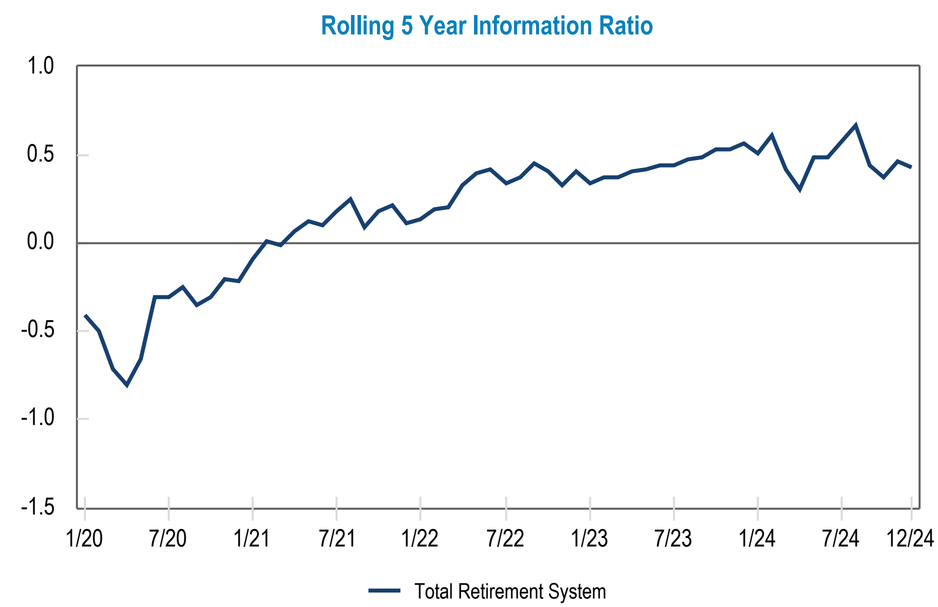
Returns for periods greater than one year are annualized.

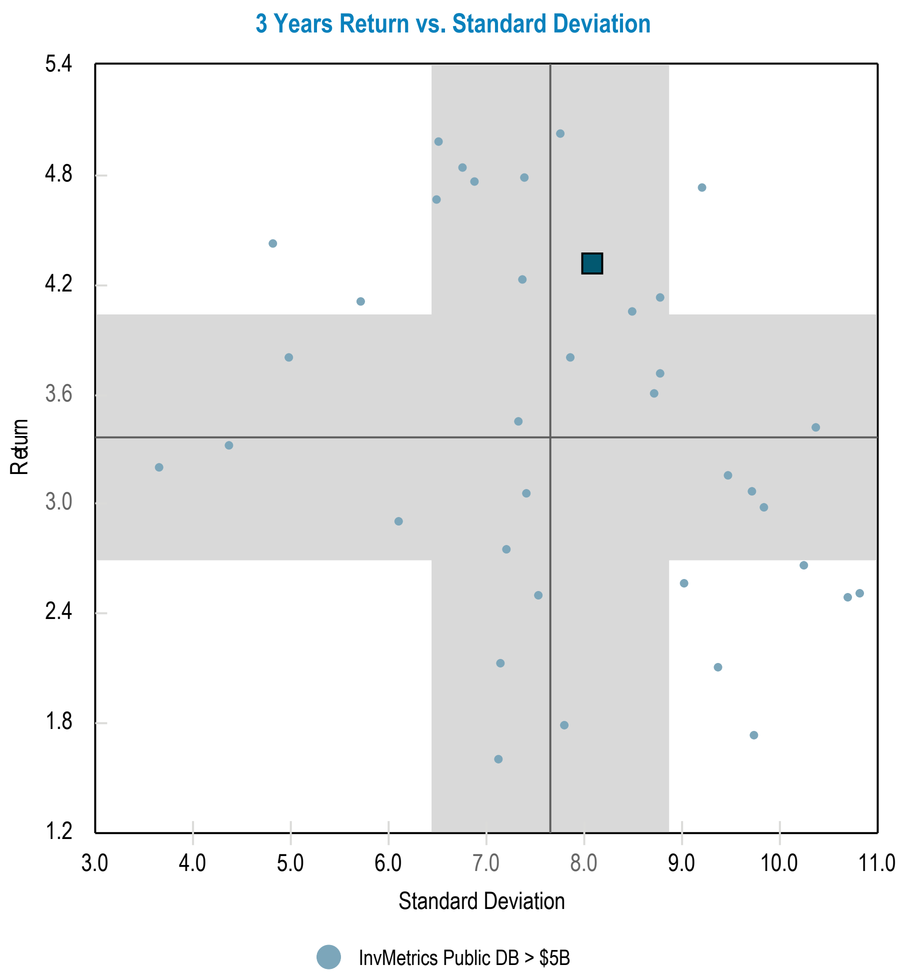

Quarterly Excess Performance vs. Policy Benchmark
Excess Performance
2.5
2.0
1.5
1.0
0.5
0.0
-0.5
-1.0
-1.5
-2.0
-2.5
1.3
1.9
1.2
-0.2
-0.1
0.2
0.4
0.2
0.2
0.4
-0.2
0.2
3/22
6/22
9/22
12/22
3/23
6/23
9/23
12/23
3/24
6/24
9/24
12/24
Quarterly Outperformance
Quarterly Underperformance


Rolling 5 Year Std. Deviation
12.0
10.0
8.0
6.0
4.0
1/20
7/20
1/21
7/21
1/22
7/22
1/23
7/23
1/24
7/24
12/24
Total Retirement System
Policy Index

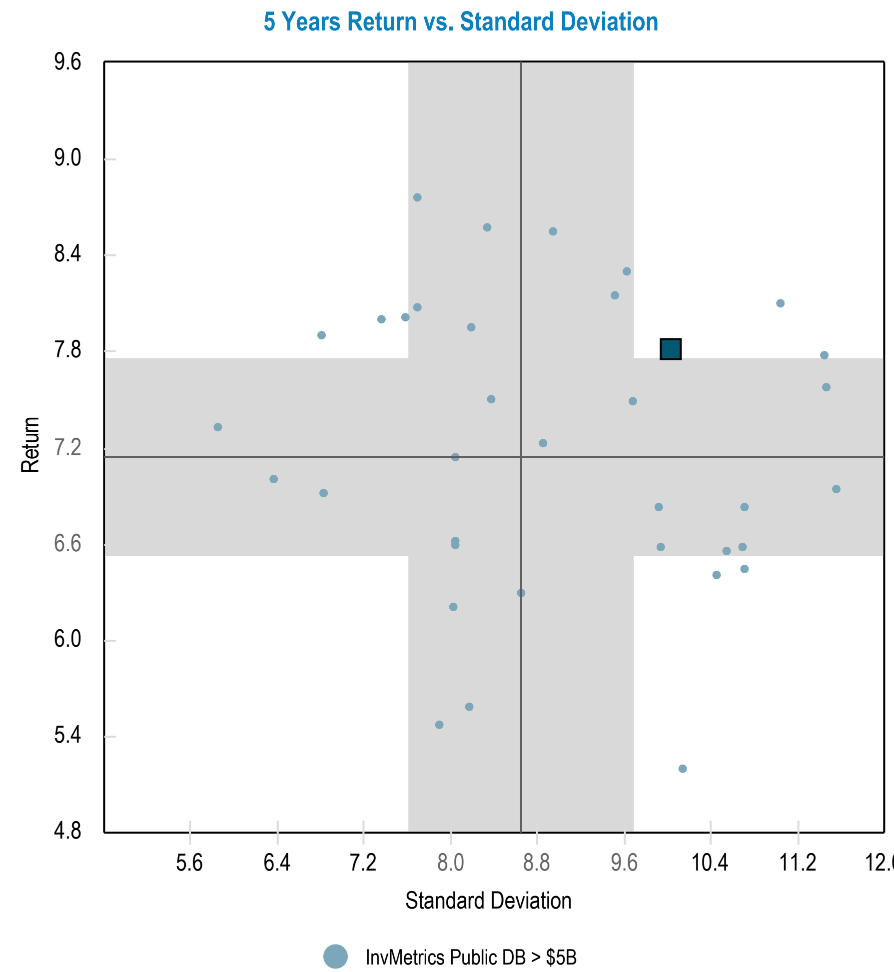

Rolling 5 Year Sharpe Ratio
1.2
0.9
0.6
0.3
0.0
1/20
7/20
1/21
7/21
1/22
7/22
1/23
7/23
1/24
7/24
12/24
Total Retirement System
Policy Index


Rolling 5 Year Tracking Error
4.8
4.0
3.2
2.4
1.6
0.8
1/20
7/20
1/21
7/21
1/22
7/22
1/23
7/23
1/24
7/24
12/24
Total Retirement System

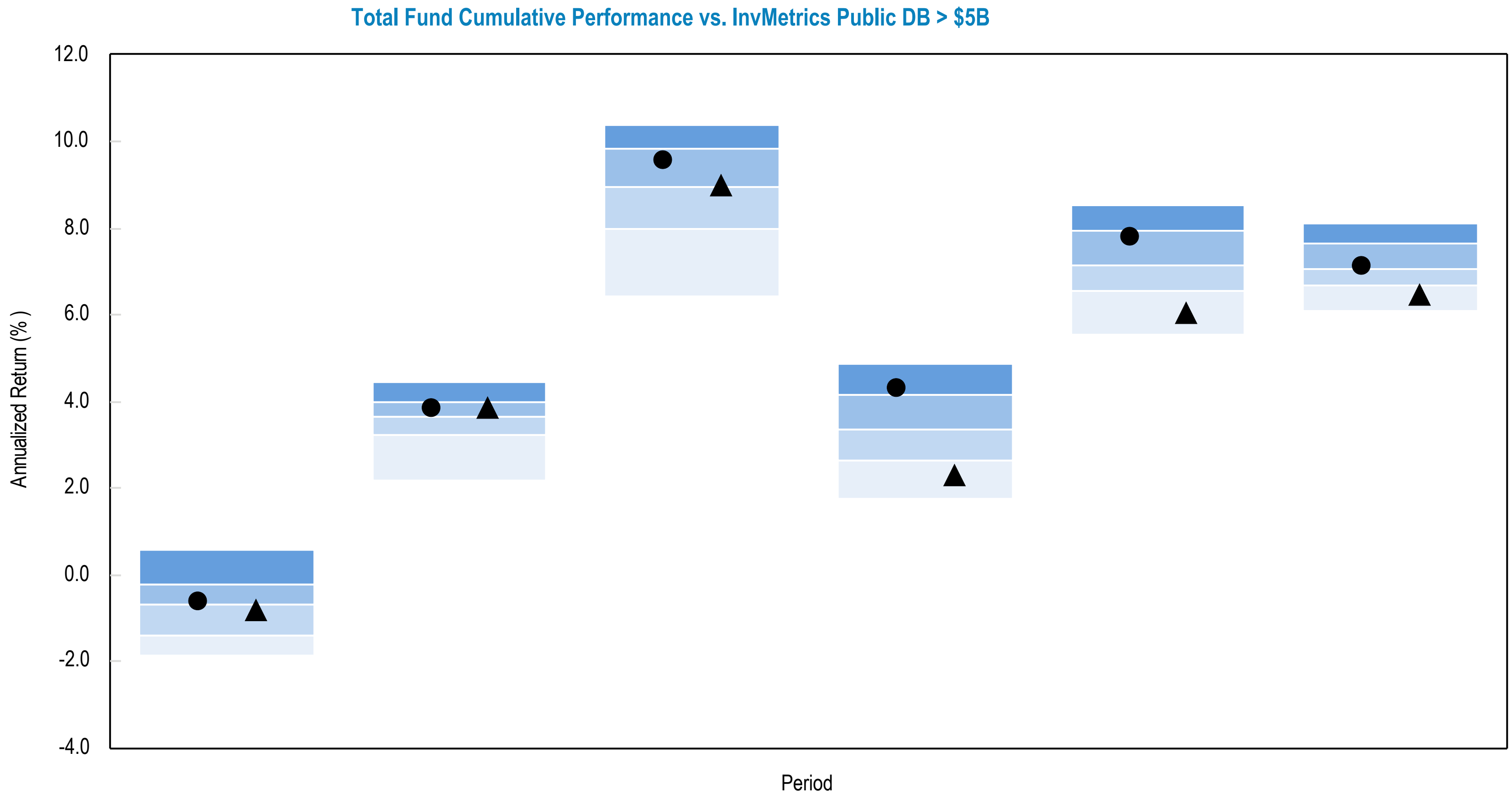

Rolling 5 Year Information Ratio
1.0
0.5
0.0
-0.5
-1.0
-1.5
1/20
7/20
1/21
7/21
1/22
7/22
1/23
7/23
1/24
7/24
12/24
Total Retirement System



	Return	Standard Deviation
Total Retirement System	4.32	8.08
Median	3.37	7.65
Population	36	36

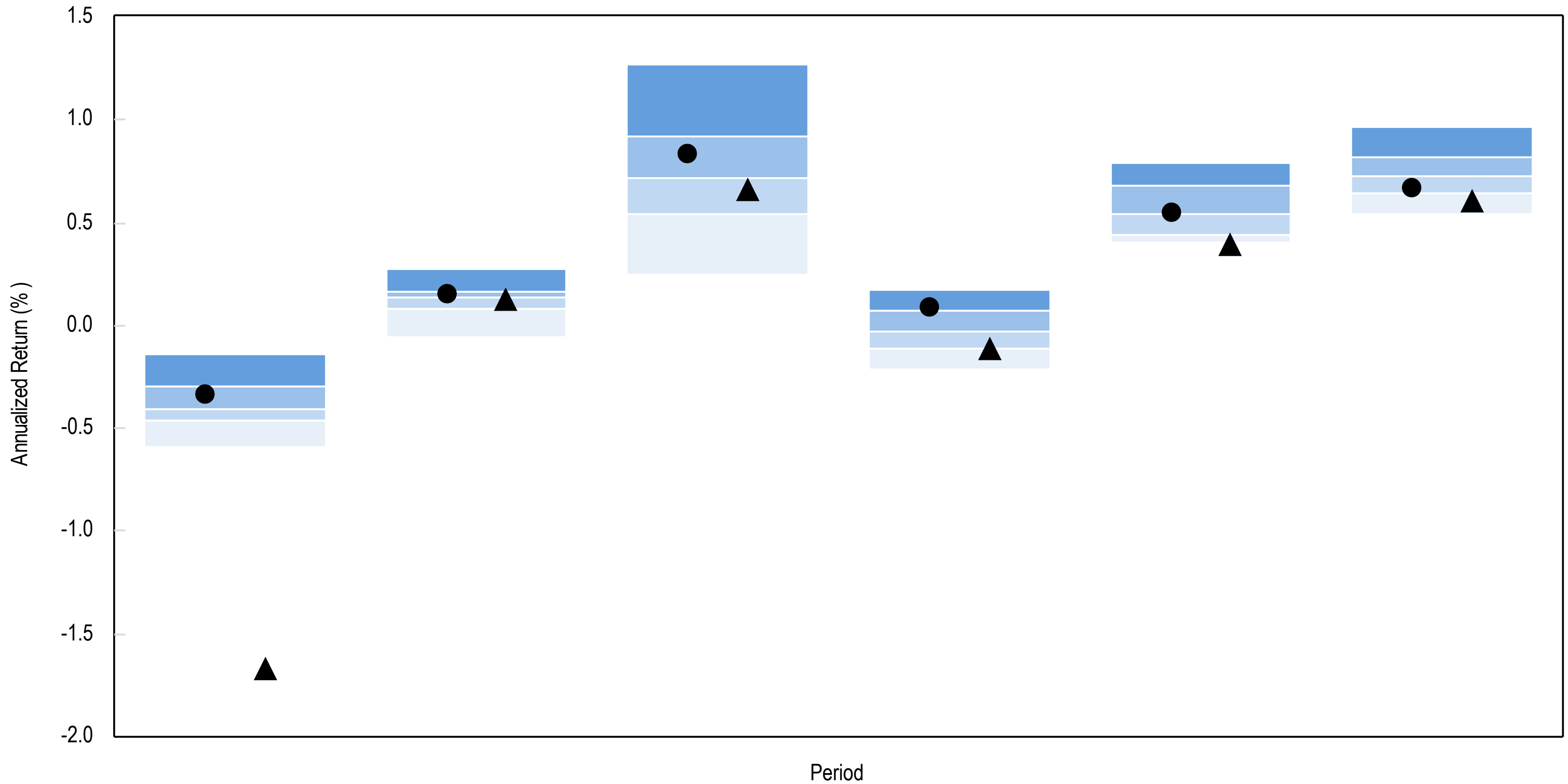


	Return	Standard Deviation
Total Retirement System	7.82	10.03
Median	7.14	8.65
Population	35	35



	QTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
● Total Retirement System	-0.61 (48)	3.89 (31)	9.59 (31)	4.32 (22)	7.82 (32)	7.16 (47)
▲ Policy Index	-0.82 (55)	3.87 (33)	8.99 (50)	2.33 (87)	6.07 (92)	6.48 (84)
5th Percentile	0.60	4.48	10.39	4.88	8.56	8.11
1st Quartile	-0.21	4.02	9.85	4.16	7.98	7.68
Median	-0.68	3.68	8.98	3.37	7.14	7.05
3rd Quartile	-1.38	3.23	7.98	2.64	6.59	6.68
95th Percentile	-1.87	2.17	6.43	1.78	5.55	6.10
Population	38	38	38	36	35	33

Total Fund Sharpe Ratio vs. InvMetrics Public DB > $5B



	QTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
● Total Retirement System	-0.33 (37)	0.15 (34)	0.83 (33)	0.09 (23)	0.56 (45)	0.67 (63)
▲ Policy Index	-1.67 (100)	0.13 (53)	0.66 (59)	-0.12 (77)	0.40 (98)	0.60 (88)
5th Percentile	-0.14	0.27	1.27	0.18	0.79	0.97
1st Quartile	-0.30	0.17	0.92	0.07	0.68	0.82
Median	-0.41	0.14	0.71	-0.03	0.54	0.72
3rd Quartile	-0.46	0.08	0.54	-0.11	0.44	0.64
95th Percentile	-0.59	-0.06	0.25	-0.21	0.41	0.55
Population	38	38	38	36	35	33

	Market Value	% of Portfolio	QTD	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception	Inception Date
Total Retirement System	**46,857,224,404**	**100.0**	**-0.6**	**3.9**	**9.6**	**4.3**	**7.8**	**7.2**	**6.1**	**Oct-05**
Policy Index			*-0.8*	*3.9*	*9.0*	*2.3*	*6.1*	*6.5*	*5.4*	
Public Equity	**20,467,763,501**	**43.7**	**-1.2**	**5.6**	**16.6**	**5.2**	**9.3**	**8.5**	**6.7**	**Oct-05**
Public Equity Blended Benchmark			*-1.2*	*5.5*	*16.4*	*4.9*	*9.7*	*9.0*	*7.4*	
Total Bonds	**6,398,491,998**	**13.7**	**1.1**	**2.9**	**6.5**	**2.4**	**2.8**	**2.9**	**3.4**	**Oct-05**
Bonds Blended Benchmark			*-3.1*	*2.0*	*1.3*	*-2.4*	*-0.3*	*1.3*	*3.0*	
Investment Grade - Fixed	**131,729,522**	**0.3**	**0.5**	**4.0**	**8.5**	**-0.8**	**1.6**	**-**	**2.7**	**Jul-15**
Investment Grade - Floating	**426,293,046**	**0.9**	**0.8**	**3.7**	**9.0**	**4.5**	**-**	**-**	**6.4**	**Jul-20**
Mixed Credit	**168,606,728**	**0.4**	**3.9**	**6.0**	**13.7**	**7.5**	**8.0**	**6.0**	**6.6**	**May-08**
50% S&P LSTA Lev. Loan/50% Blmbg. High Yield			*1.2*	*4.9*	*8.6*	*5.0*	*5.1*	*5.2*	*5.8*	
Emerging Market Debt	**34,416,643**	**0.1**	**-0.4**	**4.8**	**10.9**	**-16.6**	**-10.7**	**-3.2**	**0.0**	**Jul-09**
50% JPM EMBI Gbl Div (USD)/50% JPM GBI EM Gbl Div			*-4.5*	*2.7*	*2.0*	*-0.9*	*-0.8*	*1.8*	*3.6*	
Cash - Short Duration	**5,637,446,059**	**12.0**	**1.1**	**2.5**	**5.1**	**3.4**	**2.5**	**1.9**	**1.9**	**Oct-05**
90 Day U.S. Treasury Bill			*1.2*	*2.6*	*5.3*	*3.9*	*2.5*	*1.8*	*1.6*	
Short Duration	173,340,799	0.4	1.0	2.8	5.5	3.6	3.0	2.6	2.3	Mar-10
Bloomberg U.S. Gov/Credit 1-3 Year Index			*0.0*	*2.9*	*4.4*	*1.7*	*1.6*	*1.6*	*1.5*	
Private Equity	**6,144,340,947**	**13.1**	**2.6**	**3.6**	**7.7**	**5.8**	**13.5**	**11.3**	**9.2**	**Apr-07**
Private Equity Blended Benchmark			*2.9*	*3.7*	*8.3*	*2.6*	*15.1*	*14.3*	*12.2*	
Private Debt	**3,416,626,570**	**7.3**	**2.1**	**4.9**	**11.1**	**8.8**	**8.8**	**6.7**	**7.3**	**Jun-08**
S&P LSTA Lev. Loan + 150 bps 3-mo lag			*2.4*	*4.8*	*11.2*	*8.1*	*7.3*	*6.4*	*5.9*	
Real Assets	**5,197,203,658**	**11.1**	**0.4**	**1.3**	**-0.4**	**2.5**	**6.0**	**8.1**	**6.9**	**Jul-08**
Real Assets Blended Benchmark			*1.0*	*1.0*	*-2.3*	*-3.1*	*1.1*	*3.9*	*2.6*	
Private Real Estate	**3,673,614,680**	**7.8**	**0.4**	**-0.7**	**-4.0**	**0.9**	**5.1**	**7.8**	**6.5**	**Jul-08**
Private Real Estate Blended Benchmark			*1.0*	*1.0*	*-2.3*	*-3.1*	*2.1*	*5.4*	*4.3*	
Public Real Estate	**54,752,685**	**0.1**	**-5.3**	**10.8**	**10.5**	**-1.0**	**6.6**	**-**	**6.5**	**Jul-16**
FTSE NAREIT Equity REIT			*-6.2*	*8.9*	*8.7*	*-2.2*	*4.3*	*5.7*	*4.8*	
Private Infrastructure	**1,416,804,742**	**3.0**	**0.7**	**3.2**	**5.7**	**7.8**	**7.4**	**-**	**7.1**	**Jul-18**
Dow Jones Brookfield Global Infrastructure			*-3.1*	*10.9*	*10.4*	*2.5*	*3.7*	*4.7*	*5.8*	
Public Infrastructure	**52,031,551**	**0.1**	**-3.4**	**8.9**	**5.6**	**0.5**	**4.0**	**-**	**5.7**	**Jun-16**
Dow Jones Brookfield Global Infrastructure			*-3.1*	*10.9*	*10.4*	*2.5*	*3.7*	*4.7*	*6.2*	
Hedge Funds Portable Alpha	**4,727,745,633**	**10.1**	**3.6**	**5.6**	**9.7**	**8.9**	**8.9**	**6.7**	**8.2**	**Jul-07**
HFRI FOF Conservative Less LIBOR			*0.4*	*0.4*	*0.9*	*-0.5*	*2.3*	*1.6*	*0.7*	
Russell Overlay	**505,052,097**	**1.1**								

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

	Anlzd Return	Anlzd Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
Total Retirement System	**7.8**	**10.0**	**0.4**	**0.9**	**0.6**	**3.8**
Policy Index	*6.1*	*9.9*	*-*	*1.0*	*0.4*	*0.0*
Public Equity	**9.3**	**18.1**	**-0.2**	**1.0**	**0.5**	**1.2**
Public Equity Blended Benchmark	*9.7*	*17.7*	*-*	*1.0*	*0.5*	*0.0*
Total Bonds	**2.8**	**4.2**	**0.5**	**0.3**	**0.1**	**6.1**
Bonds Blended Benchmark	*-0.3*	*6.4*	*-*	*1.0*	*-0.4*	*0.0*
Mixed Credit	**8.0**	**7.8**	**0.4**	**0.7**	**0.7**	**6.4**
50% S&P LSTA Lev. Loan/50% Blmbg. High Yield	*5.1*	*7.8*	*-*	*1.0*	*0.4*	*0.0*
Emerging Market Debt	**-10.7**	**23.3**	**-0.3**	**0.6**	**-0.4**	**22.9**
50% JPM EMBI Gbl Div (USD)/50% JPM GBI EM Gbl Div	*-0.8*	*11.1*	*-*	*1.0*	*-0.2*	*0.0*
Cash - Short Duration	**2.5**	**0.9**	**0.1**	**0.8**	**0.1**	**0.8**
90 Day U.S. Treasury Bill	*2.5*	*0.7*	*-*	*1.0*	*-*	*0.0*
Short Duration	3.0	1.7	0.3	0.6	0.3	1.7
90 Day U.S. Treasury Bill	*2.5*	*0.7*	*-*	*1.0*	*-*	*0.0*
Private Equity	**13.5**	**7.2**	**-0.1**	**0.1**	**1.4**	**14.9**
Private Equity Blended Benchmark	*15.1*	*13.9*	*-*	*1.0*	*0.9*	*0.0*
Private Debt	**8.8**	**4.3**	**0.1**	**-0.1**	**1.4**	**8.7**
S&P LSTA Lev. Loan + 150 bps 3-mo lag	*7.3*	*7.0*	*-*	*1.0*	*0.7*	*0.0*
Real Assets	**6.0**	**4.7**	**0.7**	**0.3**	**0.7**	**6.4**
Real Assets Blended Benchmark	*1.1*	*7.9*	*-*	*1.0*	*-0.1*	*0.0*
Private Real Estate	**5.1**	**4.9**	**0.5**	**0.4**	**0.5**	**5.9**
Private Real Estate Blended Benchmark	*2.1*	*7.4*	*-*	*1.0*	*0.0*	*0.0*
Public Real Estate	**6.6**	**21.0**	**1.2**	**1.0**	**0.3**	**2.7**
FTSE NAREIT All Equity REITs	*3.3*	*21.2*	*-*	*1.0*	*0.1*	*0.0*
Private Infrastructure	**7.4**	**3.3**	**0.1**	**0.0**	**1.4**	**17.2**
Dow Jones Brookfield Global Infrastructure	*3.7*	*17.6*	*-*	*1.0*	*0.2*	*0.0*
Public Infrastructure	**4.0**	**16.9**	**0.0**	**0.9**	**0.2**	**2.6**
Dow Jones Brookfield Global Infrastructure	*3.7*	*17.6*	*-*	*1.0*	*0.2*	*0.0*
Hedge Funds Portable Alpha	**8.9**	**4.1**	**2.2**	**0.7**	**1.4**	**2.9**
HFRI FOF Conservative Less LIBOR	*2.3*	*4.3*	*-*	*1.0*	*0.0*	*0.0*

Page excludes managers with less than 5 years of history.

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

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

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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Verus will make every reasonable effort to obtain and include accurate market values. However, if managers or custodians are unable to provide the reporting period's market values prior to the report issuance, Verus may use the last reported market value or make estimates based on the manager's stated or estimated returns and other information available at the time. These estimates may differ materially from the actual value. Hedge fund market values presented in this report are provided by the fund manager or custodian. Market values presented for private equity investments reflect the last reported NAV by the custodian or manager net of capital calls and distributions as of the end of the reporting period. These values are estimates and may differ materially from the investments actual value. Private equity managers report performance using an internal rate of return (IRR), which differs from the time-weighted rate of return (TWRR) calculation done by Verus. It is inappropriate to compare IRR and TWRR to each other. IRR figures reported in the illiquid alternative pages are provided by the respective managers, and Verus has not made any attempts to verify these returns. Until a partnership is liquidated (typically over 10-12 years), the IRR is only an interim estimated return. The actual IRR performance of any LP is not known until the final liquidation.

Net-of-Fees Returns mean gross-of-fees returns reduced by fees and expenses charged by third-party investment managers on the products of such managers held by client. Net-of-Fees Returns does not include a reduction of returns for Verus' investment management and consulting fees, or other expenses incurred by the asset owner, fund or plan.

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.

Delegated Investments (February 13, 2025 to April 9, 2025)[1]

Asset Class	Investment	Investment Amount	RSIC Commitment Date
Private Equity	**Hg Saturn 4 A, L.P.**	**$100 M**	**February 14, 2025**

[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.