

# THE SOUTH DAKOTA INVESTMENT COUNCIL



**ANNUAL REPORT  
FISCAL YEAR 2024**

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The Financial Statements with Auditor’s Report for South Dakota Cash Flow Fund, School and Public Lands, Dakota Cement Trust, Education Enhancement Trust, and Health Care Trust portfolios can be found at <https://sdic.sd.gov>.

The Financial Statements with Auditor’s Report for South Dakota Retirement System can be found at <https://sdrs.sd.gov>.

# TRANSMITTAL LETTER

## TO THE GOVERNOR, LEGISLATURE, AND PEOPLE OF SOUTH DAKOTA:

The South Dakota Investment Council annual report provides information about the investment of South Dakota Retirement System assets, state trust funds, and other financial assets of the State of South Dakota. This letter summarizes fiscal year 2024 performance and discusses the Council’s long-term approach; future return expectations; importance of low costs; and productive working relationships with the Legislature, the Executive Branch, and others.

### FISCAL YEAR 2024 PERFORMANCE

The fiscal year 2024 time-weighted investment return for the South Dakota Retirement System (SDRS) was 6.0% net of investment management cost. This was less than the Council’s market index-based Capital Markets Benchmark (CMB) return of 13.8%. The underperformance resulted from having lower exposure to equities and from underperformance of real estate and private equity limited partnerships.

The net returns for the trust funds, which include School and Public Lands, Dakota Cement Trust, Health Care Trust, and Education Enhancement Trust, were 6.3% to 6.9%. The South Dakota Cash Flow Fund yield was 3.9%.

### INVESTING FOR THE LONG TERM

The Council’s goal is to add value over the long term compared to market indexes. Accomplishment of this goal for SDRS provides additional resources to fund retirement benefits for over 103,000 members. Added value for the trust funds and cash flow fund provides additional revenues to the state.

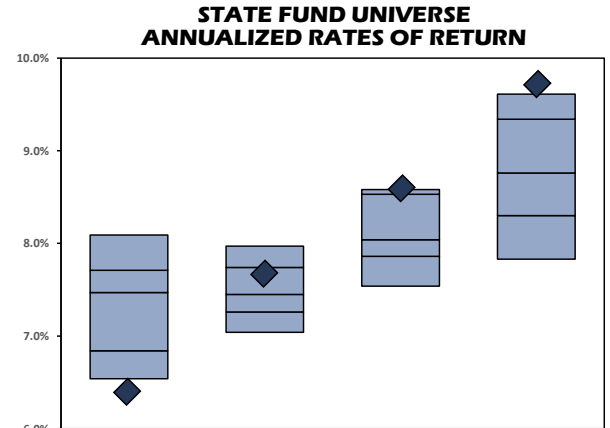
Results vary significantly from year to year with many interim periods of underperformance in the Council’s history. Whether an individual year is good, bad, or average, it is important to be mindful that the Council invests for the long term and that actions taken in one year may impact performance several years down the road. Success has resulted primarily from adhering to strategies during the underperforming periods.

The Council invests in assets believed to be undervalued from a long-term perspective. The valuation process is based on the view that the worth of an asset is the present value of future cash flows. Internal research efforts focus on estimating future cash flows and assessing risk which impacts the rate used to discount cash flows to present value.

Disciplined adherence to the long-term value approach is essential. This is most difficult following underperforming periods. Performing the research function internally and using a sensible valuation process can strengthen conviction. Experience in prior difficult periods adds confidence. Contingency planning also improves the likelihood of adhering to the plan.

Risk is managed by diversifying across multiple asset categories and reducing exposure to expensive assets. Conventional statistical risk measures, such as standard deviation and correlation, help measure volatility and diversification. Conventional measures are good for understanding risk in normal times but tend to understate real-world frequency and magnitude of severe market declines. Since before the 2008-2009 financial crisis, the Council has adjusted risk measures to better reflect risk during periods of market stress. Standard deviations are increased to reflect higher frequency of severe declines, and correlations are adjusted to reflect that most asset categories are less diversifying during severe declines.

The Council has managed SDRS assets for the past 51 years. The return for the most recent 30 years and for the full 51 year period has exceeded more than 90% of other state retirement systems across the nation as shown on the following exhibit.



	NET ANNUALIZED RETURNS			
	10 Years 2015-2024	20 Years 2005-2024	30 years 1995-2024	51 Years 1974-2024
10th %tile	8.1	8.0	8.6	9.6
25th %tile	7.7	7.7	8.5	9.3
Median	7.5	7.5	8.0	8.8
75th %tile	6.8	7.3	7.9	8.3
90th %tile	6.5	7.0	7.5	7.8
◆ SDRS Fund	6.4	7.7	8.6	9.7
SDRS %tile Rank	89	30	8	1-8*

\*Ranked 1<sup>st</sup> from fiscal years 1974-1994 and 8<sup>th</sup> from fiscal years 1995-2024.

SDRS total fund and CMB returns for every fiscal year since inception and various rolling time periods can be found on page 8. Trust fund returns can be found in their respective sections.

### RETURN EXPECTATIONS

The Council believes market return expectations should be based on forward-looking, long-term cash flows rather than extrapolation of past returns, which tend to relate inversely to future results. The Council began developing long-term expected returns in the early 1980s. The following exhibit shows expected returns resulting from the Council’s process for bonds and stocks as of 6/30/82, 6/30/92, 6/30/02, 6/30/12, and 6/30/24.

UPDATE ON RETURN EXPECTATIONS			
	Bonds*	S&P 500	S&P 500 Yield
Expected Long-Term Returns as of 6/30/82	14.4%	15.6%	6.2%
Actual 10-year Returns - 7/1/82 to 6/30/92	13.7%	18.3%	
Actual 20-year Returns - 7/1/82 to 6/30/02	10.5%	14.9%	
Expected Long-Term Returns as of 6/30/92	7.1%	9.5%	3.0%
Actual 10-year Returns - 7/1/92 to 6/30/02	7.4%	11.5%	
Actual 20-year Returns - 7/1/92 to 6/30/12	6.6%	8.4%	
Expected Long-Term Returns as of 6/30/02	4.8%	7.9%	1.6%
Actual 10-year Returns - 7/1/02 to 6/30/12	5.8%	5.3%	
Actual 20-year Returns - 7/1/02 to 6/30/22	3.6%	9.1%	
Expected Long-Term Returns as of 6/30/12	1.6%	8.0%	2.1%
Actual 10-year Returns - 7/1/12 to 6/30/22	1.5%	13.0%	
Actual 12-year Returns - 7/1/12 to 6/30/24	1.4%	14.4%	
Expected Long-Term Returns as of 6/30/24**	4.4%	6.1%	1.4%

\* Expected returns are the 10-year Treasury yield. Actual returns are the FTSE US Broad Investment-Grade (USBIG) Bond Index.

\*\* Returns reflect 2.5% inflation assumption used by SDRS.

In 1982, bond yields were 14.4%, and the Council’s long-term expected return for stocks, based on projected dividends and growth, was 15.6%. Expected returns were high because markets were very cheap, having performed poorly for many years. Subsequent actual 10-year and 20-year returns were 13.7% and 10.5% for bonds and 18.3% and 14.9% for stocks. By June 30, 1992, bond yields were 7.1%, and the expected stock return was 9.5%. Subsequent actual 10-year and 20-year returns were 7.4% and 6.6% for bonds and 11.5% and 8.4% for stocks. As of June 30, 2002, expected returns were 4.8% for bonds and 7.9% for stocks. Subsequent actual 10-year and 20-year returns were 5.8% and 3.6% for bonds and 5.3% and 9.1% for stocks. As of June 30, 2012, expected returns were 1.6% for bonds and 8.0% for stocks. Subsequent actual 10-year and 12-year returns were 1.5% and 1.4% for bonds and 13.0% and 14.4% for stocks.

As of June 30, 2024, expected returns were 4.4% for bonds and 6.1% for stocks. Current interest rates foreshadow higher future bond returns than in recent years. The expected return for stocks is meaningfully lower than earned on average historically.

History has shown that following large market increases, opportunities may be sparse for a time. Chasing lesser opportunities has tended to backfire when assets became much cheaper later. The lesson learned is to wait for worthwhile opportunities, and when absent, be satisfied with modest results until better opportunities come along.

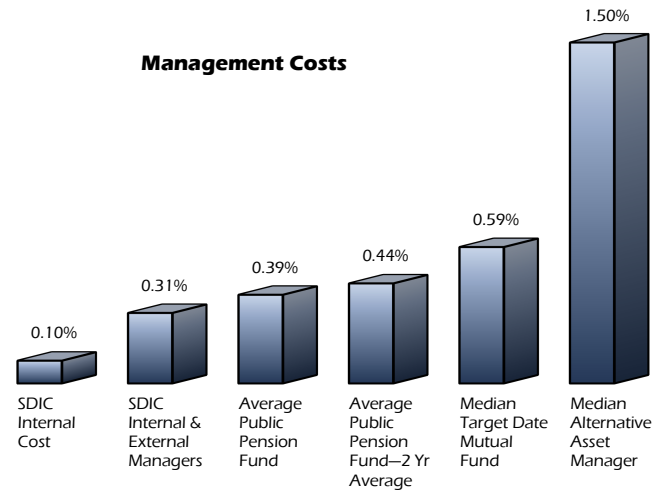
**IMPORTANCE OF LOW COSTS**

The Investment Council manages most assets internally to save money and to try to earn higher returns. Managing assets internally is cheaper than using external managers, especially for more expensive categories such as global equity, small cap equity, and high yield. Index funds are another low-cost alternative but would preclude any opportunity to add value above index returns. The Council believes historic success of internal management efforts relate to greater focus on long-term value and increased conviction from performing research in-house.

The Council began investing in real estate and private equity partnerships in the mid-1990s. Management costs are generally 1% to 2% of partnership assets per year. Partnership managers are also typically allocated 20% of profits. These investments can be more expensive than traditional external managers and much more expensive than the Council’s internal cost. Unlike traditional managers that buy and sell securities, partnership managers have hands-on involvement with underlying investments which complicates cost comparisons. Real estate partnership managers buy and manage underlying properties. Private equity partnership managers buy and operate whole companies. The Council evaluates partnership returns compared to traditional real estate and stock market indexes. Partnership returns are net of all fees and profit allocations.

Internal management cost is projected to average 0.10% of assets. Including external management, total cost is expected to average 0.31%. The total cost fluctuates from year to year primarily due to variation in amounts invested in partnerships, and in some cases, the return of partnership fees if the investment is profitable. The total cost including external managers for SDRS assets is 0.37%. This compares to the average public pension fund cost of 0.39% in 2023, 0.49% in 2022, and the median target date mutual fund cost of 0.59%.

The following exhibit shows Council management costs compared to other funds.



**A TEAM EFFORT**

The Investment Council’s historic success has been a team effort. Consistent support by the Legislature, the Executive Branch, and others over multiple decades has allowed the Council to pursue a long-term investment approach and implement a long-term business plan to develop an internal investment team. The Council recognizes the unique challenges and patience required to support an internal investment organization and long-term investment approach. The Council is very appreciative of the significant efforts of Legislators, the Governor and her team, and their predecessors, to provide the Council with the opportunity to succeed.

The Council benefits from cooperative relationships with other state entities related to the funds managed, including the South Dakota Retirement System, the State Treasurer’s Office, the School and Public Lands’ Office, and the Bureau of Finance and Management. The Council also benefits from important contributions by the Legislative Research Council, the Attorney General’s Office, the Department of Legislative Audit, the Bureau of Information and Telecommunications, and other agencies.

The Council believes its strengths of a disciplined focus on long-term investment value, an exceptionally supportive environment, and a stable internal investment team will serve us well in the decades to come.

Respectfully submitted by:

*Loren Koepsell, Chair*  
*South Dakota Investment Council*

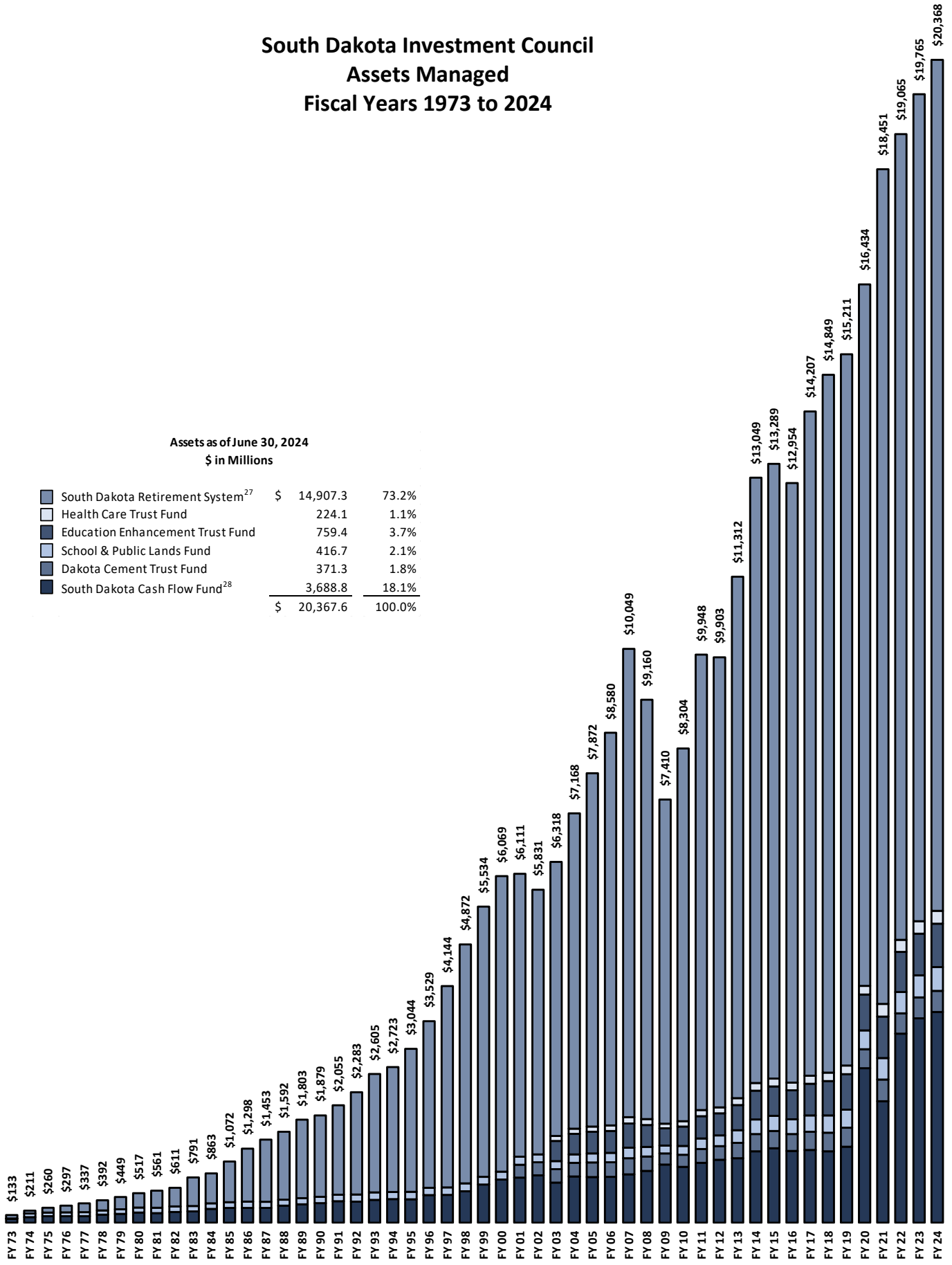
*Matthew L. Clark, CFA*  
*State Investment Officer*

# ASSETS MANAGED

## South Dakota Investment Council Assets Managed Fiscal Years 1973 to 2024

Assets as of June 30, 2024  
\$ in Millions

South Dakota Retirement System <sup>27</sup>	\$ 14,907.3	73.2%
Health Care Trust Fund	224.1	1.1%
Education Enhancement Trust Fund	759.4	3.7%
School & Public Lands Fund	416.7	2.1%
Dakota Cement Trust Fund	371.3	1.8%
South Dakota Cash Flow Fund <sup>28</sup>	3,688.8	18.1%
	<u>\$ 20,367.6</u>	<u>100.0%</u>



## Investment Council Members as of June 30, 2024

### **Loren Koepsell, Chair \*\***

Associate Professor  
Augustana University  
Sioux Falls

### **Steve Pietila \* \*\***

Vice President Wealth & Trust Officer  
First Dakota National Bank  
Yankton

### **Taylor Thompson**

Financial Advisor  
Thompson & Co. Wealth Management (eff. Aug 2024)  
Rapid City

### **Josh Haeder \***

State Treasurer  
State of South Dakota  
Pierre

### **Mary Howard, Vice-Chair \*\***

Senior Vice President-Financial Advisor  
RBC Wealth Management  
Sioux Falls

### **Kelly Meiners \***

Senior Vice President & Manager  
First Fidelity Bank  
Winner

### **Brock Greenfield**

Commissioner of School & Public Lands  
State of South Dakota  
Pierre

### **Travis Almond**

Executive Director  
South Dakota Retirement System  
Pierre

\*Denotes member of Audit Committee

\*\*Denotes member of Compensation Committee

#### **History**

- Established by the South Dakota Legislature in 1971. Operations began on July 1, 1972.

#### **Membership**

- Consists of eight voting members.
- South Dakota law stipulates that, *"The members of the State Investment Council shall be qualified by training and experience in the field of investment or finance."*
- Five members are appointed by the Executive Board of the Legislative Research Council, a bipartisan board composed of members from both houses of the Legislature, to serve rolling five-year terms.
- Three members serve ex officio: the State Treasurer, the Commissioner of School & Public Lands, and the Executive Director of the South Dakota Retirement System.

#### **Responsibilities**

- Appoint and oversee the State Investment Officer.
- Approve investment policies and performance benchmarks.
- Monitor implementation of investment process.
- Oversee audit process through SDIC Audit Committee.
- Comply with and monitor Code of Ethics and Personal Investing Guidelines.
- Approve annual budget and long-term plan.

#### **Investment Policy**

- Abide by Prudent-Person Standard as defined by South Dakota Codified Law 4-5-27 below.

*Any investments under the provisions of SDCL 4-5-12 to 4-5-39, inclusive, shall be made with the exercise of that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.*

#### **Investment Council Staff**

- Staff includes twenty-eight investment positions across a variety of asset categories, CFO, four investment accounting positions, two administrative positions including a business manager, and two part-time legal counsel positions. Of the investment staff, twenty-five hold the Chartered Financial Analyst® designation. All of the investment accounting staff and CFO hold the Certified Public Accountant designation.
- The SDIC staff, led by the State Investment Officer, recommend investment policies and manage implementation.

# SOUTH DAKOTA RETIREMENT SYSTEM

## THE FUND

The South Dakota Retirement System (SDRS) provides retirement, disability, and survivor benefits to over 103,000 South Dakota public employees. SDRS is a cost-sharing, multiple-employer public retirement system funded through member and employer contributions and investment income. Per state statute, the South Dakota Investment Council (Council) is responsible for managing SDRS investment assets. This section discusses investment objectives and intermediate and long-term results. Detailed information about SDRS can be found on their website, <https://sdrs.sd.gov>.

## INVESTMENT OBJECTIVES

The primary investment objective for SDRS assets is to achieve and exceed over the long term the return of the Council's Capital Markets Benchmark. Accomplishment of this objective provides the best opportunity to earn returns sufficient to maintain the financial strength of SDRS. An estimate of the long-term return of the benchmark is used by the SDRS actuary to assess the funding status of SDRS. If investment markets prove disappointing or the Council underperforms, benefit reductions may be statutorily required.

The Capital Markets Benchmark reflects the Council's benchmark asset allocation applied to index returns for each asset category. The key investment policy decision relates to asset allocation as discussed in the SDRS Asset Allocation Focus on page 7. The index-based capital markets benchmark is

believed to represent a challenging comparison as the average investor tends to underperform market indexes over time due to management fees and transaction costs.

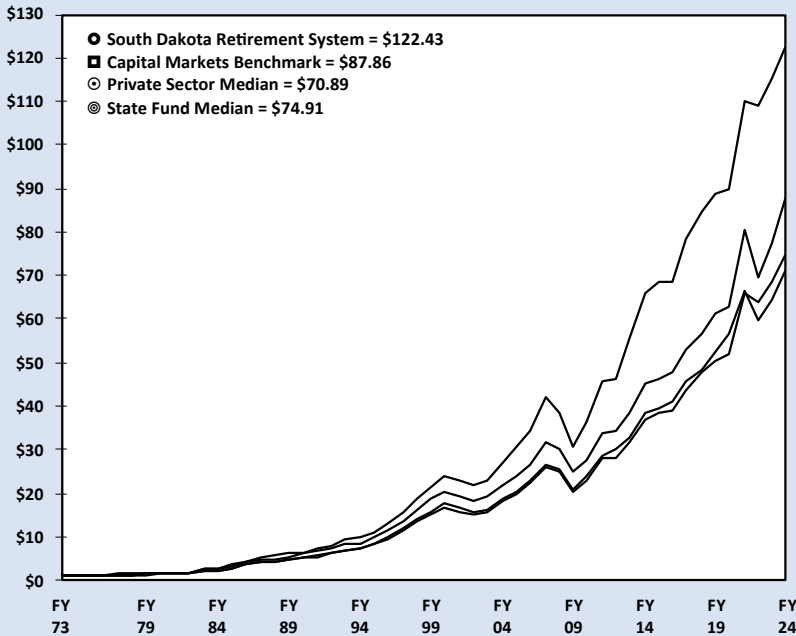
This objective has been achieved for the majority of rolling 5 and 10-year periods and all 20 and 30-year periods. The following table summarizes SDRS total fund performance versus the Council's Capital Markets Benchmark. A complete listing of rolling 5, 10, 20, and 30-year return comparisons is located on page 8.

<b>SDRS Total Fund versus Capital Markets Benchmark</b>				
	<u>5 years</u>	<u>10 years</u>	<u>20 years</u>	<u>30 years</u>
# of Successes	37	38	32	22
# of Periods	47	42	32	22
% of Success	79%	90%	100%	100%

A secondary objective is to achieve and exceed over the long term the median return earned by peer funds. Comparison to peer funds can help in assessing performance as most peer funds have similar long-term return objectives. The following table shows that SDRS returns have exceeded the median state fund results for the majority of rolling 5 and 10-year periods and all 20 and 30-year periods.

<b>SDRS Total Fund versus State Fund Median</b>				
	<u>5 years</u>	<u>10 years</u>	<u>20 years</u>	<u>30 years</u>
# of Successes	39	40	32	22
# of Periods	47	42	32	22
% of Success	83%	95%	100%	100%

### Growth of a Dollar



The chart to the left shows that compounding superior returns over the long term can really add up. A dollar invested at SDRS returns starting in 1973 would have increased to \$122.43 by June 30, 2024. A dollar invested in the Council's Capital Markets Benchmark would have grown to \$87.86. A dollar invested in the typical private sector pension plan and state fund would have grown to \$70.89 and \$74.91, respectively.

## Asset Allocation Focus

Allocation of assets to categories is typically the most impactful investment decision. The Council establishes a benchmark asset allocation which considers expected long-term returns and risk. Categories included in the benchmark are those that are significant in size and can be passively implemented. These include public equity, real estate, high yield debt, investment grade debt, and cash. The Council’s Capital Markets Benchmark (CMB) is based on the benchmark asset allocation and is intended to represent what is achievable through index funds without requiring exceptional skill. The Capital Markets Benchmark is used to compare against actual results to assess whether value has been added. The benchmark is viewed as a challenging hurdle as it is difficult for most investors to exceed index returns. The Council also establishes a minimum and maximum for each category. Niche or skill-based categories are not included in the benchmark but can have a permitted range when it is believed that valuation of a category is depressed or if superior managers have been identified.

Use of multiple asset categories can complicate understanding of total fund risk as categories may have varying sensitivities to changing economic and market conditions. When the Council began managing assets in the early 1970’s, most institutional portfolios consisted of bonds, some stocks, and cash. Investors back then could understand the level of risk by simply looking at the percentage invested in stocks. To help in understanding the risk of today’s more complicated portfolios, the Council focuses on equity-like and bond-like risk. Equity-like risk is the percentage invested in stocks plus any embedded equity exposure of other categories, particularly during times of market stress. Bond-like risk is the percentage invested in investment grade bonds plus any embedded bond exposure of other categories. The benchmark equity-like risk is 70% with a permitted range of 40% to 85%. The benchmark bond-like risk is 27% with a permitted range of 15% to 60%. There are also ranges around the benchmark allocation to individual asset categories.

The valuation process which drives allocations within the ranges is based on the present value of estimated future cash flows. Internal research efforts focus on estimating cash flows and risk-based discount rates.

Conventional statistical measures of risk are calculated. These include standard deviation as a measure of volatility and correlation as a measure of the degree that categories provide diversification. Conventional measures are helpful for understanding risk in normal times but can understate real-world frequency and magnitude of severe declines. The Council adjusts statistical measures to better reflect risk during severe declines. Liquidity is monitored to minimize risk of forced liquidations.

The equity-like risk of the SDRS fund was near 50% for fiscal year 2024 compared to the Capital Markets Benchmark

level of 70%. The actual level can fluctuate within a small rebalance band around the target.

The expected long-term return for the benchmark allocation as of June 30, 2024, was 5.8% incorporating the SDRS inflation assumption of 2.5%. The actual portfolio can be significantly different than the benchmark at any point in time, but the long-term average level of equity-like risk is expected to be close to the 70% benchmark level. The expected return for the benchmark excludes any potential value added or detracted relative to index returns resulting from actively managing the fund and the impact of timing of withdrawals to pay benefits. Standard deviation was estimated to be 15% after adjustments to capture real-world frequency of adverse events. These statistics indicate a 68% chance the return for any year would be between (9.2%) and 20.7% and a 95% chance the return would be between (24.1%) and 35.7%.

In recent years, unsustainable buildup of global debt was highlighted as potentially the greatest risk to markets. The expected consequences were muted growth and increased inflation. Subsequent efforts to lower inflation could require government spending restraint and reversal of prior monetary stimulus. Those efforts could lead to deflationary debt liquidation, or if inadequate, higher sustained inflation.

In the past couple of years, short-term interest rates increased significantly. As loans roll over to the new rates, the monetary tightening may become more impactful and potentially lead to a recession. Lower rates over the next couple of years may reduce this risk but potentially reignite inflation. Government debt growth and materially higher interest payments continue to be a significant long-term risk for markets.

Fiscal Year 2024 Asset Allocation Policy Summary		
Asset Category	CMB Allocation	Min - Max Range
Public Equity	56.3%	20% - 75%
Real Estate (REIT/Core)	12.0%	0% - 20%
High Yield Debt (Corporate)	7.0%	0% - 15%
Investment Grade Debt	22.8%	13% - 60%
Cash	1.9%	0% - 45%
Private Equity	0.0%	0% - 12%
Opportunistic Real Estate	0.0%	0% - 15%
High Yield Debt (Real Estate)	0.0%	0% - 10%
Aggressive Absolute Return	0.0%	0% - 5%
Other Categories*	0.0%	0% - 5%

\* Other categories may include TIPS, Commodities, and Arbitrage.



**SDRS Total Fund Performance<sup>9-13</sup>**

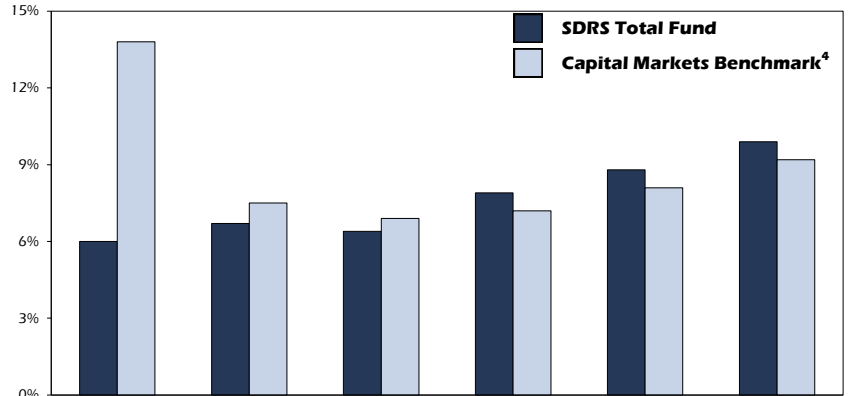
Fiscal Year	1 Year		5 Years		10 Years		20 Years		30 Years		51 Years	
	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench
2024	6.0%	13.8%	6.7%	7.5%	6.4%	6.9%	7.9%	7.2%	8.8%	8.1%	9.9%	9.2%
2023	5.8%	10.7%	6.4%	6.4%	7.6%	7.2%	8.4%	7.2%	8.8%	7.7%		
2022	(0.7%)	(13.0%)	6.9%	5.7%	8.9%	7.4%	8.3%	7.0%	9.1%	7.7%		
2021	22.0%	28.0%	9.8%	11.0%	9.2%	9.1%	8.1%	7.4%	9.6%	8.7%		
2020	1.6%	2.5%	5.6%	6.3%	9.6%	8.6%	6.9%	5.8%	9.2%	8.1%		
2019	4.9%	7.9%	6.1%	6.2%	11.3%	9.5%	7.4%	6.2%	9.2%	8.4%		
2018	7.9%	7.3%	8.8%	8.0%	8.3%	6.5%	7.8%	6.4%	9.5%	8.7%		
2017	13.8%	11.0%	11.1%	9.1%	6.5%	5.3%	8.4%	6.9%	9.5%	8.5%		
2016	0.3%	2.9%	8.6%	7.3%	7.2%	5.9%	8.7%	7.3%	9.6%	8.6%		
2015	4.2%	2.1%	13.7%	11.0%	8.5%	6.7%	9.5%	7.9%	10.4%	9.3%		
2014	18.9%	17.5%	16.7%	12.9%	9.4%	7.5%	10.0%	8.7%	10.7%	10.2%		
2013	19.5%	12.7%	7.7%	5.0%	9.2%	7.3%	9.3%	7.9%	10.3%	9.6%		
2012	1.9%	2.0%	2.1%	1.7%	7.8%	6.6%	9.1%	7.9%	11.4%	10.4%		
2011	25.8%	22.1%	5.7%	4.6%	7.0%	5.7%	9.7%	8.4%	11.4%	10.4%		
2010	18.7%	11.1%	3.5%	2.6%	4.3%	3.1%	9.0%	7.8%	10.8%	9.9%		
2009	(20.4%)	(18.0%)	2.5%	2.3%	3.6%	2.9%	8.2%	7.9%	10.5%	9.9%		
2008	(8.7%)	(4.2%)	10.6%	9.6%	7.4%	6.3%	10.2%	9.8%	11.6%	11.0%		
2007	21.4%	17.6%	13.8%	11.7%	10.3%	8.6%	11.1%	10.1%	12.0%	11.2%		
2006	13.1%	10.7%	8.3%	6.8%	10.3%	8.7%	10.8%	10.0%	11.8%	10.9%		
2005	13.3%	9.6%	5.1%	3.6%	10.6%	9.2%	11.4%	10.7%	11.7%	10.9%		
2004	16.6%	15.5%	4.6%	3.6%	10.7%	9.9%	12.3%	11.6%	11.8%	11.0%		
2003	5.0%	5.4%	4.2%	3.2%	9.5%	8.6%	11.4%	10.7%	11.0%	10.3%		
2002	(4.9%)	(5.8%)	6.9%	5.6%	10.6%	9.2%	13.2%	12.3%				
2001	(2.9%)	(5.1%)	12.3%	10.6%	12.5%	11.2%	13.6%	12.8%				
2000	10.8%	9.7%	16.5%	15.1%	13.9%	12.8%	14.3%	13.5%				
1999	14.6%	13.3%	17.2%	16.6%	13.0%	13.1%	14.1%	13.5%				
1998	19.3%	18.4%	15.1%	14.2%	13.0%	13.4%	13.8%	13.3%				
1997	21.3%	18.9%	14.3%	12.9%	11.9%	11.6%	12.9%	12.5%				
1996	16.7%	15.5%	12.8%	11.8%	11.3%	11.3%	12.5%	12.0%				
1995	14.1%	16.9%	11.3%	10.5%	12.2%	12.2%	12.3%	11.8%				
1994	4.8%	2.4%	9.0%	9.7%	13.9%	13.2%	12.4%	11.6%				
1993	15.2%	11.8%	10.9%	12.5%	13.4%	13.0%	11.8%	11.2%				
1992	13.4%	12.9%	9.5%	10.2%	16.0%	15.5%						
1991	9.3%	9.2%	9.9%	10.9%	14.7%	14.4%						
1990	3.0%	12.5%	13.2%	13.9%	14.7%	14.1%						
1989	14.2%	16.4%	18.9%	16.9%	15.2%	13.9%						
1988	8.0%	0.7%	15.9%	13.4%	14.7%	13.3%						
1987	15.3%	16.6%	22.8%	21.1%	14.0%	13.4%						
1986	26.7%	24.7%	19.8%	18.0%	13.7%	12.6%						
1985	31.8%	28.2%	16.2%	14.4%	12.4%	11.3%						
1984	0.7%	(0.1%)	11.6%	11.0%	10.9%	10.0%						
1983	44.1%	39.6%	13.4%	13.2%	10.2%	9.5%						
1982	1.8%	2.8%	5.8%	6.2%								
1981	8.8%	6.6%	8.0%	7.4%								
1980	7.6%	10.4%	8.7%	8.3%								
1979	9.3%	10.2%	10.3%	9.1%								
1978	1.7%	1.4%	7.0%	5.9%								
1977	12.9%	8.6%										
1976	12.2%	11.2%										
1975	15.8%	14.2%										
1974	(5.9%)	(4.8%)										

The chart to the left shows the annualized total rate of returns for 1, 5, 10, 20, 30, and 51 years through fiscal year 2024 for the Total Fund. The Capital Markets Benchmark<sup>4</sup> is provided for comparison.

The one-year Total Fund returns above the solid demarcation line are net-of-fees, the returns below are gross-of-fees.

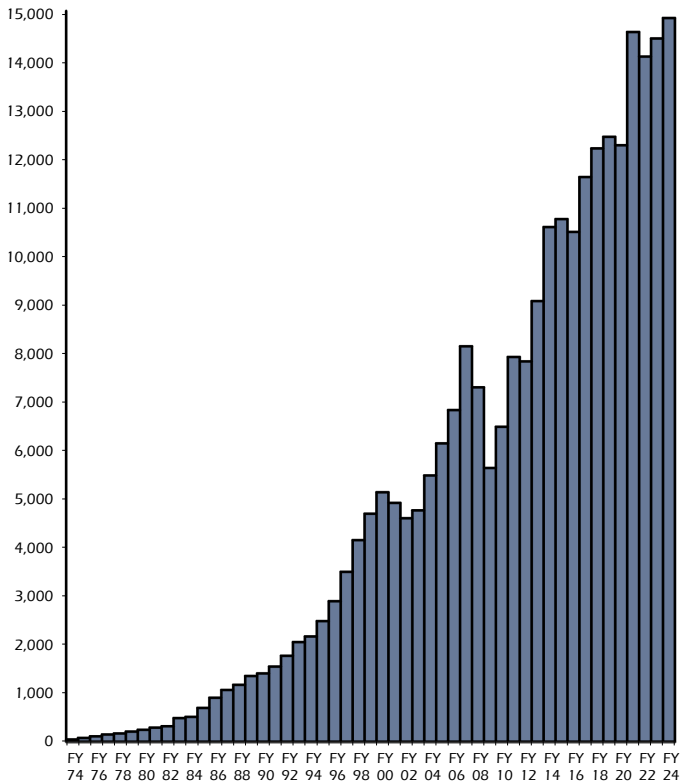
Past performance is no guarantee of future results.

**SDRS Total Fund vs. Benchmark**

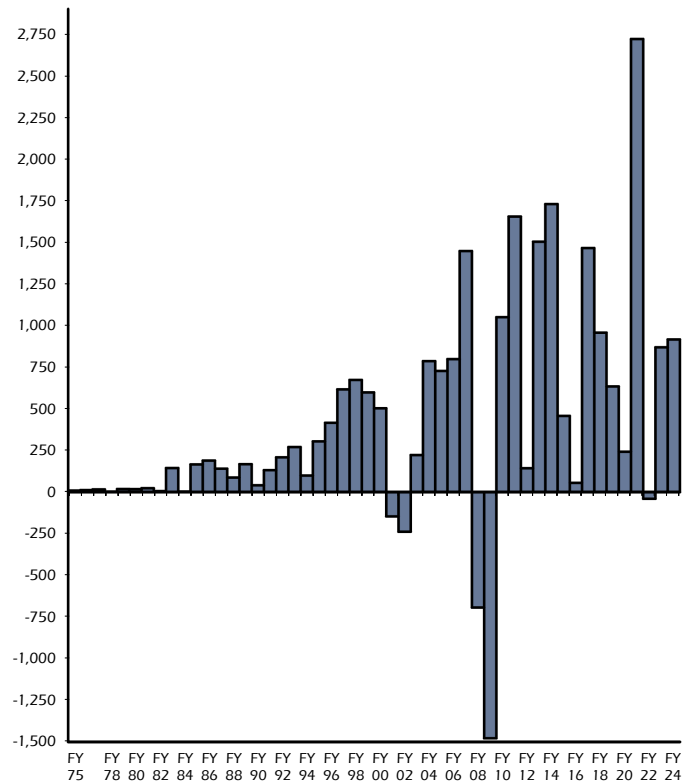


	Annualized Returns					
	1 Year	5 Years	10 Years	20 Years	30 Years	51 Years
<b>SDRS</b>	6.0%	6.7%	6.4%	7.9%	8.8%	9.9%
<b>Benchmark</b>	13.8%	7.5%	6.9%	7.2%	8.1%	9.2%
<b>Difference</b>	(7.8%)	(0.8%)	(0.5%)	0.7%	0.7%	0.7%

**Asset Growth<sup>23</sup> (\$ in millions)**



**Investment Income<sup>24</sup> (\$ in millions)**



**Cash Flows and Fair Value Changes**

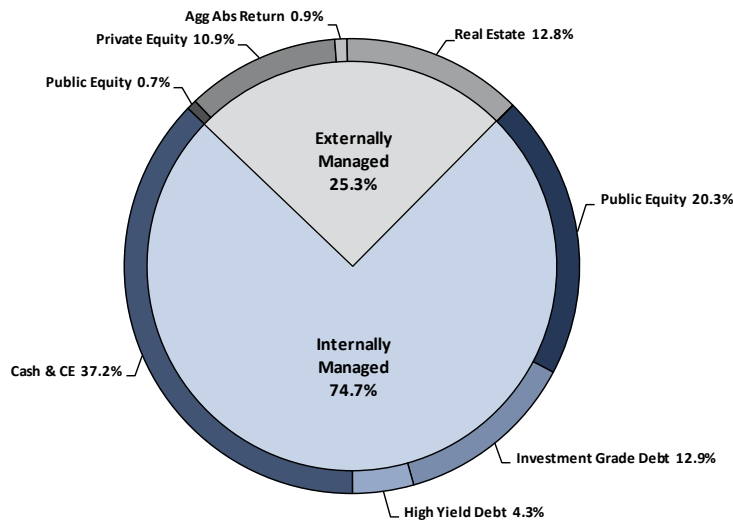
SDRS began fiscal year 2024 with \$14.486 billion in assets. During the fiscal year, net contributions/withdrawals and fees decreased the fund by \$495.4 million and investment income increased it by \$916.4 million, resulting in an ending fair value of \$14.907 billion.

<b>Fair Value 6/30/23</b>		\$ 14,486,253,563
<b>Increases/Decreases</b>		
Net Contributions/Withdrawals	\$ (434,529,554)	
Internal Management Fees	(14,611,505)	
External Management Fees	<u>(46,268,709)</u>	
Total Increases/Decreases		\$ (495,409,768)
<b>Investment Income</b>		
Securities Income		
Interest Income	\$ 257,271,493	
Dividend Income	134,802,944	
Securities Lending Income	151,948	
Real Estate Income	(11,380,711)	
Change in Accrued Income	<u>6,041,228</u>	
Total Securities Income		\$ 386,886,902
Total Capital Gain/Loss Income		<u>\$ 529,560,080</u>
Total Investment Income		<u>\$ 916,446,982</u>
<b>Fair Value 6/30/24</b>		<u>\$ 14,907,290,777</u>

**Asset Allocation**

As of June 30, 2024, SDRS assets totaled \$14.907 billion. The broad asset categories and managers are listed below. The Capital Markets Benchmark allocation is also provided for comparison. The chart shows the asset allocation of the broad asset categories broken out by internally and externally managed.

	<u>Fair Value Excluding Futures</u>		<u>% of Fund Excluding Futures</u>		<u>Futures Exposure</u>	<u>Fair Value with Futures</u>	<u>% of Fund with Futures</u>	<u>Capital Markets Benchmark %</u>
<b>Public Equity</b>								
Internal Global Large-Cap Equity	\$ 3,931,610,769		26.4%					
Emerging Markets ETF	559,414,613		3.8%					
Internal Small/Mid-Cap Equity	765,409,831		5.1%					
Sanders Capital	<u>105,856,790</u>	\$ 5,362,292,003	<u>0.7%</u>	36.0%				
Equity Index Futures					\$ (2,240,707,968)	\$ 3,121,584,035	21.0%	56.3%
<b>Private Equity<sup>8</sup></b>								
Blackstone Capital Partners	\$ 107,205,281		0.7%					
Blackstone Energy Partners	173,119,045		1.2%					
Capital International	2,528,047		0.0%					
Carlyle	28,985,365		0.2%					
Cinven	231,558,066		1.6%					
CVC	283,340,746		1.9%					
EnCap Energy Capital	60,467,607		0.4%					
PineBridge	2,423,071		0.0%					
Riverstone	69,927,961		0.5%					
Silver Lake	<u>661,515,211</u>	1,621,070,400	<u>4.4%</u>	10.9%	0	1,621,070,400	10.9%	0.0%
<b>Aggressive Absolute Return</b>								
Bridgewater	\$ 111,785,645		0.8%					
Telsey	<u>16,826,530</u>	128,612,175	<u>0.1%</u>	0.9%	0	128,612,175	0.9%	0.0%
<b>Real Estate<sup>8</sup></b>								
Blackstone Real Estate Partners	\$ 1,156,707,979		7.7%					
Brookfield Strategic Partners	296,238,368		2.0%					
Lone Star	116,756,778		0.8%					
Rockpoint	129,253,653		0.9%					
Starwood	<u>215,939,972</u>	1,914,896,750	<u>1.4%</u>	12.8%	0	1,914,896,750	12.8%	12.0%
<b>Investment Grade Debt</b>								
Internal Investment Grade	\$ 1,285,223,142		8.6%					
Internal Treasury Notes	593,398,733		4.0%					
Investment Grade Bond ETF	<u>43,045,109</u>	1,921,666,984	<u>0.3%</u>	12.9%	0	1,921,666,984	12.9%	22.8%
<b>High Yield Debt (Corporate)</b>								
Internal High Yield	\$ 647,829,557	647,829,557	4.3%	4.3%	0	647,829,557	4.3%	7.0%
<b>Cash &amp; Cash Equivalents</b>								
Cash/Cash Collateral	\$ 65,821,768		0.4%					
Internal Treasury Bills	2,133,697,035		14.3%					
Money Market Funds	<u>1,111,404,105</u>	<u>3,310,922,908</u>	<u>7.5%</u>	<u>22.2%</u>				
Cash From Futures					<u>2,240,707,968</u>	<u>5,551,630,876</u>	<u>37.2%</u>	<u>1.9%</u>
<b>Total</b>		<u>\$14,907,290,777</u>		<u>100.0%</u>	<u>\$ 0</u>	<u>\$ 14,907,290,777</u>	<u>100.0%</u>	<u>100.0%</u>



**SDRS Internal Bond Portfolio Performance**

Fiscal Year	1 Year		5 Years		10 Years		20 Years		30 Years		51 Years	
	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench
2024	2.7%	2.7%	(0.2%)	(0.2%)	1.5%	1.4%	3.6%	3.3%	5.0%	4.8%	7.1%	6.6%
2023	(0.9%)	(1.0%)	0.9%	0.8%	1.6%	1.5%	3.5%	3.2%	4.9%	4.6%		
2022	(9.8%)	(10.6%)	1.0%	0.9%	1.7%	1.5%	4.3%	3.9%	5.5%	5.1%		
2021	(1.5%)	(0.2%)	3.0%	3.1%	3.4%	3.4%	5.1%	4.8%	6.4%	5.9%		
2020	9.5%	9.0%	4.5%	4.3%	4.1%	3.8%	5.7%	5.4%	6.8%	6.3%		
2019	8.5%	7.9%	3.2%	3.0%	4.1%	3.8%	5.4%	5.2%	6.8%	6.3%		
2018	(0.5%)	(0.4%)	2.3%	2.3%	4.2%	3.8%	5.1%	4.9%	6.9%	6.4%		
2017	(0.4%)	(0.3%)	2.4%	2.2%	5.1%	4.6%	5.8%	5.5%	7.2%	6.7%		
2016	6.1%	6.0%	3.9%	3.8%	5.8%	5.2%	6.3%	6.0%	7.5%	6.9%		
2015	2.4%	1.9%	3.6%	3.3%	5.1%	4.6%	6.3%	6.0%	7.9%	7.3%		
2014	4.2%	4.3%	5.0%	4.7%	5.8%	5.2%	6.9%	6.5%	8.7%	8.2%		
2013	(0.3%)	(0.6%)	6.0%	5.3%	5.5%	4.9%	6.7%	6.2%	8.5%	8.1%		
2012	7.1%	7.5%	7.8%	7.0%	7.0%	6.3%	7.5%	6.9%	9.5%	9.1%		
2011	4.7%	3.7%	7.7%	6.7%	6.8%	6.3%	7.9%	7.2%	9.7%	9.3%		
2010	9.8%	9.0%	6.7%	6.0%	7.4%	7.0%	8.2%	7.5%	9.2%	8.9%		
2009	9.2%	7.1%	6.5%	5.8%	6.8%	6.5%	8.1%	7.5%	8.9%	8.7%		
2008	8.4%	7.8%	4.9%	4.6%	6.1%	6.1%	8.3%	7.7%	8.9%	8.8%		
2007	6.5%	6.1%	6.1%	5.7%	6.5%	6.4%	8.3%	7.8%	8.6%	8.5%		
2006	(0.2%)	0.2%	6.0%	5.8%	6.9%	6.7%	8.4%	7.7%	8.9%	8.7%		
2005	9.1%	7.9%	8.1%	8.1%	7.5%	7.4%	9.3%	8.7%	9.4%	9.1%		
2004	1.3%	1.3%	7.1%	7.2%	8.0%	7.8%	10.3%	9.7%	9.6%	9.3%		
2003	14.4%	13.4%	7.3%	7.6%	7.8%	7.5%	10.1%	9.7%	9.6%	9.1%		
2002	5.9%	7.0%	7.0%	7.1%	8.0%	7.4%	10.8%	10.5%				
2001	10.0%	11.2%	7.8%	7.7%	9.0%	8.1%	11.1%	10.8%				
2000	4.3%	3.8%	7.0%	6.7%	9.1%	8.1%	10.1%	9.9%				
1999	2.4%	2.9%	8.9%	8.4%	9.5%	8.5%	10.0%	9.9%				
1998	12.6%	11.2%	8.3%	7.5%	10.5%	9.4%	10.3%	10.1%				
1997	9.9%	9.6%	9.0%	7.7%	10.1%	9.1%	9.6%	9.6%				
1996	5.9%	6.2%	10.2%	8.6%	9.9%	8.7%	9.9%	9.8%				
1995	14.0%	12.5%	11.3%	9.5%	11.1%	10.1%	10.3%	10.0%				
1994	(0.1%)	(1.2%)	10.1%	8.6%	12.6%	11.6%	10.4%	10.0%				
1993	16.1%	12.0%	12.7%	11.4%	12.4%	12.0%	10.5%	9.9%				
1992	16.3%	14.2%	11.2%	10.6%	13.7%	13.7%						
1991	11.1%	10.8%	9.5%	8.9%	13.2%	13.5%						
1990	7.9%	7.7%	10.9%	10.6%	11.1%	11.7%						
1989	12.5%	12.2%	15.1%	14.8%	10.5%	11.3%						
1988	8.6%	8.2%	12.1%	12.6%	10.1%	10.9%						
1987	7.5%	5.6%	16.2%	16.8%	9.1%	10.1%						
1986	18.5%	19.8%	17.0%	18.4%	9.9%	10.8%						
1985	29.9%	30.0%	11.2%	12.9%	9.5%	9.9%						
1984	(1.6%)	1.7%	6.0%	7.9%	8.2%	8.4%						
1983	30.5%	30.0%	8.1%	9.2%	8.7%	7.9%						
1982	11.2%	12.8%	2.4%	3.8%								
1981	(8.1%)	(5.4%)	3.3%	3.7%								
1980	2.2%	3.8%	7.9%	7.0%								
1979	8.3%	7.6%	10.4%	8.8%								
1978	(0.4%)	1.0%	9.3%	6.6%								
1977	15.9%	12.4%										
1976	14.2%	10.5%										
1975	14.9%	12.9%										
1974	3.1%	(2.9%)										

The chart to the left shows the annualized total rate of returns for 1, 5, 10, 20, 30, and 51 years through fiscal year 2024 for the Internal Bond Portfolio. The Fixed Income Benchmark<sup>2</sup> is provided for comparison.

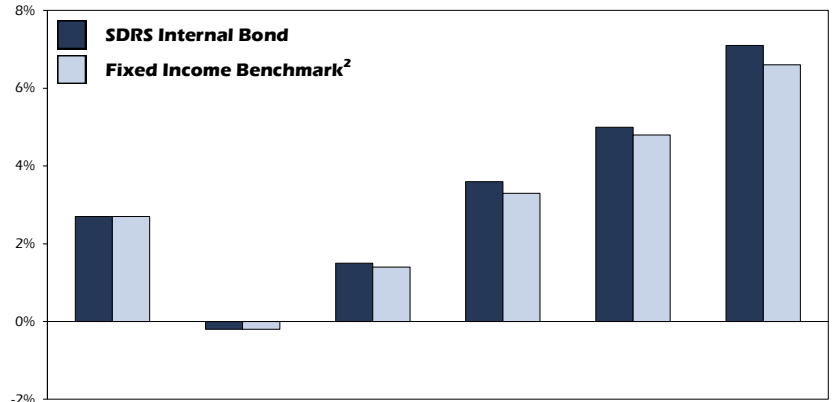
The one-year returns above the solid demarcation line include both bonds and allocated cash reserves; the returns below are bonds only with no allocated cash reserves.

Prior to fiscal year 2007, the investment grade and high yield bonds were managed together. On July 1, 2006, they were separated and are now managed individually. The one-year returns below the dotted demarcation line reflect the investment grade and high yield returns; the returns above are investment grade-only returns. The high yield-only returns are presented on the next page.

Characteristic	SDRS	Bond Index <sup>1</sup>
Yield to Maturity	4.98%	5.04%
Average Maturity	5.44 yrs	9.06 yrs
Duration	5.67 yrs	6.12 yrs

The Bond Index is presented for comparative purposes.

**SDRS Internal Bond vs. Benchmark**



	1 Year	5 Years	10 Years	20 Years	30 Years	51 Years
<b>SDRS</b>	2.7%	(0.2%)	1.5%	3.6%	5.0%	7.1%
<b>Benchmark</b>	2.7%	(0.2%)	1.4%	3.3%	4.8%	6.6%
<b>Difference</b>	0.0%	0.0%	0.1%	0.3%	0.2%	0.5%

**SDRS Internal High Yield Bond Portfolio Performance**

Fiscal Year	1 Year		2 Years		3 Years		5 Years		10 Years		18 Years	
	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench
2024	11.1%	10.1%	11.0%	9.6%	4.2%	1.9%	3.0%	3.6%	2.4%	3.1%	5.2%	5.8%
2023	11.0%	9.1%	0.9%	(2.0%)	9.7%	3.5%	0.8%	2.9%	2.2%	3.2%		
2022	(8.3%)	(12.0%)	9.0%	0.8%	(2.0%)	(0.2%)	0.7%	1.7%	2.3%	3.2%		
2021	29.6%	15.5%	1.3%	6.2%	0.8%	6.4%	6.7%	6.8%	4.1%	5.3%		
2020	(20.8%)	(2.3%)	(11.2%)	2.1%	(4.5%)	2.3%	(0.7%)	3.2%	2.9%	5.3%		
2019	(0.4%)	6.7%	4.8%	4.7%	10.5%	7.2%	1.7%	2.7%	7.1%	7.4%		
2018	10.2%	2.6%	16.3%	7.5%	7.0%	4.0%	3.7%	3.5%	7.2%	6.9%		
2017	22.7%	12.6%	5.4%	4.6%	(0.2%)	1.4%	3.9%	4.8%	6.2%	6.8%		
2016	(9.6%)	(2.7%)	(10.1%)	(3.8%)	(4.0%)	1.0%	1.5%	3.9%	4.8%	6.4%		
2015	(10.6%)	(4.8%)	(1.1%)	2.9%	3.0%	4.8%	6.7%	7.4%				
2014	9.5%	11.2%	10.5%	10.0%	10.1%	9.3%	12.7%	12.2%				
2013	11.5%	8.9%	10.4%	8.4%	12.2%	10.5%	10.8%	10.4%				
2012	9.2%	7.9%	12.6%	11.3%	14.2%	13.7%	8.5%	8.8%				
2011	16.0%	14.8%	16.7%	16.8%	11.2%	11.8%	8.2%	9.1%				
2010	17.5%	18.9%	8.8%	10.3%	5.8%	7.2%						
2009	0.7%	2.3%	0.4%	1.8%	2.8%	4.2%						
2008	0.1%	1.2%	3.8%	5.2%								
2007	7.7%	9.2%										

The chart to the left shows the annualized total rate of returns for 1, 2, 3, 5, 10 and 18 years through fiscal year 2024 for the Internal High Yield Bond Portfolio. The High Yield Benchmark<sup>2</sup> is provided for comparison.

On July 1, 2006, the investment grade and high yield bonds were separated and are now managed individually.

**Internal Bond Profiles**

SDRS internal Investment Grade (IG) and High Yield (HY) bond portfolio characteristics as of June 30, 2024, are presented below.

**Distribution by Bond Duration**

	IG	HY
0 to 2 Years	11.6%	7.5%
2 to 3 Years	5.8%	19.9%
3 to 4 Years	13.1%	40.2%
4 to 5 Years	10.8%	25.1%
5 to 6 Years	21.2%	5.3%
6 to 8 Years	24.6%	1.4%
Above 8 Years	12.9%	0.6%
Total	100.0%	100.0%

**Distribution by Bond Rating**

	IG	HY
U.S. Government Guaranteed	45.3%	0.0%
AAA	0.5%	0.0%
AA	26.6%	0.0%
A	16.9%	0.0%
BBB	10.7%	1.2%
BB	0.0%	60.0%
B	0.0%	31.4%
CCC and lower (includes not rated)	0.0%	7.4%
Total	100.0%	100.0%

**Distribution by Bond Coupon**

	IG	HY
0.00% - 2.00%	53.9%	0.0%
2.01% - 3.00%	23.7%	0.2%
3.01% - 4.00%	9.4%	11.1%
4.01% - 5.00%	10.0%	30.2%
5.01% - 6.00%	2.9%	22.5%
6.01% - 7.00%	0.1%	17.4%
7.01% and over	0.0%	18.6%
Total	100.0%	100.0%

**Distribution by Sector**

	IG	HY
Agency Debentures	2.8%	0.0%
Agency Mortgage-Backed Securities	26.6%	0.0%
High Yield Securities	0.0%	95.0%
Investment Grade Corporates	32.8%	0.9%
U.S. Treasuries	35.3%	0.0%
Cash/Cash Equivalents	2.5%	4.1%
Total	100.0%	100.0%

**Investment Grade Bond Portfolio 10 Largest Corporates by Issuer**

	% of Total
Ontario (Province Of)	2.3%
Bank of America Corp.	1.7%
Starbucks Corp.	1.4%
JPMorgan Chase & Co.	1.3%
Home Depot, Inc.	1.3%
Deere & Co.	1.2%
Morgan Stanley	1.1%
Quebec (Province Of)	1.1%
American Express Co.	1.1%
Amazon.com, Inc.	1.1%
Total	13.6%

**High Yield Bond Portfolio 10 Largest Holdings by Issuer**

	% of Total
Bristow Group, Inc *	21.1%
CCO Holdings LLC	1.8%
CSC Holdings LLC	1.7%
TransDigm Group, Inc.	1.6%
Cumulus Media, Inc.	1.5%
Carnival Corp.	1.5%
Tenet Healthcare Corp.	1.5%
Anywhere Real Estate, Inc.	1.4%
Frontier Communications	1.2%
Sirius XM Holdings, Inc.	1.2%
Total	34.5%

\*Equity received through bankruptcy reorganization

**SDRS Combined Internal Large-Cap Equity Portfolio Performance**

Fiscal Year	1 Year		5 Years		10 Years		20 Years		30 Years		51 Years	
	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench
2024	19.8%	21.0%	14.3%	12.7%	10.8%	10.6%	9.5%	9.2%	10.3%	9.7%	11.7%	10.5%
2023	19.7%	20.0%	10.9%	10.2%	11.1%	10.9%	9.6%	9.3%	9.9%	9.1%		
2022	(6.5%)	(12.6%)	9.6%	8.8%	11.8%	10.8%	8.6%	8.3%	9.7%	8.9%		
2021	49.7%	39.2%	15.7%	15.8%	12.5%	12.2%	8.2%	8.1%	10.4%	9.9%		
2020	(2.8%)	3.2%	6.1%	8.3%	10.7%	11.5%	5.4%	5.4%	9.1%	8.9%		
2019	3.1%	8.1%	7.3%	8.4%	12.8%	12.4%	6.1%	5.8%	9.3%	9.4%		
2018	12.8%	12.5%	11.4%	11.5%	9.9%	8.0%	6.9%	6.2%	9.8%	9.7%		
2017	22.5%	19.0%	14.0%	12.8%	6.0%	5.5%	7.4%	6.8%	9.3%	9.0%		
2016	(2.9%)	(0.1%)	9.3%	8.7%	6.0%	5.9%	7.8%	7.2%	9.2%	9.2%		
2015	2.9%	3.6%	15.6%	14.7%	7.6%	7.3%	9.3%	8.4%	10.4%	10.3%		
2014	24.1%	24.4%	18.5%	16.6%	8.3%	7.9%	10.1%	9.2%	11.6%	11.2%		
2013	26.6%	19.3%	8.4%	4.5%	8.2%	7.8%	9.2%	8.2%	10.9%	10.2%		
2012	(0.4%)	(1.3%)	(1.4%)	(1.4%)	5.4%	5.8%	8.7%	8.0%	11.8%	11.3%		
2011	28.1%	30.8%	2.7%	3.1%	4.1%	4.3%	9.4%	8.7%	11.7%	10.9%		
2010	16.9%	12.3%	0.1%	0.4%	0.3%	(0.4%)	8.3%	7.7%	11.6%	10.6%		
2009	(20.8%)	(27.9%)	(1.1%)	(0.2%)	(0.3%)	(0.5%)	7.6%	7.9%	11.4%	10.8%		
2008	(21.0%)	(11.0%)	8.0%	11.2%	3.9%	4.6%	9.8%	10.7%	12.7%	12.5%		
2007	22.0%	23.6%	12.7%	13.6%	8.9%	8.2%	11.0%	10.9%	13.6%	12.9%		
2006	12.6%	14.7%	5.5%	5.4%	9.7%	8.7%	10.9%	11.0%	13.3%	12.1%		
2005	9.9%	9.0%	0.4%	(1.2%)	11.0%	9.4%	11.9%	11.9%	13.4%	12.1%		
2004	22.9%	23.6%	0.6%	(0.8%)	11.9%	10.6%	13.2%	12.9%	14.0%	12.3%		
2003	(2.0%)	(0.8%)	0.0%	(1.7%)	10.3%	8.6%	12.3%	11.4%	12.8%	11.0%		
2002	(12.2%)	(15.0%)	5.1%	3.1%	12.1%	10.2%	15.1%	14.2%				
2001	(12.0%)	(17.1%)	14.0%	12.0%	14.9%	13.4%	15.6%	14.4%				
2000	10.9%	11.0%	22.7%	21.2%	16.9%	16.4%	17.8%	16.6%				
1999	19.5%	18.3%	24.5%	23.4%	16.0%	16.9%	17.7%	16.9%				
1998	25.6%	25.6%	21.7%	20.1%	16.1%	17.1%	17.4%	16.6%				
1997	31.7%	28.6%	19.5%	17.7%	13.2%	13.6%	16.1%	15.3%				
1996	27.1%	23.3%	15.7%	14.8%	12.1%	13.3%	15.1%	13.9%				
1995	18.9%	21.2%	11.3%	11.7%	12.8%	14.4%	14.6%	13.5%				
1994	6.7%	3.3%	8.1%	10.8%	14.6%	15.3%	15.1%	13.2%				
1993	14.6%	13.9%	10.7%	14.2%	14.3%	14.3%	14.1%	12.2%				
1992	12.4%	13.5%	7.3%	9.7%	18.3%	18.3%						
1991	4.5%	7.4%	8.5%	11.8%	16.4%	15.4%						
1990	2.7%	16.3%	14.3%	17.1%	18.7%	16.8%						
1989	20.3%	20.4%	21.5%	19.9%	19.4%	16.9%						
1988	(1.9%)	(7.1%)	18.1%	14.4%	18.8%	16.2%						
1987	18.7%	25.1%	30.3%	27.7%	19.0%	17.1%						
1986	35.7%	35.4%	24.9%	19.2%	18.3%	14.5%						
1985	39.0%	30.8%	23.3%	16.4%	16.5%	12.6%						
1984	4.5%	(4.7%)	17.4%	13.9%	15.6%	11.2%						
1983	60.6%	61.0%	19.5%	18.0%	13.8%	10.1%						
1982	(4.1%)	(11.4%)	8.6%	7.3%								
1981	27.6%	20.5%	12.1%	10.0%								
1980	8.7%	17.1%	10.0%	8.8%								
1979	14.3%	13.6%	13.9%	8.6%								
1978	(0.4%)	0.1%	8.3%	2.6%								
1977	12.1%	0.5%										
1976	16.2%	14.0%										
1975	28.9%	16.1%										
1974	(11.1%)	(14.5%)										

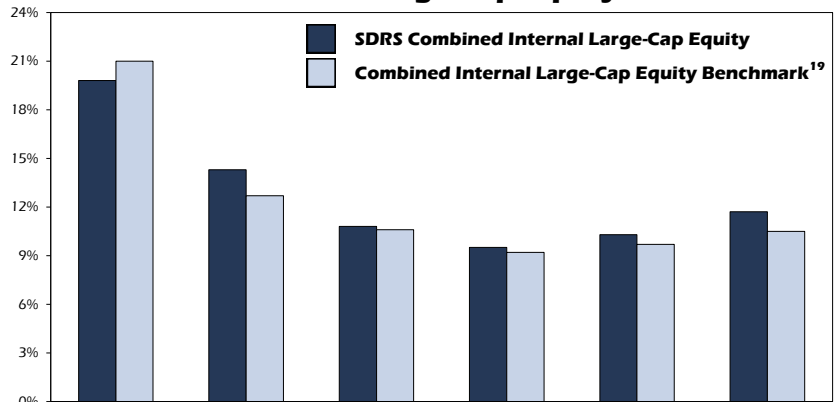
The chart to the left shows the annualized total rate of returns for 1, 5, 10, 20, 30, and 51 years through fiscal year 2024 for the Combined Internal Large-Cap Equity Portfolio. The Combined Internal Large-Cap Equity Benchmark<sup>19</sup> is provided for comparison.

The one-year returns above the solid demarcation line include both equities and allocated cash reserves; the returns below are equities only with no allocated cash reserves.

The one-year returns below the dotted demarcation line are domestic-only returns; the returns above are global equity returns.

Prior to fiscal year 2005, the domestic and international equities were managed separately. On July 1, 2004, they were merged and are managed together. Historical information is presented on page 17.

**SDRS Combined Internal Large-Cap Equity vs. Benchmark**



	1 Year	5 Years	10 Years	20 Years	30 Years	51 Years
<b>SDRS</b>	19.8%	14.3%	10.8%	9.5%	10.3%	11.7%
<b>Benchmark</b>	21.0%	12.7%	10.6%	9.2%	9.7%	10.5%
<b>Difference</b>	(1.2%)	1.6%	0.2%	0.3%	0.6%	1.2%

## **Internal Global Large-Cap Equity Profile**

*SDRS internal Global Large-Cap equity portfolio characteristics as of June 30, 2024, are presented below. SDRS internal Global Large-Cap equity portfolio is compared to the custom S&P Global 1200 Ex-Emerging Markets, Ex-Real Estate Index benchmark. A listing of the thirty largest global equity company holdings is also provided.*

### **Weights by Sector**

	<b><u>SDRS</u></b>	<b><u>Bench</u></b>
Information Technology	23.5%	26.9%
Health Care	16.0%	12.0%
Financials	15.2%	15.2%
Energy	8.6%	4.3%
Communication Services	8.6%	8.0%
Consumer Discretionary	8.3%	10.4%
Industrials	7.5%	10.6%
Consumer Staples	7.1%	6.5%
Materials	2.4%	3.6%
Utilities	1.6%	2.5%
Cash Equivalents	<u>1.2%</u>	<u>0.0%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

### **10 Largest Country Weights**

	<b><u>SDRS</u></b>	<b><u>Bench</u></b>
United States	73.0%	71.2%
Great Britain	4.5%	3.9%
Japan	3.6%	5.9%
Germany	3.6%	2.1%
Switzerland	3.5%	2.5%
France	2.7%	2.8%
Canada	2.7%	2.9%
South Korea	2.4%	1.0%
Netherlands	0.9%	1.4%
Belgium	<u>0.8%</u>	<u>0.2%</u>
Total	<u>97.7%</u>	<u>93.9%</u>

### **30 Largest Company Holdings**

	<b><u>% of Total</u></b>
Microsoft Corp.	5.6%
Apple, Inc.	4.3%
Alphabet, Inc.	3.9%
Amazon.com, Inc.	3.0%
NVIDIA Corp.	2.9%
Meta Platforms, Inc.	1.6%
Roche Holding AG	1.5%
Eli Lilly & Co.	1.4%
Samsung Electronics Co., Ltd.	1.3%
Berkshire Hathaway, Inc.	1.3%
SAP SE	1.3%
Suncor Energy, Inc.	1.2%
Exxon Mobil Corp.	1.2%
UnitedHealth Group, Inc.	0.9%
Pfizer, Inc.	0.9%
Humana, Inc.	0.9%
Canadian Natural Resources, Ltd.	0.8%
Nestle SA	0.8%
Novartis AG	0.8%
Applied Materials, Inc.	0.7%
Johnson & Johnson	0.7%
Hess Corp.	0.7%
Visa, Inc.	0.7%
ConocoPhillips	0.7%
Citigroup, Inc.	0.7%
Anheuser-Busch InBev SA	0.7%
Wells Fargo & Co.	0.6%
Mastercard, Inc.	0.6%
Merck & Co., Inc.	0.6%
U.S. Bancorp	<u>0.6%</u>
Total	<u>42.9%</u>

## **Emerging Markets Equity Exposure**

*SDRS internal Global Large-Cap equity benchmark does not include emerging markets. Emerging markets exposure is currently obtained through an exchange-traded fund (ETF). The following provides information on the ETF held as of June 30, 2024.*

	<b><u>% of SDRS Total Fund</u></b>
<b>Vanguard FTSE Emerging Markets ETF</b>	3.8%

## **Public Equity Composite<sup>7</sup>**

*SDRS Public Equity composite is comprised of the following internally managed equity portfolios: global large-cap, emerging markets, and small/mid-cap along with one externally managed portfolio as of June 30, 2024. The composite is compared to the benchmark of ¾ custom MSCI ACWI IMI ex Real Estate Index plus ¼ custom MSCI USA IMI ex Real Estate Index.*

### **Performance Results for the Fiscal Year Ended June 30, 2024**

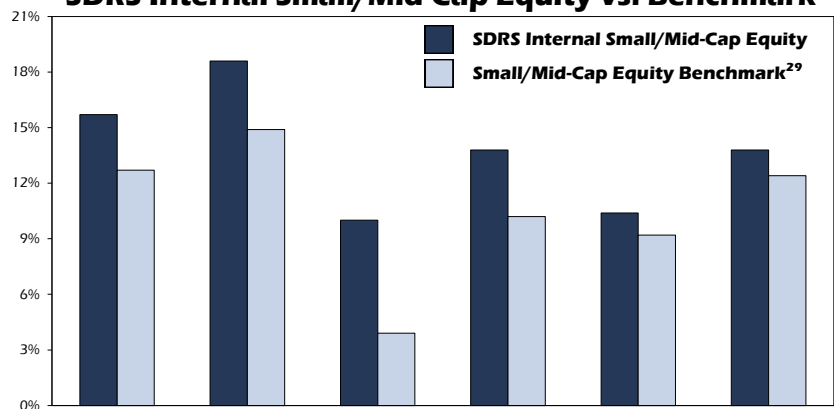
<b>SDRS Public Equity Composite</b>	18.3%
<b>Benchmark</b>	20.5%
<b>Difference</b>	(2.2%)

**SDRS Internal Small/Mid-Cap Equity Portfolio Performance**

Fiscal Year	1 Year		2 Years		3 Years		5 Years		10 Years		14 Years	
	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench
2024	15.7%	12.7%	18.6%	14.9%	10.0%	3.9%	13.8%	10.2%	10.4%	9.2%	13.8%	12.4%
2023	21.7%	17.2%	7.3%	(0.2%)	23.3%	16.2%	9.6%	7.5%	11.6%	10.3%		
2022	(5.4%)	(15.0%)	24.1%	15.7%	10.6%	7.1%	8.8%	7.2%	12.4%	11.1%		
2021	62.8%	57.3%	19.6%	20.3%	11.1%	12.9%	14.9%	14.8%	12.8%	12.7%		
2020	(12.1%)	(8.0%)	(8.2%)	(4.4%)	(0.3%)	1.9%	3.6%	5.0%	10.9%	11.3%		
2019	(4.1%)	(0.6%)	6.2%	7.2%	11.8%	11.2%	7.2%	8.1%				
2018	17.6%	15.6%	20.8%	17.7%	12.2%	11.8%	13.7%	13.3%				
2017	24.0%	19.7%	9.7%	9.9%	7.9%	8.8%	16.1%	15.1%				
2016	(3.0%)	0.9%	0.6%	3.7%	9.2%	10.5%	10.8%	10.8%				
2015	4.3%	6.5%	15.9%	15.6%	20.6%	18.7%	18.7%	18.0%				
2014	28.7%	25.4%	29.7%	25.3%	18.2%	15.7%						
2013	30.7%	25.2%	13.3%	11.2%	20.7%	19.7%						
2012	(1.8%)	(1.2%)	16.0%	17.0%								
2011	37.0%	38.7%										

The chart to the left shows the annualized total rate of returns for 1, 2, 3, 5, 10, and 14 years through fiscal year 2024 for the SDRS Internal Small/Mid-Cap Equity Portfolio. The Small/Mid-Cap Equity Benchmark<sup>29</sup> is provided for comparison.

**SDRS Internal Small/Mid-Cap Equity vs. Benchmark**



	1 Year	2 Years	3 Years	5 Years	10 Years	14 Years
<b>SDRS</b>	15.7%	18.6%	10.0%	13.8%	10.4%	13.8%
<b>Benchmark</b>	12.7%	14.9%	3.9%	10.2%	9.2%	12.4%
<b>Difference</b>	3.0%	3.7%	6.1%	3.6%	1.2%	1.4%

**Internal Small/Mid-Cap Equity Profile**

SDRS internal Small/Mid-Cap equity portfolio characteristics as of June 30, 2024, are presented below. The SDRS internal Small/Mid-Cap equity portfolio is compared to the custom S&P 1000 Ex-Real Estate Index benchmark. A listing of the ten largest company holdings is also provided.

**Weights by Sector**

	SDRS	Bench
Financials	26.5%	18.1%
Industrials	17.9%	22.3%
Consumer Discretionary	15.1%	15.7%
Energy	12.1%	6.2%
Health Care	7.8%	10.3%
Information Technology	7.6%	11.3%
Consumer Staples	4.1%	4.6%
Utilities	4.1%	2.6%
Materials	3.7%	6.8%
Communication Services	0.6%	2.1%
Cash Equivalents	0.5%	0.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

**10 Largest Company Holdings**

	% of Total
Reinsurance Group of America, Inc.	2.9%
RenaissanceRe Holdings, Ltd.	2.4%
Mr. Cooper Group, Inc.	2.2%
Everest Group, Ltd.	1.6%
REX American Resources Corp.	1.6%
First Horizon Corp.	1.6%
East West Bancorp, Inc.	1.6%
Matador Resources Co.	1.5%
AutoNation, Inc.	1.4%
Chord Energy Corp.	1.4%
<b>Total</b>	<b>18.2%</b>



### Private Equity and Real Estate Limited Partnership Investments

The Council has invested in real estate (RE) and private equity (PE) limited partnerships since the mid-1990s. Although these investments are illiquid and have higher fees, the Council believes that they offer diversification and the opportunity for added value net-of-fees over public market investments. The funding of these investments is made over several years as the partnerships call money from investors to buy assets and later return it when assets are sold.

According to industry standards, the return analysis for these investments requires the use of a since inception internal rate of return (SI-IRR). SI-IRR is the calculation that equates the present value of all cash flows (capital calls and distributions) with the period-end value.

Partnership returns are compared to a public market equivalent (PME). An over or underperformance can be calculated which when added to the PME, equates the

amounts and timing of the partnership cash flows. The partnership return measures are calculated net-of-fees (management fees, performance-based fees, and general partner carried interest).

The net-of-fees SI-IRR as of June 30, 2024 for the composite PE limited partnership investments was 9.8%. This is an annualized outperformance compared to the S&P 500 Index PME of 2.0% on a dollar-weighted basis for the same period. The net-of-fees SI-IRR as of June 30, 2024 for the composite RE limited partnerships was 20.0%. This is an annualized outperformance compared to the MSCI US REIT Index PME of 10.6% on a dollar-weighted basis for the same period.

The Council will continue its ongoing evaluation of RE & PE limited partnerships. See page 33 for a listing of the partnership investments.

#### SDRS Real Estate Limited Partnerships Annual Performance Comparison

Fiscal Year	SDRS	Bench	Diff	Fiscal Year	SDRS	Bench	Diff
2024	(5.9%)	7.6%	(13.5%)	2009	(52.5%)	(14.7%)	(37.8%)
2023	(3.2%)	(0.1%)	(3.1%)	2008	3.2%	13.6%	(10.4%)
2022	24.3%	(6.4%)	30.7%	2007	60.0%	16.6%	43.4%
2021	23.9%	38.1%	(14.2%)	2006	36.7%	20.2%	16.5%
2020	(2.4%)	(12.9%)	10.5%	2005	66.4%	15.6%	50.8%
2019	9.4%	11.1%	(1.7%)	2004	19.4%	9.7%	9.7%
2018	14.1%	3.6%	10.5%	2003	5.7%	7.1%	(1.4%)
2017	16.8%	(1.8%)	18.6%	2002	6.4%	6.6%	(0.2%)
2016	3.2%	24.1%	(20.9%)	2001	20.1%	12.4%	7.7%
2015	18.9%	3.9%	15.0%	2000	13.4%	11.6%	1.8%
2014	24.3%	13.4%	10.9%	1999	28.5%	13.2%	15.3%
2013	15.4%	11.9%	3.5%	1998	37.2%	17.9%	19.3%
2012	3.7%	14.8%	(11.1%)	1997	30.9%	11.4%	19.5%
2011	40.9%	17.5%	23.4%	1996	38.3%	9.6%	28.7%
2010	11.7%	(9.6%)	21.3%	1995*	16.4%	4.6%	11.8%

The table shows the yearly net internal rate of return for the composite of the Real Estate limited partnerships. The time-weighted Real Estate Benchmark<sup>25</sup> return is provided for comparison.

\* Initial real estate limited partnership investment was funded in December 1994.

#### SDRS Private Equity Limited Partnerships Annual Performance Comparison

Fiscal Year	SDRS	Bench	Diff	Fiscal Year	SDRS	Bench	Diff
2024	9.7%	20.5%	(10.8%)	2011	32.3%	32.8%	(0.5%)
2023	10.9%	18.2%	(7.3%)	2010	32.7%	18.4%	14.3%
2022	0.9%	(15.9%)	16.8%	2009	(35.4%)	(23.4%)	(12.0%)
2021	55.3%	41.7%	13.6%	2008	9.9%	(9.9%)	19.8%
2020	(6.9%)	2.4%	(9.3%)	2007	22.6%	24.7%	(2.1%)
2019	2.3%	7.0%	(4.7%)	2006	26.5%	12.4%	14.1%
2018	21.6%	11.8%	9.8%	2005	25.9%	10.0%	15.9%
2017	22.6%	18.3%	4.3%	2004	30.0%	23.5%	6.5%
2016	2.6%	(1.7%)	4.3%	2003	4.2%	4.6%	(0.4%)
2015	7.8%	2.8%	5.0%	2002	(9.7%)	(14.8%)	5.1%
2014	24.8%	24.6%	0.2%	2001	(16.4%)	(10.4%)	(6.0%)
2013	13.9%	22.6%	(8.7%)	2000	9.5%	14.7%	(5.2%)
2012	(1.0%)	7.3%	(8.3%)	1999*	5.9%	27.9%	(22.0%)

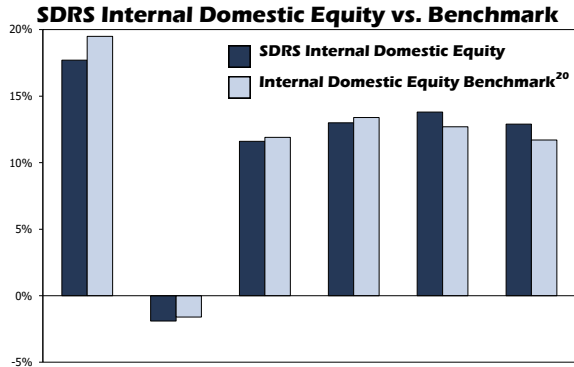
The table shows the yearly net internal rate of return for the composite of the Private Equity limited partnerships from fiscal year 1999-2024. The time-weighted Private Equity Benchmark<sup>26</sup> return is provided for comparison.

\* Initial private equity limited partnership investment was funded in November 1995. Private Equity was included in the Capital Markets Benchmark in fiscal years 1999-2014.

**Historical Performance**

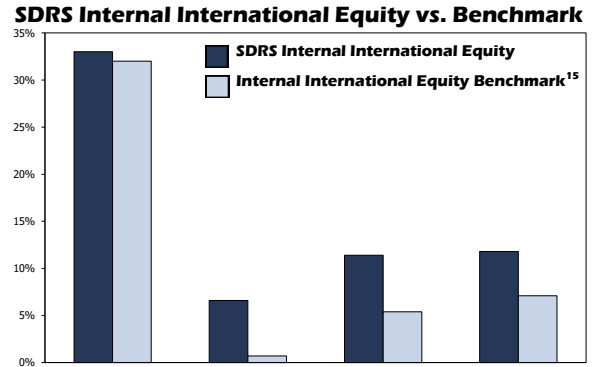
The historical performance information presented in the first box below is for the time periods that SDRS internally managed domestic and international equities separately. The second box contains historical performance information for the time periods of the internally managed convertible and merger arbitrage portfolios.

**Historical SDRS Internal Domestic and International Equity Portfolio Performance Information**



Annualized Returns as of the Fiscal Year ended June 30, 2004

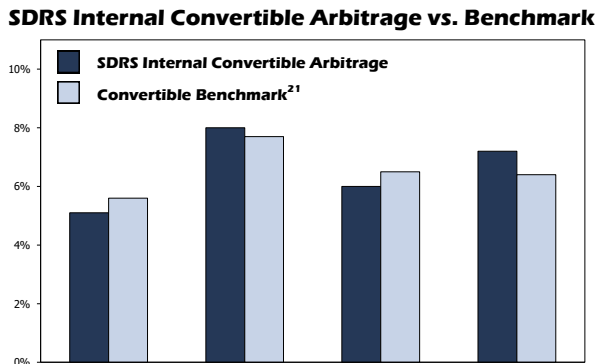
	1 Year	5 Years	10 Years	20 Years	30 Years	31 Years
<b>SDRS</b>	17.7%	(1.9%)	11.6%	13.0%	13.8%	12.9%
<b>Benchmark</b>	19.5%	(1.6%)	11.9%	13.4%	12.7%	11.7%
<b>Difference</b>	(1.8%)	(0.3%)	(0.3%)	(0.4%)	1.1%	1.2%



Annualized Returns as of the Fiscal Year ended June 30, 2004

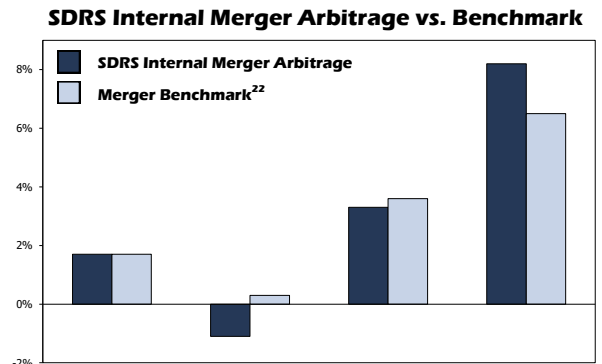
	1 Year	5 Years	10 Years	12 Years
<b>SDRS</b>	33.0%	6.6%	11.4%	11.8%
<b>Benchmark</b>	32.0%	0.7%	5.4%	7.1%
<b>Difference</b>	1.0%	5.9%	6.0%	4.7%

**Historical SDRS Internal Convertible and Merger Arbitrage Portfolio Performance Information**



Annualized Returns as of the Fiscal Year ended June 30, 2013

	1 Year	5 Years	10 Years	20 Years
<b>SDRS</b>	5.1%	8.0%	6.0%	7.2%
<b>Benchmark</b>	5.6%	7.7%	6.5%	6.4%
<b>Difference</b>	(0.5%)	0.3%	(0.5%)	0.8%



Annualized Returns as of the Fiscal Year ended June 30, 2012

	1 Year	5 Years	10 Years	22 Years
<b>SDRS</b>	1.7%	(1.1%)	3.3%	8.2%
<b>Benchmark</b>	1.7%	0.3%	3.6%	6.5%
<b>Difference</b>	0.0%	(1.4%)	(0.3%)	1.7%

# SOUTH DAKOTA CASH FLOW FUND

## THE FUND

The South Dakota Cash Flow Fund (SDCFF) is comprised of more than five hundred separately-identified state accounts. The fund serves as the state checking account, holding various reserves and contingency funds as well as absorbing the state's daily cash inflows and outflows. During fiscal year 2024, the fund ranged in size from \$3.629 billion to \$3.831 billion and averaged \$3.732 billion. In fiscal years 2020 and 2022, the SDCFF received Coronavirus relief and other stimulus funds from the federal government. The balance will decrease as the money is utilized for eligible expenses.

South Dakota Codified Law (SDCL) 4-5-26 lists permissible investments for SDCFF. This includes U.S. government and agency debt, mortgage-backed securities, investment grade corporate debt, certificates of deposit, commercial paper, and exchange-traded funds (ETFs) that are predominantly invested in the aforementioned securities. The portfolio guidelines establish ranges and limits on position size, security maturity, portfolio duration, credit quality, and fixed income sector. The portfolio's average rating on June 30, 2024 was AA.

## OBJECTIVES AND COMPONENTS

The objectives of SDCFF are 1) safety of principal, 2) return on investments, and 3) liquidity.

The fund is comprised of four portfolios. On June 30, 2024, 25.0% was in the actively-managed Cash Flow Fund Short-Term (CFFST) fixed income portfolio. This strategy was implemented in November 1985. The Council's portfolio guidelines set the maturity limit for the CFFST portfolio at 5.25 years for an individual security and the duration limit for the overall portfolio at 2.88 years.

The Cash Flow Fund Intermediate-Term (CFFIT) fixed income portfolio strategy was implemented in November 2015. The CFFIT portfolio was 8.7% of the SDCFF as of June 30, 2024. This portfolio's expected benefits include an increase in the long-term expected return of the SDCFF and increased stability of income flow at the expense of potential increase in market value volatility. The CFFIT portfolio guidelines have an individual security maturity limit of thirty

years, a limit on corporate position size, permitted ranges for each market sector, and a portfolio duration range of 70% to 130% of the FTSE US Broad Investment-Grade (USBIG) Bond Index duration.

The Cash Flow Fund Money Market (CFFMM) portfolio represented 65.9% of SDCFF as of June 30, 2024. This portfolio is the most liquid of the SDCFF portfolios. Its size can vary significantly over the course of the year depending on the cash needs of the State.

The South Dakota Certificate of Deposit Program is the smallest portion of the SDCFF representing 0.4%. The CDs are for a one-year term beginning the last business day of September each year. The rate, based on the one-year Treasury note yield plus 0.15%, was 5.64% for the CDs issued September 2023. On June 30, 2024, \$12.132 million was held by fourteen banks and three credit unions.

## PRORATION

Each fiscal year, the receipted income is prorated to individual state agencies based on a ratio of their average daily cash balance to the total average daily cash balance. The general fund and other state agencies' receipted income was \$148 million for fiscal year 2024. The fund has distributed over \$1.48 billion of earnings since its inception. The proration rate for fiscal year 2024 was 4.05%.

## INVESTMENT PERFORMANCE - FISCAL YEAR 2024

The yield of the total SDCFF for fiscal year 2024 was 3.9%. Since the fund's inception in December 1972, it has yielded 5.7% annualized. For fiscal year 2024, the CFFST portion of the fund had a time-weighted rate of return of 5.0% compared to a CFFST Benchmark<sup>6</sup> return of 5.3%. Since the inception of the CFFST portfolio in November 1985, the time-weighted rate of return has been 4.5% annually compared to 4.2% for the benchmark. For fiscal year 2024, the CFFIT portfolio had a time-weighted rate of return of 2.6% compared to 2.7% for the FTSE USBIG Bond Index. Since the CFFIT portfolio inception in November 2015, the time-weighted rate of return has been 1.0% annually compared to the benchmark return of 1.2%. The CFFMM portfolio yielded 4.9% for fiscal year 2024.

### Cash Flows and Fair Value Changes

*SDCFF began fiscal year 2024 with \$3,580.0 million in assets. During the fiscal year, net contributions/withdrawals and fees decreased the fund by \$75.0 million and investment income increased it by \$183.8 million, resulting in an ending fair value of \$3,688.8 million.*

<b>Fair Value 6/30/23</b>		\$ 3,580,021,406
<b>Increases/Decreases</b>		
Net Contributions/Withdrawals	\$ (73,935,307)	
Internal Management Fees	<u>(1,106,524)</u>	
Total Increases/Decreases		\$ (75,041,831)
<b>Investment Income</b>		
Securities Income		
Interest Income - Managed	\$ 167,536,142	
Interest Income - CDs	927,249	
Change in Accrued Income	<u>(2,497,924)</u>	
Total Securities Income		\$ 165,965,467
Total Capital Gain/Loss Income		<u>\$ 17,870,293</u>
Total Investment Income		\$ 183,835,760
<b>Fair Value 6/30/24</b>		<u>\$ 3,688,815,335</u>

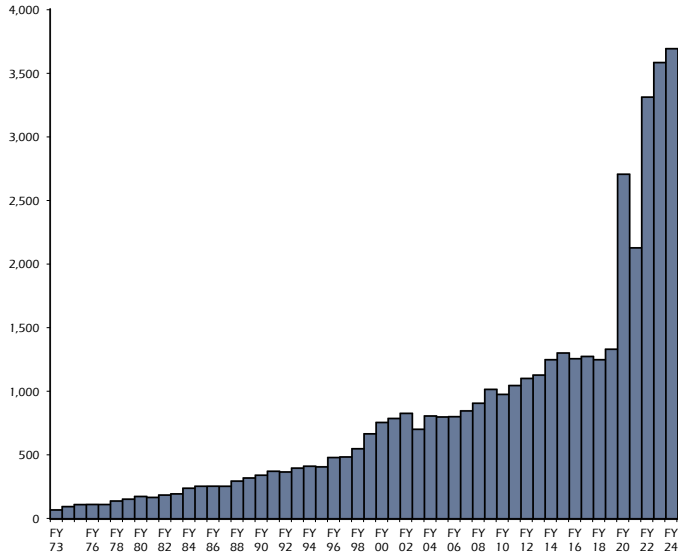
**Comparative Results<sup>9</sup>**

The proration rate is the cash accounting yield calculated by Bureau of Finance and Management (BFM).  
 The SDCFF Composite Yield includes the CFFMM, CFFST, and CFFIT portfolios.  
 The 3-month T-bill and institutional prime money market rates are provided for comparison.

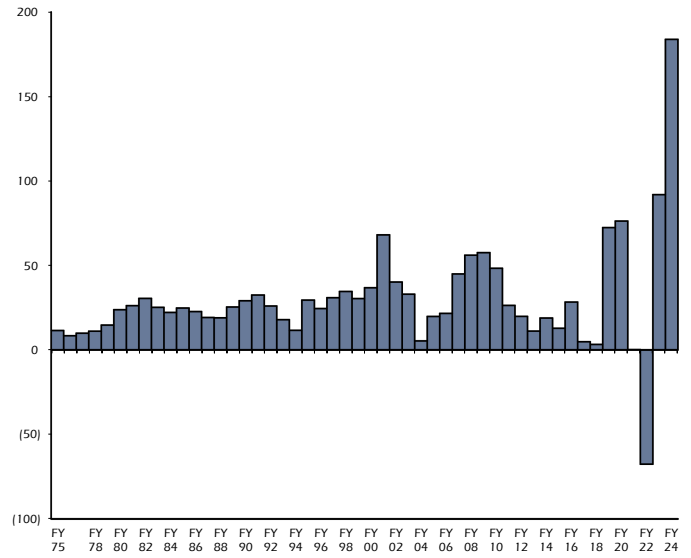
	SDCFF Proration Amount	Proration Rate	SDCFF Composite Yield*	3-month Treasury Bill Rate	Institutional Prime Money Market Fund	Total Return CFFST <sup>✓</sup>	CFFST Benchmark <sup>6</sup>
2024	\$ 148,011,821	4.05%	3.86%	5.64%	4.88%	5.00%	5.33%
2023	76,172,463	2.16%	2.59%	3.75%	3.65%	1.22%	1.32%
2022	22,854,849	0.84%	0.91%	0.19%	0.21%	(4.20%)	(3.75%)
2021	33,352,907	1.40%	1.32%	0.08%	0.10%	0.68%	0.86%
2020	37,624,155	2.30%	2.46%	1.56%	1.51%	5.04%	4.33%
2019	27,957,976	2.08%	2.18%	2.30%	2.35%	5.25%	4.52%
2018	15,914,986	1.19%	1.26%	1.33%	1.47%	0.31%	0.43%
2017	16,116,484	1.25%	1.32%	0.46%	0.73%	0.53%	0.55%
2016	18,018,069	1.35%	1.41%	0.14%	0.26%	2.32%	2.04%
2015	16,728,885	1.25%	1.36%	0.02%	0.06%	1.03%	1.00%
2014	12,516,162	0.99%	1.12%	0.04%	0.04%	1.65%	1.59%
2013	17,429,182	1.47%	1.51%	0.08%	0.12%	0.98%	1.30%
2012	25,829,546	2.33%	2.27%	0.04%	0.12%	1.88%	1.82%
2011	35,573,830	3.37%	3.43%	0.14%	0.17%	2.71%	2.84%
2010	50,155,778	4.94%	4.79%	0.12%	0.17%	5.10%	5.34%
2009	43,568,535	4.59%	4.51%	0.78%	1.63%	6.58%	3.14%
2008	44,431,241	5.07%	4.96%	3.32%	4.25%	6.59%	6.05%
2007	34,578,213	4.23%	4.41%	5.07%	5.19%	5.56%	5.50%
2006	25,450,147	3.07%	3.40%	3.95%	4.10%	2.36%	2.09%
2005	21,652,806	2.66%	2.92%	2.04%	2.08%	2.62%	2.45%
2004	22,888,860	2.95%	3.02%	0.96%	0.94%	0.59%	(0.14%)
2003	29,876,507	4.22%	4.35%	1.41%	1.39%	5.45%	4.10%
2002	41,972,001	5.54%	5.21%	2.45%	2.44%	5.55%	5.62%
2001	50,729,249	6.54%	6.50%	5.64%	5.88%	9.57%	8.95%
2000	36,459,873	5.18%	5.47%	5.30%	5.71%	4.94%	4.50%
1999	36,122,881	6.02%	6.01%	4.71%	5.07%	4.90%	5.01%
1998	31,533,466	6.11%	6.52%	5.25%	5.50%	7.11%	6.43%
1997	28,961,501	6.03%	6.11%	5.26%	5.33%	6.81%	6.08%
1996	27,987,169	6.18%	6.30%	5.44%	5.55%	5.29%	5.54%
1995	20,145,287	4.87%	5.41%	5.05%	5.36%	7.78%	6.41%
1994	15,309,074	3.73%	4.17%	3.18%	3.27%	2.73%	1.13%
1993	20,908,872	5.34%	5.08%	3.12%	3.19%	4.98%	5.70%
1992	26,680,663	7.23%	7.30%	4.67%	4.98%	7.98%	9.25%
1991	30,595,214	8.48%	8.46%	6.76%	7.20%	9.65%	10.35%
1990	30,876,016	8.81%	8.77%	7.93%	8.39%	8.66%	8.49%
1989	24,741,382	7.35%	8.50%	7.82%	8.64%	9.59%	7.99%
1988	19,634,393	6.52%	7.38%	5.51%	6.78%	7.70%	6.27%
1987	19,763,489	7.11%	6.82%	5.51%	5.98%	6.66%	5.96%
1986	22,702,888	8.69%	8.80%	7.08%	7.43%		
1985	24,805,620	9.91%	9.76%	9.09%	9.47%		
1984	22,179,507	9.02%	9.66%	9.42%	9.40%		
1983	25,178,343	12.11%	11.06%	8.56%	9.49%		
1982	30,488,779	15.51%	13.08%	13.53%	14.66%		
1981	26,148,927	11.50%	12.33%	12.65%	13.37%		
1980	23,762,605	11.78%	11.76%	11.24%	11.95%		
1979	14,661,310	7.82%	8.81%	8.99%	9.02%		
1978	11,069,889	6.96%	7.73%	6.03%	6.03%		
1977	9,853,216	8.37%	7.05%	4.89%	4.71%		
1976	8,378,771	7.92%	7.36%	5.51%	5.23%		
1975	11,490,970	11.00%	10.41%	6.76%	8.15%		
1974	7,966,372	8.35%	9.85%	8.03%	8.90%		
1973 <sup>☐</sup>	<u>1,674,845</u>	4.90%	6.92% <sup>❖</sup>	6.10% <sup>❖</sup>	7.00% <sup>❖</sup>		
	<u>\$1,479,485,974</u>						

\* Yield on funds managed by the SDIC (excludes CDs).  
 ✓ Total return of SDCFF Short-Term Portfolio (CFFST).  
 ☐ Prorated amount and rate are 7-month numbers.  
 ❖ Rate is annualized.

**Asset Growth<sup>23</sup> (\$ in millions)**



**Investment Income<sup>24</sup> (\$ in millions)**



**Distribution of Assets**

SDCFF internal Short-Term Fixed Income, Intermediate-Term Fixed Income, and Money Market portfolios, and CD Program characteristics as of June 30, 2024, are presented below.

**Distribution by Bond Duration**

	<b>%</b>
0 to 1 year	22.3%
1 to 2 years	19.7%
2 to 3 years	15.7%
3 to 4 years	16.6%
4 to 5 years	8.8%
5 to 6 years	8.4%
Above 6 years	<u>8.5%</u>
Total	<u>100.0%</u>

**Distribution by Bond Rating**

	<b>%</b>
U.S. Government Guaranteed	43.8%
AAA	0.6%
AA	22.3%
A	26.6%
BBB	6.7%
BB	<u>0.0%</u>
Total	<u>100.0%</u>

**Distribution by Bond Coupon**

	<b>%</b>
0.00% - 1.00%	16.2%
1.01% - 2.00%	11.1%
2.01% - 3.00%	15.3%
3.01% - 4.00%	29.3%
4.01% - 5.00%	24.4%
5.01% and over	<u>3.7%</u>
Total	<u>100.0%</u>

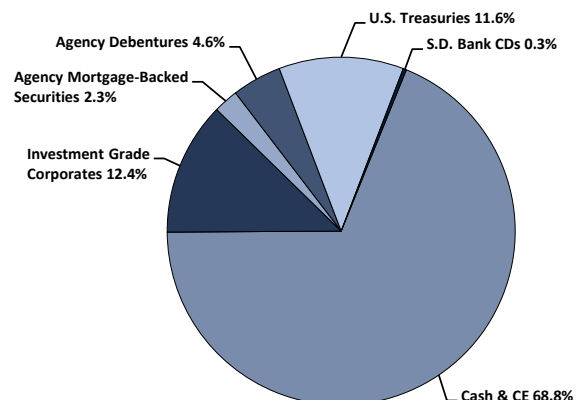
**Distribution by Sector**

	<b>%</b>
Agency Debentures	4.6%
Agency Mortgage-Backed Securities	2.3%
Investment Grade Corporates	12.4%
U.S. Treasuries	11.6%
S.D. Bank CDs	0.3%
Cash/Cash Equivalents	<u>68.8%</u>
Total	<u>100.0%</u>

**10 Largest Corporates by Issuer**

	<b>% of Total</b>
Toyota Motor Corp.	1.8%
Morgan Stanley	1.7%
Walmart, Inc.	1.6%
Chevron Corp.	1.6%
JPMorgan Chase & Co.	1.5%
Deere & Co.	1.5%
International Business Machine	1.3%
American Honda Motor Co., Ltd.	1.3%
Caterpillar, Inc.	1.3%
PNC Financial Services Group, Inc.	<u>1.3%</u>
Total	<u>14.9%</u>

**Asset Allocation**



## THE FUND

The School and Public Lands (SPL) fund is a permanent trust fund established by the South Dakota Constitution. Article VIII Sec. 3 of the Constitution requires all interest and income to be faithfully used and applied each year for the benefit of the public schools of the state. The principal shall never be diverted by legislative enactment for any purpose. The income from the fund is paid out annually to South Dakota primary, secondary, and higher education schools. The principal of the fund resulted primarily from the sale of land over many decades.

Constitutional Amendment E, passed in November 2000, allows the fund to be invested in stocks, bonds, mutual funds, and other financial instruments. South Dakota Codified Law (SDCL) 5-10-18 states that the provisions of SDCL 4-5-27, prudent-person standard, govern the moneys in the trust. The constitutional amendment requires that sufficient income be retained to offset the effect of inflation<sup>3</sup> assuring the fund will grow at least at the rate of inflation. State statute allows realized capital gains to be used to satisfy the inflation requirement. The shift away from an exclusive focus on current income and the requirement to offset inflation initially reduced the payout to schools but has allowed the payout to increase over the long term. The change to the asset allocation policy resulting from the Constitutional Amendment was phased in over several fiscal years.

## OBJECTIVES AND COMPONENTS

The objectives of SPL are to 1) provide a distribution of income and 2) promote inflation-adjusted growth of the fund through the constitutionally-mandated inflation adjustment.

SPL assets were invested in diversified portfolios during fiscal year 2024, as shown on the following page. The fund was invested primarily in U.S. Treasury and mortgage-backed securities before the constitutional amendment in 2000. Since then, the South Dakota Investment Council has gradually shifted the asset allocation to be more like that of the South Dakota Retirement System.

The long-term expected return of the fund as of June 30, 2024, was 5.7% with a volatility of 13.6%. This means the return in any given year is expected to fall within a range of (7.9%) to 19.2% with 68% confidence or (21.5%) to 32.8% with 95% confidence.

## INVESTMENT PERFORMANCE - FISCAL YEAR 2024

The fund ended fiscal year 2024 with a fair value of \$416,674,467. The principal is adjusted by the inflation factor each year as required by the constitutional amendment. SPL's fiscal year total return, including realized and unrealized gains and losses and accrued income, was 6.9% net of fees. The Capital Markets Benchmark<sup>14</sup> return was 12.6%. The underperformance resulted from having lower exposure to equities and from underperformance of real estate and private equity limited partnerships. The ten-year annualized total return was 6.1%. This compares with the ten-year Capital Markets Benchmark<sup>14</sup> return of 6.6%. The fund distributed \$12,809,869 to the common schools in February 2024 and \$3,644,797 to the schools of higher education in June 2024.

Appropriated income from all sources is determined by the School and Public Lands office in Pierre and reported in their annual report.

### Cash Flows and Fair Value Changes

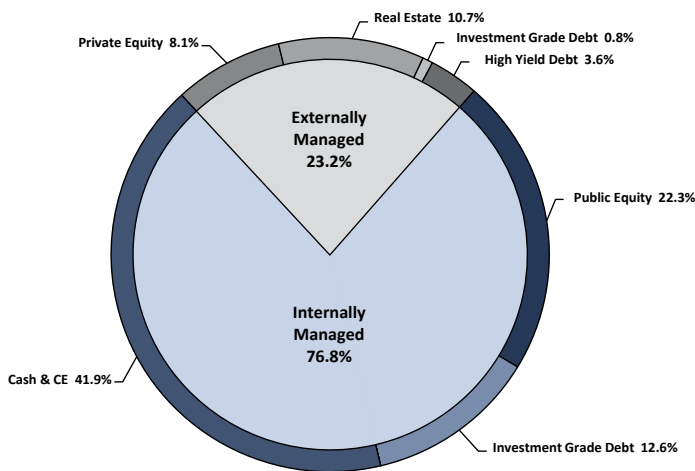
*SPL began fiscal year 2024 with \$389.9 million in assets. During the fiscal year, net contributions/withdrawals and fees decreased the fund by \$1.1 million and investment income increased it by \$27.9 million, resulting in an ending fair value of \$416.7 million.*

<b>Fair Value 6/30/23</b>		\$	389,873,964
<b>Increases/Decreases</b>			
Net Contributions/Withdrawals	\$	(83,804)	
External Management Fees		<u>(1,020,074)</u>	
Total Increases/Decreases			\$ (1,103,878)
<b>Investment Income</b>			
Securities Income			
Interest Income	\$	10,850,557	
Dividend Income		2,303,386	
Securities Lending Income		1,724	
Real Estate Income		(434,843)	
Change in Accrued Income		<u>(110,371)</u>	
Total Securities Income			\$ 12,610,453
Capital Gain/Loss Income			
Change in Unrealized Gain/Loss	\$	9,126,215	
Realized Gain/Loss		<u>6,167,713</u>	
Total Capital Gain/Loss Income			\$ 15,293,928
Total Investment Income			\$ 27,904,381
<b>Fair Value 6/30/24</b>			\$ <u>416,674,467</u>

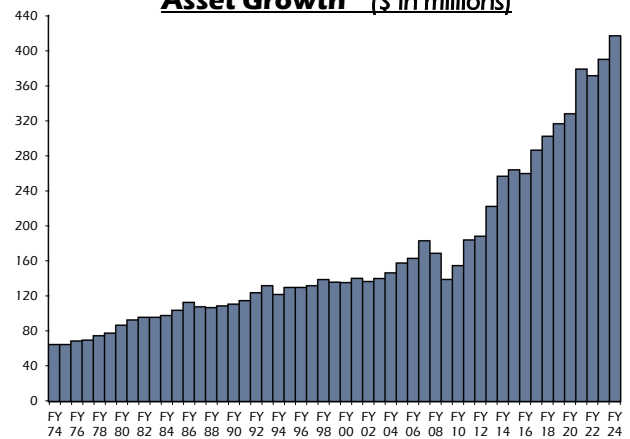
**Asset Allocation**

As of June 30, 2024, SPL assets totaled \$416.7 million. The broad asset categories and managers are listed below. The Capital Markets Benchmark allocation is also provided for comparison.

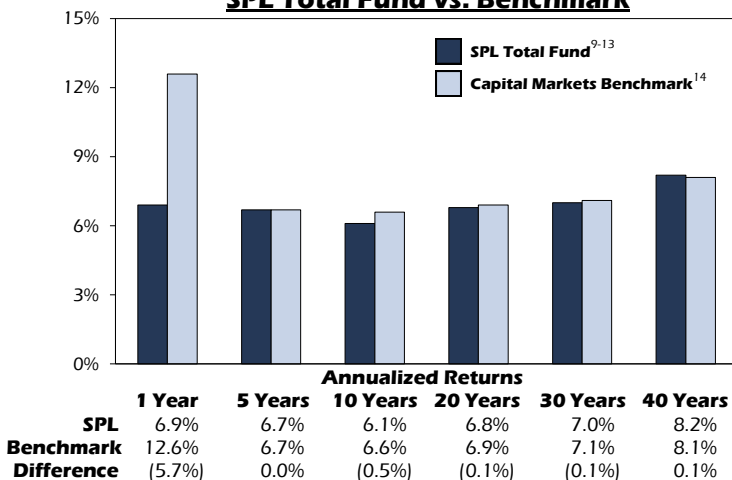
	<u>Fair Value</u>		<u>% of Fund</u>	<u>Capital Markets Benchmark %</u>
<b>Public Equity</b>				
Internal Public Equity	\$ 82,922,615		19.9%	
Emerging Markets ETF	<u>9,877,289</u>	\$ 92,799,904	<u>2.4%</u>	50.0%
<b>Private Equity<sup>8</sup></b>				
Blackstone Capital Partners	\$ 1,719,209		0.4%	
Carlyle	662,799		0.2%	
Cinven	5,251,126		1.3%	
CVC	7,260,360		1.7%	
Riverstone	2,032,915		0.5%	
Silver Lake	<u>16,657,622</u>	33,584,031	<u>4.0%</u>	0.0%
<b>Real Estate<sup>8</sup></b>				
Blackstone Real Estate Partners	\$ 29,603,707		7.0%	
Brookfield Strategic Partners	4,647,071		1.1%	
Lone Star	1,663,358		0.4%	
Rockpoint	3,250,094		0.8%	
Starwood	<u>5,664,853</u>	44,829,083	<u>1.4%</u>	11.0%
<b>Investment Grade Debt</b>				
Investment Grade Bond ETF	\$ 52,663,065		12.6%	
Vanguard	<u>3,188,145</u>	55,851,210	<u>0.8%</u>	30.0%
<b>High Yield Debt (Corporate)</b>				
Vanguard	<u>15,241,170</u>	15,241,170	<u>3.6%</u>	7.0%
<b>Cash &amp; Cash Equivalents</b>				
Cash/Money Market Fund	<u>174,369,069</u>	<u>174,369,069</u>	<u>41.9%</u>	<u>2.0%</u>
<b>Total</b>		<u>\$416,674,467</u>	<u>100.0%</u>	<u>100.0%</u>



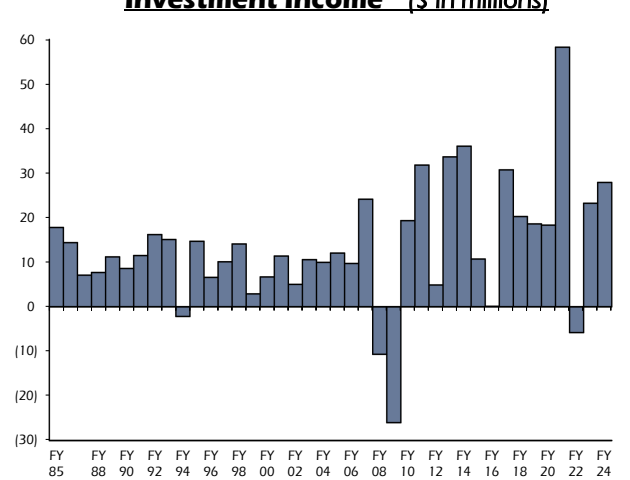
**Asset Growth<sup>23</sup> (\$ in millions)**



**SPL Total Fund vs. Benchmark**



**Investment Income<sup>24</sup> (\$ in millions)**



Annualized Returns and Investment Income started calculating/tracking in FY 1985.

**THE FUND**

The Dakota Cement Trust Fund (DCT) was established under the Constitution in 2001 and amended in 2012. Two sections of Article XIII of the Constitution were changed.

Section 20 of Article XIII provided that the net proceeds from the sale of state cement enterprises be deposited into a trust fund created to benefit the citizens of South Dakota. It directed the South Dakota Investment Council (Council) to invest the trust fund in stocks, bonds, mutual funds, and other financial instruments as provided by law. South Dakota Codified Law (SDCL) 5-17-42 states that the provisions of SDCL 4-5-27, prudent-person standard, govern the moneys in the trust.

Section 21 of Article XIII of the South Dakota Constitution was amended in November 2012. The amendment changed the distribution calculation to "...four percent of the lesser of the average market value of the trust fund determined by adding the market value of the trust fund at the end of the sixteen most recent calendar quarters as of December 31 of that year and dividing that sum by sixteen, or the market value of the trust fund at the end of that calendar year for the support of education in South Dakota."

Each year the state treasurer is directed to distribute from the trust fund to the general fund the amount calculated per the South Dakota Constitution.

**OBJECTIVES AND COMPONENTS**

The objectives of DCT are to 1) provide a distribution of 4% of the market value and 2) promote inflation-adjusted growth of the fund and a steadily growing distribution amount.

DCT assets were invested in diversified portfolios during fiscal year 2024, as shown on the following page. Since the establishment of the fund, the Council has gradually shifted the asset allocation to be more like that of the South Dakota Retirement System.

The long-term expected return of the fund as of June 30, 2024, was 5.7% with a volatility of 13.6%. This means the return in any given year is expected to fall within a range of (7.9%) to 19.2% with 68% confidence or (21.5%) to 32.8% with 95% confidence.

**INVESTMENT PERFORMANCE - FISCAL YEAR 2024**

The fund ended fiscal year 2024 with a fair value of \$371,315,177, principal value of \$238,000,000, and inflation-adjusted principal of \$421,412,115. DCT's fiscal year total return, including realized and unrealized gains and losses and accrued income, was 6.3% net of fees. The Capital Markets Benchmark<sup>16</sup> return was 12.6%. The underperformance resulted from having lower exposure to equities and from underperformance of real estate and private equity limited partnerships. The ten-year annualized total return was 6.0%. This compares with the ten-year Capital Markets Benchmark<sup>16</sup> return of 6.6%. In May 2024, the fund distributed \$14,668,289 to the general fund. Since inception, the fund has distributed \$297.35 million to the general fund.

**Cash Flows and Fair Value Changes**

*DCT began fiscal year 2024 with \$363.4 million in assets. During the fiscal year, net contributions/withdrawals and fees decreased the fund by \$16.1 million and investment income increased it by \$24.0 million, resulting in an ending fair value of \$371.3 million.*

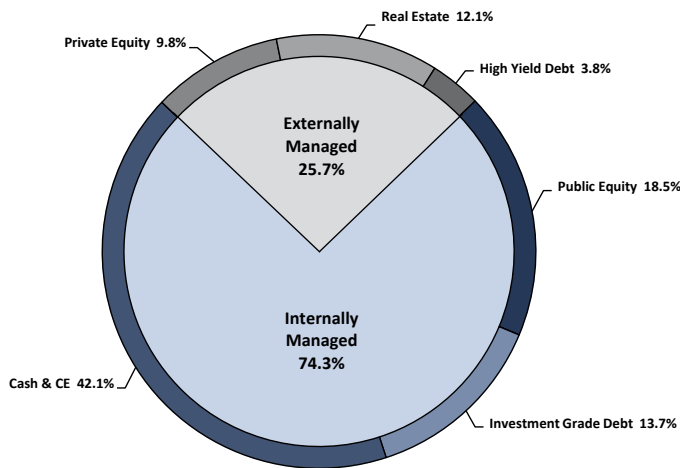
<b>Fair Value 6/30/23</b>		\$ 363,358,750
<b>Increases/Decreases</b>		
Net Contributions/Withdrawals	\$ (14,668,289)	
Internal Management Fees	(375,070)	
External Management Fees	<u>(1,010,009)</u>	
Total Increases/Decreases		\$ (16,053,368)
<b>Investment Income</b>		
Securities Income		
Interest Income	\$ 10,032,949	
Dividend Income	1,938,125	
Securities Lending Income	752	
Real Estate Income	(483,809)	
Change in Accrued Income	<u>(159,692)</u>	
Total Securities Income		\$ 11,328,325
Total Capital Gain/Loss Income		<u>\$ 12,681,470</u>
Total Investment Income		\$ 24,009,795
<b>Fair Value 6/30/24</b>		<u>\$ 371,315,177</u>



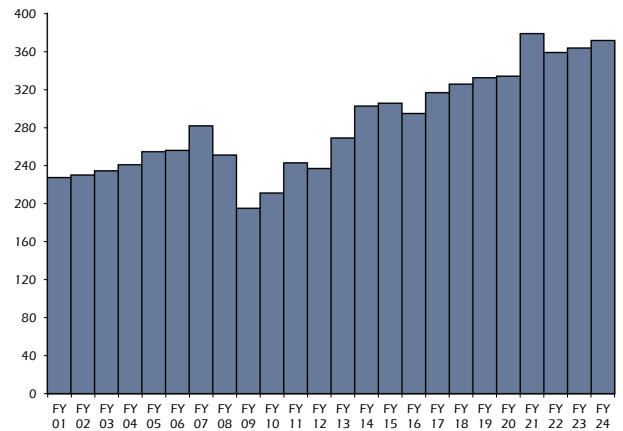
**Asset Allocation**

As of June 30, 2024, DCT assets totaled \$371.3 million. The broad asset categories and managers are listed below. The Capital Markets Benchmark allocation is also provided for comparison.

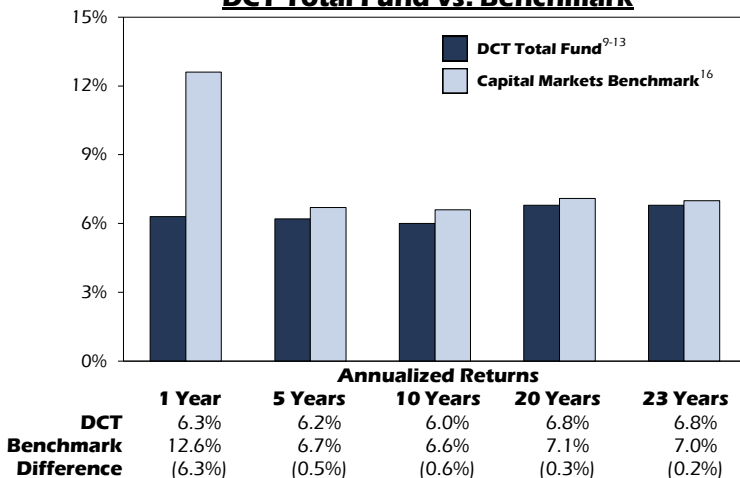
	<u>Fair Value</u>		<u>% of Fund</u>	<u>Capital Markets Benchmark %</u>
<b>Public Equity</b>				
Internal Public Equity	\$ 61,442,157		16.5%	
Emerging Markets ETF	<u>7,311,421</u>	\$ 68,753,578	<u>2.0%</u>	18.5%
<b>Private Equity<sup>8</sup></b>				
Blackstone Capital Partners	\$ 1,924,158		0.6%	
Carlyle	795,136		0.2%	
Cinven	5,644,260		1.5%	
CVC	7,473,365		2.0%	
Riverstone	2,329,374		0.6%	
Silver Lake	<u>18,059,510</u>	36,225,803	<u>4.9%</u>	9.8%
<b>Real Estate<sup>8</sup></b>				
Blackstone Real Estate Partners	\$ 30,337,318		8.2%	
Brookfield Strategic Partners	3,983,205		1.1%	
Lone Star	1,853,264		0.4%	
Rockpoint	3,257,854		0.9%	
Starwood	<u>5,581,611</u>	45,013,252	<u>1.5%</u>	12.1%
<b>Investment Grade Debt</b>				
Investment Grade Bond ETF	<u>\$ 50,862,845</u>	50,862,845	<u>13.7%</u>	13.7%
<b>High Yield Debt (Corporate)</b>				
Vanguard	<u>\$ 14,156,976</u>	14,156,976	<u>3.8%</u>	3.8%
<b>Cash &amp; Cash Equivalents</b>				
Cash/Money Market Fund	<u>\$ 156,302,723</u>	<u>156,302,723</u>	<u>42.1%</u>	<u>2.0%</u>
<b>Total</b>		<u>\$371,315,177</u>	<u>100.0%</u>	<u>100.0%</u>



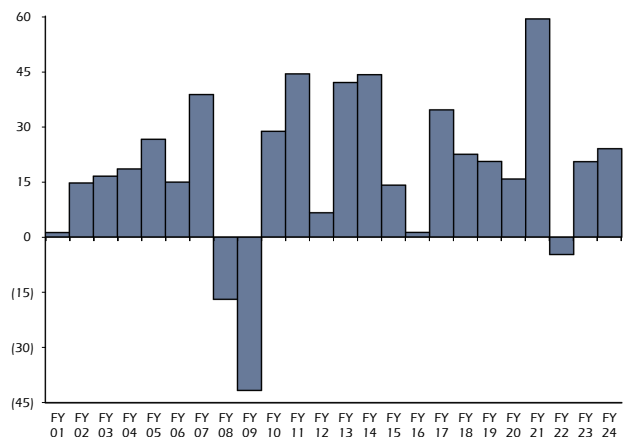
**Asset Growth<sup>23</sup> (\$ in millions)**



**DCT Total Fund vs. Benchmark**



**Investment Income<sup>24</sup> (\$ in millions)**



## THE FUND

The Education Enhancement Trust Fund (EET) was established under the Constitution through a Joint Resolution submitted to South Dakota citizens at a special election on April 10, 2001. Article XII §6 provided that any funds received as of July 1, 2001, and thereafter pursuant to the Master Settlement Agreement entered into on November 23, 1998, by the State of South Dakota and major United States tobacco product manufacturers or the net proceeds of any sale or securitization of rights to receive payments pursuant to the Master Settlement Agreement, any fund in the youth-at-risk trust fund, and any funds appropriated to EET thereafter are placed in EET. During fiscal year 2013, \$3 million was placed in the fund for scholarship purposes per Senate Bills 233 and 237. During fiscal year 2016, \$3.5 million was placed in the fund for scholarship purposes per Senate Bill 67. The constitution directs the South Dakota Investment Council (Council) to invest the trust funds in stocks, bonds, mutual funds, and other financial instruments as provided by law. South Dakota Codified Law (SDCL) 10-50B-11.1 states that the provisions of SDCL 4-5-27, prudent-person standard, govern the moneys in the trust.

Each year the state treasurer is directed to distribute from the trust fund to the general fund an amount appropriated by law for education enhancement programs. The distribution is defined in SDCL 4-5-29.2. The state investment officer shall determine the sixteen-quarter average market value of the fund as of December 31 and calculate an amount equal to 4%, without invading principal, that is eligible for distribution at the beginning of the next fiscal year. The fund principal may not be diverted for other purposes unless appropriated by a three-fourths vote of all the members-elect of each house of the Legislature.

### SECURITIZATION

On September 24, 2002, the fund was increased by net proceeds of \$243,596,553 from Tobacco Settlement Asset-Backed Bonds. The Tobacco Settlement Asset-Backed Bonds have been refunded throughout the years with more favorable terms. The most recent bond refunding in 2023 was completely in taxable bonds versus prior refundings that were taxable and tax-exempt municipal bonds.

## OBJECTIVES AND COMPONENTS

The objectives of EET are to 1) provide a distribution of 4% of market value and 2) promote inflation-adjusted growth of the fund and a steadily growing distribution amount.

EET assets were invested in diversified portfolios during fiscal year 2024, as shown on the following page. Since the inception of the fund, the Council has shifted the asset allocation to be more like that of the South Dakota Retirement System.

The long-term expected return of the fund as of June 30, 2024, was 5.7% with a volatility of 13.6%. This means the return in any given year is expected to fall within a range of (7.9%) to 19.2% with 68% confidence or (21.5%) to 32.8% with 95% confidence.

## INVESTMENT PERFORMANCE - FISCAL YEAR 2024

The fund ended fiscal year 2024 with a fair value of \$759,429,174, principal value of \$454,009,133, and inflation-adjusted principal of \$720,290,586. EET's fiscal year total return, including realized and unrealized gains and losses and accrued income, was 6.7% net of fees. The Capital Markets Benchmark<sup>17</sup> return was 12.6%. The underperformance resulted from having lower exposure to equities and from underperformance of real estate and private equity limited partnerships. The ten-year annualized total return was 5.9%. This compares with the ten-year Capital Markets Benchmark<sup>17</sup> return of 6.7%. The fund's return has been impacted by the required use of tax-exempt securities and in future years may become more favorable. In July 2024, the fund distributed 4% of the sixteen-quarter average market value as of December 31, 2023, totaling \$27,383,329, to the general fund for education expenditures. Since inception, the fund has distributed \$387.21 million.

### Cash Flows and Fair Value Changes

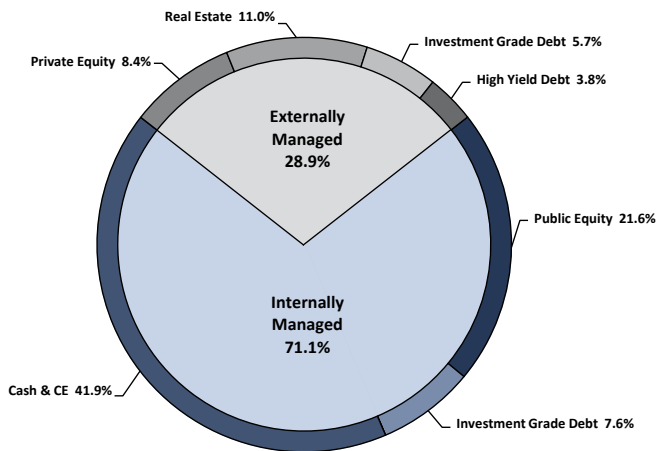
*EET began fiscal year 2024 with \$728.5 million in assets. During the fiscal year, net contributions/withdrawals and fees decreased the fund by \$18.7 million and investment income increased it by \$49.6 million, resulting in an ending fair value of \$759.4 million.*

<b>Fair Value 6/30/23</b>		\$ 728,497,344
<b>Increases/Decreases</b>		
Net Contributions/Withdrawals	\$ (16,026,100)	
Internal Management Fees	(715,060)	
External Management Fees	<u>(1,907,753)</u>	
Total Increases/Decreases		\$ (18,648,913)
<b>Investment Income</b>		
Securities Income		
Interest Income	\$ 19,800,770	
Dividend Income	4,065,440	
Securities Lending Income	1,581	
Real Estate Income	(810,234)	
Change in Accrued Income	<u>(87,919)</u>	
Total Securities Income		\$ 22,969,638
Total Capital Gain/Loss Income		<u>\$ 26,611,105</u>
Total Investment Income		\$ 49,580,743
<b>Fair Value 6/30/24</b>		<u>\$ 759,429,174</u>

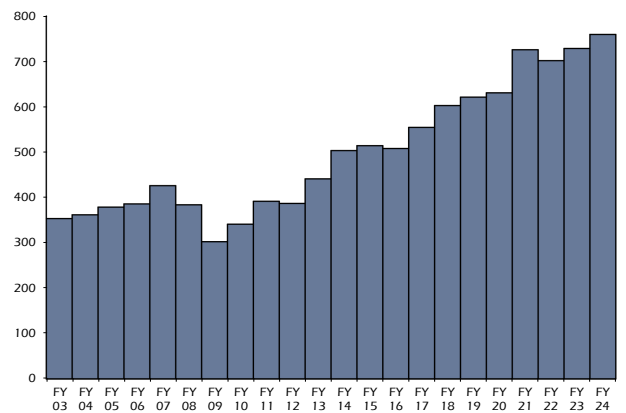
**Asset Allocation**

As of June 30, 2024, EET assets totaled \$759.4 million. The broad asset categories and managers are listed below. The Capital Markets Benchmark allocation is also provided for comparison.

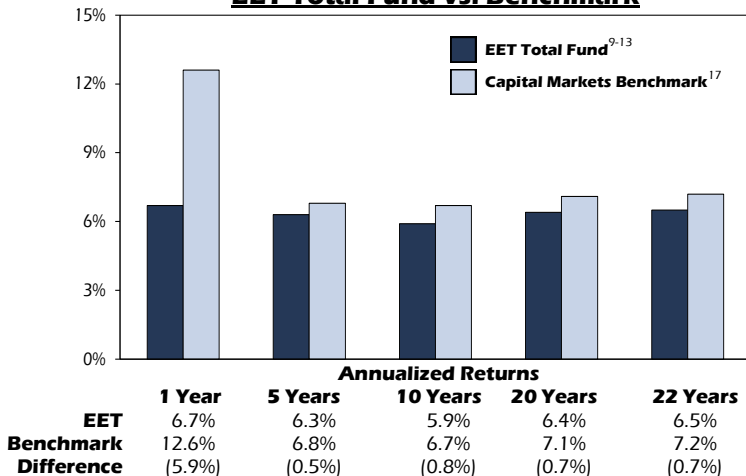
	<u>Fair Value</u>		<u>% of Fund</u>	<u>Capital Markets Benchmark %</u>
<b>Public Equity</b>				
Internal Public Equity	\$ 147,498,343		19.4%	
Emerging Markets ETF	<u>16,148,403</u>	\$ 163,646,746	<u>2.2%</u>	21.6%
<b>Private Equity<sup>8</sup></b>				
Blackstone Capital Partners	\$ 3,109,557		0.4%	
Carlyle	1,246,061		0.2%	
Cinven	9,891,131		1.3%	
CVC	13,659,503		1.8%	
Riverstone	3,896,423		0.5%	
Silver Lake	<u>31,721,577</u>	63,524,252	<u>4.2%</u>	8.4%
<b>Real Estate<sup>8</sup></b>				
Blackstone Real Estate Partners	\$ 55,365,722		7.3%	
Brookfield Strategic Partners	8,630,277		1.1%	
Lone Star	3,108,038		0.4%	
Rockpoint	6,236,375		0.8%	
Starwood	<u>10,338,276</u>	83,678,688	<u>1.4%</u>	11.0%
<b>Investment Grade Debt</b>				
Investment Grade Bond ETF	\$ 57,660,145		7.6%	
Vanguard	<u>43,591,086</u>	101,251,231	<u>5.7%</u>	13.3%
<b>High Yield Debt (Corporate)</b>				
Vanguard	<u>28,795,033</u>	28,795,033	<u>3.8%</u>	7.0%
<b>Cash &amp; Cash Equivalents</b>				
Cash/Money Market Fund	<u>318,553,224</u>	<u>318,533,224</u>	<u>41.9%</u>	<u>2.0%</u>
<b>Total</b>		<u>\$759,429,174</u>	<u>100.0%</u>	<u>100.0%</u>



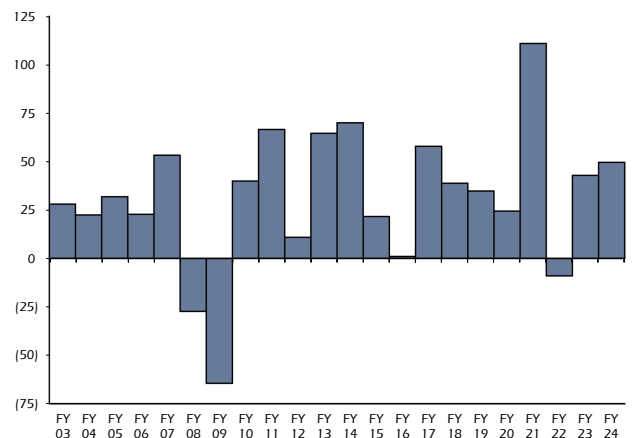
**Asset Growth<sup>23</sup> (\$ in millions)**



**EET Total Fund vs. Benchmark**



**Investment Income<sup>24</sup> (\$ in millions)**



## THE FUND

The Health Care Trust Fund (HCT) was established under the Constitution through a Joint Resolution submitted to South Dakota citizens at a special election on April 10, 2001. Article XII §5 provided that any funds on deposit in the intergovernmental transfer fund as of July 1, 2001, and any funds appropriated to HCT thereafter are placed in HCT. The constitutional change directed the South Dakota Investment Council (Council) to invest the trust fund in stocks, bonds, mutual funds, and other financial instruments as provided by law. South Dakota Codified Law (SDCL) 28-6-33 states that the provisions of SDCL 4-5-27, prudent-person standard, govern the moneys in the trust. During the 2021 Legislative Session, House Bill 1273 transferred \$50 million from the general fund to the HCT effective March 24, 2021.

Each year the state treasurer is directed to distribute from the trust fund to the general fund an amount appropriated by law for health care related programs. The distribution is defined in SDCL 4-5-29.1. The state investment officer shall determine the sixteen-quarter average market value of the fund as of December 31 and calculate an amount equal to 4%, without invading principal, that is eligible for distribution at the beginning of the next fiscal year. The fund principal may not be diverted for other purposes unless appropriated by a three-fourths vote of all the members-elect of each house of the Legislature.

## OBJECTIVES AND COMPONENTS

The objectives of HCT are to 1) provide a distribution of 4% of market value and 2) promote inflation-adjusted growth of the fund and a steadily growing distribution amount.

HCT assets were invested in diversified portfolios during fiscal year 2024, as shown on the following page. Since the inception of the fund, the Council has shifted the asset allocation to be more like that of the South Dakota Retirement System.

The long-term expected return of the fund as of June 30, 2024, was 5.7% with a volatility of 13.6%. This means the return in any given year is expected to fall within a range of (7.9%) to 19.2% with 68% confidence or (21.5%) to 32.8% with 95% confidence.

## INVESTMENT PERFORMANCE - FISCAL YEAR 2024

The fund ended fiscal year 2024 with a fair value of \$224,083,489, principal value of \$135,631,024, and inflation-adjusted principal of \$207,100,432. HCT's fiscal year total return, including realized and unrealized gains and losses and accrued income, was 6.9% net of fees. The Capital Markets Benchmark<sup>18</sup> return was 12.6%. The underperformance resulted from having lower exposure to equities and from underperformance of real estate and private equity limited partnerships. The ten-year annualized total return was 6.0%. This compares with the ten-year Capital Markets Benchmark<sup>18</sup> return of 6.6%. In July 2024, the fund distributed 4% of the sixteen-quarter average market value as of December 31, 2023, totaling \$7,925,671, to the general fund for health care related expenditures. Since inception, the fund has distributed \$103.60 million.

### Cash Flows and Fair Value Changes

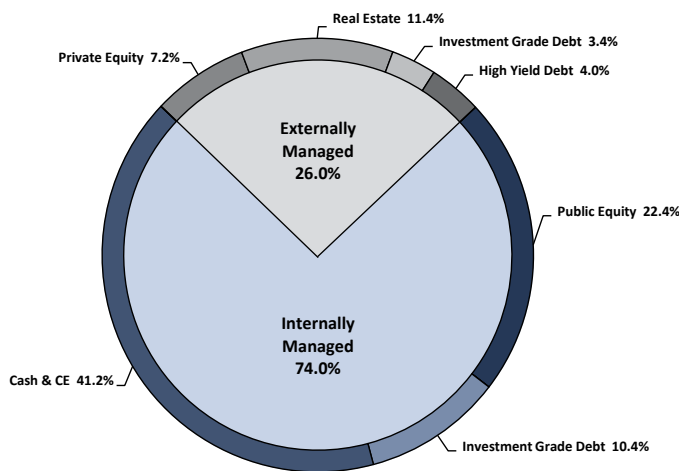
*HCT began fiscal year 2024 with \$216.9 million in assets. During the fiscal year, net contributions/withdrawals and fees decreased the fund by \$8.0 million and investment income increased it by \$15.2 million, resulting in an ending fair value of \$224.1 million.*

<b>Fair Value 6/30/23</b>		\$ 216,881,662
<b>Increases/Decreases</b>		
Net Contributions/Withdrawals	\$ (7,276,454)	
Internal Management Fees	(215,484)	
External Management Fees	<u>(495,084)</u>	
Total Increases/Decreases		\$ (7,987,022)
<b>Investment Income</b>		
Securities Income		
Interest Income	\$ 5,825,614	
Dividend Income	1,387,189	
Securities Lending Income	677	
Real Estate Income	(189,244)	
Change in Accrued Income	<u>(1,054)</u>	
Total Securities Income	\$ 7,023,182	
Total Capital Gain/Loss Income	<u>\$ 8,165,667</u>	
Total Investment Income		<u>\$ 15,188,849</u>
<b>Fair Value 6/30/24</b>		<u>\$ 224,083,489</u>

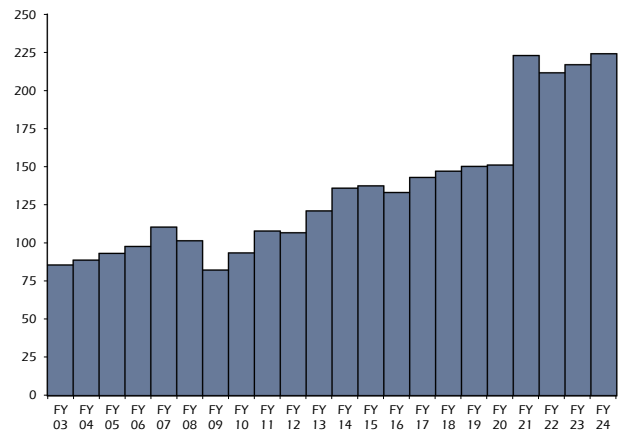
**Asset Allocation**

As of June 30, 2024, HCT assets totaled \$224.1 million. The broad asset categories and managers are listed below. The Capital Markets Benchmark allocation is also provided for comparison.

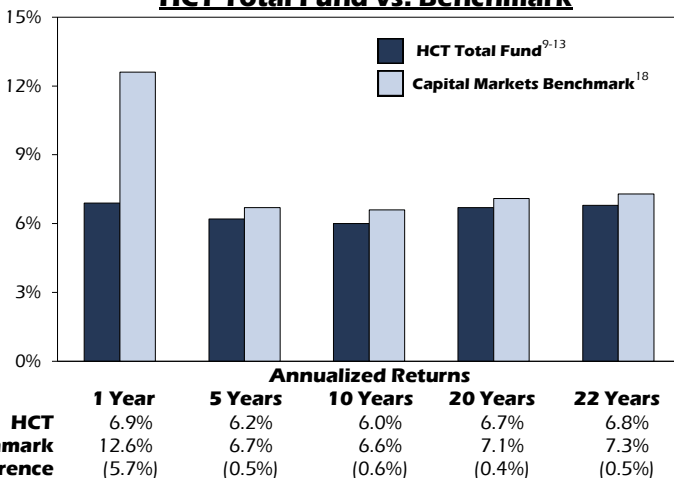
	Fair Value		% of Fund	Capital Markets Benchmark %
<b>Public Equity</b>				
Internal Public Equity	\$ 45,132,331		20.2%	
Emerging Markets ETF	<u>4,973,280</u>	\$ 50,105,611	<u>2.2%</u>	50.0%
<b>Private Equity<sup>8</sup></b>				
Blackstone Capital Partners	\$ 914,864		0.4%	
Carlyle	344,655		0.1%	
Cinven	2,528,033		1.1%	
CVC	3,304,753		1.5%	
Riverstone	1,058,798		0.5%	
Silver Lake	<u>8,025,521</u>	16,176,624	<u>3.6%</u>	0.0%
<b>Real Estate<sup>8</sup></b>				
Blackstone Real Estate Partners	\$ 13,536,417		6.0%	
Brookfield Strategic Partners	2,655,471		1.2%	
Lone Star	777,114		0.4%	
Rockpoint	1,449,980		0.6%	
Starwood	2,503,588		1.1%	
Vanguard	<u>4,637,936</u>	25,560,506	<u>2.1%</u>	11.0%
<b>Investment Grade Debt</b>				
Investment Grade Bond ETF	\$ 23,370,539		10.4%	
Vanguard	<u>7,601,734</u>	30,972,273	<u>3.4%</u>	30.0%
<b>High Yield Debt (Corporate)</b>				
Vanguard	<u>8,971,927</u>	8,971,927	<u>4.0%</u>	7.0%
<b>Cash &amp; Cash Equivalents</b>				
Cash/Money Market Fund	<u>92,296,548</u>	<u>92,296,548</u>	<u>41.2%</u>	<u>2.0%</u>
<b>Total</b>		<u>\$224,083,489</u>	<u>100.0%</u>	<u>100.0%</u>



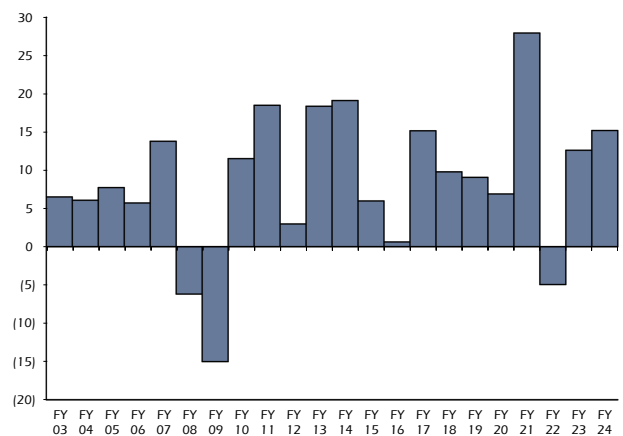
**Asset Growth<sup>23</sup> (\$ in millions)**



**HCT Total Fund vs. Benchmark**



**Investment Income<sup>24</sup> (\$ in millions)**



The summary for the internally managed assets of the School and Public Lands, Dakota Cement Trust, Education Enhancement Trust, and Health Care Trust funds is shown below in aggregate.

## Internal Public Equity Profile

*The Internal Public Equity holdings of the four trust funds are very similar with respect to sector and individual company weightings. Trust Fund Internal Public Equity portfolio characteristics as of June 30, 2024, are presented below. This does not include exposure from internally held exchange-traded funds (ETFs).*

<u>Weights by Sector</u>	<u>% of Total</u>	<u>30 Largest Company Holdings</u>	<u>% of Total</u>
Information Technology	20.7%	Microsoft Corp.	4.7%
Financials	17.0%	Apple, Inc.	3.6%
Health Care	14.8%	Alphabet, Inc.	3.3%
Consumer Discretionary	9.4%	Amazon.com, Inc.	2.5%
Industrials	9.2%	NVIDIA Corp.	2.5%
Energy	9.1%	Meta Platforms, Inc.	1.3%
Consumer Services	7.3%	Roche Holding AG	1.2%
Consumer Staples	6.6%	Eli Lilly & Co.	1.2%
Materials	2.4%	SAP SE	1.1%
Utilities	2.0%	Samsung Electronics Co., Ltd.	1.1%
Cash Equivalents	1.5%	Exxon Mobil Corp.	1.1%
Total	<u>100.0%</u>	Suncor Energy, Inc.	1.0%
		Berkshire Hathaway, Inc.	1.0%
		Humana, Inc.	0.8%
		UnitedHealth Group, Inc.	0.8%
		Pfizer, Inc.	0.7%
		Hess Corp.	0.6%
		Canadian Natural Resources, Ltd.	0.6%
		Novartis AG	0.6%
		Nestle SA	0.6%
		Applied Materials, Inc.	0.6%
		Johnson & Johnson	0.6%
		Visa, Inc.	0.6%
		Reinsurance Group of America, Inc.	0.6%
		ConocoPhillips	0.6%
		Citigroup, Inc.	0.6%
		Mastercard, Inc.	0.5%
		Wells Fargo & Co.	0.5%
		Merck & Co., Inc.	0.5%
		Comcast Corp.	0.5%
		Total	<u>35.9%</u>

<u>10 Largest Country Weights</u>	<u>% of Total</u>
United States	76.2%
Great Britain	4.0%
Germany	3.5%
Japan	3.2%
Switzerland	3.0%
Canada	2.3%
France	2.1%
South Korea	1.9%
Netherlands	0.9%
Belgium	0.6%
Total	<u>97.7%</u>

## Emerging Markets Equity Exposure

*Each of the four trust funds obtain emerging market exposure through an exchange-traded fund (ETF). The range of the weights for the trust funds are shown below as of June 30, 2024.*

**Vanguard FTSE Emerging Markets ETF**

### Trust Funds Weight Range

2.0% - 2.4%

## Investment Grade Debt Exposure

*The total investment grade exposure is obtained through a bond exchange-traded fund (ETF), or a combination of a bond ETF and a bond index fund. The range of the weights for the trust funds are shown below as of June 30, 2024.*

**BlackRock iShares Core US Aggregate Bond ETF**

### Trust Funds Weight Range

7.6% - 13.7%

**Vanguard Total Bond Market Index Fund**

0.0% - 5.7%

**Total Investment Grade Debt Exposure**

13.3% - 13.8%

## HIGHER EDUCATION SAVINGS PLAN

In 2001, the Legislature assigned the South Dakota Investment Council (Council) the responsibility of establishing South Dakota's Higher Education Savings Plan. Federal tax law changes in 1996 regarding the Internal Revenue Code Section 529 created significant incentives for a new investment vehicle for those attempting to save for future higher education costs.

In November 2001, the Council selected Allianz Global Investors Distributors (Allianz, formerly PIMCO Funds Distributors LLC) as the program manager for the Section 529 program from seven candidates. South Dakota's plan is titled *CollegeAccess 529*. The contract with Allianz was renegotiated for additional seven-year terms in 2007 and 2014. The Council was notified by Allianz in July 2020 that VP Distributors, LLC (VPD) would be taking over their distribution business under a "long-term strategic partnership". After due diligence and consultation with legal counsel, the Council approved VPD as program manager while maintaining Allianz Global Investors Multi-Asset U.S. (AGI) as allocation advisor in charge of proposing asset allocation and investment options for the 529 plan. These changes went into effect on February 1, 2021, for a five-year term expiring February 1, 2026. On July 25, 2022, the AGI team serving as allocation advisor went to work for Virtus Fund Advisors and continued to fulfill their previous role. Plan assets, as of June 30, 2024, were \$848 million with participants from every state.

The Council and Allianz worked together to create a flexible 529 plan that would have special advantages for South Dakota citizens. This was accomplished by offering several investment choices for South Dakota residents investing directly (i.e., without a financial advisor) at a maximum total annual cost no greater than 0.65%. The Age-Based Investment Portfolios use shifting asset allocations based on the designated account beneficiary's age. These diversified investment portfolios are designed to emphasize total return and capital appreciation when the beneficiary is younger and increasingly emphasize preservation of capital and income as the beneficiary approaches college age. The total annual operating expense ratios for South Dakotans investing directly in the age-based portfolios ranged from 0.36% to 0.43% last year.

South Dakotans can also invest directly in the PIMCO Real Return Fund and the PIMCO All Asset Fund. The PIMCO Real Return Fund emphasizes the preservation of capital through investing primarily in high credit quality fixed income instruments and inflation-indexed bonds, while seeking returns higher than those generally offered by short-term funds. The PIMCO All Asset Fund emphasizes maximum real return (total return less inflation) by utilizing a dynamic asset allocation approach to invest in a portfolio of mutual funds managed by PIMCO. The total annual operating expense ratio for the PIMCO Real Return Fund and the PIMCO All Asset Funds were 0.45% and 0.65%, respectively, for South Dakota residents investing directly. South Dakota residents can also invest directly in a multi-fund customized investment portfolio called the Diversified Bond Portfolio. This portfolio seeks to maximize total return through two or more core bond funds. The total annual operating expense ratio for last year was 0.40% for South Dakota residents investing directly.

South Dakota investors, as well as investors nationwide, can invest in nine age-based portfolios, twelve individual mutual funds, and three customized investment portfolios by using the services of a financial advisor. Although all investors will encounter a fee when investing with the assistance of a financial advisor, South Dakota residents do not pay the annual account maintenance fee, which is currently \$20, or the annual program management fee of 0.25%.

## SCHOLARSHIP PROGRAM

The initial contract provided that the program manager would fund a scholarship opportunity for outstanding South Dakota high school seniors. For each of the first three years of the scholarship program, Allianz guaranteed funding for seventy \$2,000 four-year scholarships, totaling \$8,000 each. Additionally, over five hundred \$1,500 one-time scholarships were awarded. Starting with fiscal year 2005, the availability of funding for the scholarship program has been dependent upon the amount of assets in South Dakota's *CollegeAccess 529 Plan*. In total, two hundred seventy-nine \$2,000 four-year scholarships, seventy \$2,000 two-year scholarships, and five hundred sixty-four \$1,500 one-time scholarships were awarded over the first six years of the Allianz South Dakota Scholarship Program. The Council managed the scholarship program for the first six years.

Subsequent to the inception of the Allianz scholarship program, other state-sponsored scholarships became available, and it was decided to contribute the Allianz scholarship funds to the Dakota Corps Scholarship. Since fiscal year 2007, scholarship funds totaling \$19,707,503 have been directed to the Dakota Corps Scholarship fund. Based on the assets as of June 30, 2024, and the scholarship funding formula, the resulting 2024 contribution was \$832,855. The original scholarship program and the Dakota Corps program share a common goal of keeping our talented young people in the state to foster South Dakota's economic well-being. The Dakota Corps program is geared toward students who plan to work toward a degree in a critical need occupation in South Dakota. To be eligible, students must meet academic requirements and attend a participating South Dakota post-secondary institution. The scholarship recipients must agree in writing to stay in South Dakota and work in a critical need occupation after graduation for as many years as the scholarship was received, plus one year. These students receive four-year scholarships equal to tuition and fees for 16 credit hours per semester at a public South Dakota college, public technical college, or tribal college. The scholarship amount for attendance at a participating private college in South Dakota would be the same amount that would be paid at a public South Dakota college, with the college covering the remaining tuition and fees if needed. A description of the program can be found at <https://www.sdbor.edu/dakotacorps/>.

## ANNUAL REPORT

Each year the Council is required by law to submit an annual report letter by February 1 to the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate. The letter, dated January 24, 2024, can be found in the Appendix on the following page.

## MORE INFORMATION

Further information on the higher education savings program can be found at [www.CollegeAccess529.com](http://www.CollegeAccess529.com). A section of the website has been custom-developed for South Dakota residents.



4009 West 49<sup>th</sup> Street, Suite 300  
Sioux Falls, SD 57106-3784 USA  
605-362-2820 – <https://sdic.sd.gov>

January 24, 2024

Hon. Kristi Noem  
Governor of South Dakota  
500 E. Capitol Avenue  
Pierre, SD 57501-5070

Hon. Hugh Bartels, Speaker  
South Dakota House of Representatives  
500 E. Capitol Avenue  
Pierre, SD 57501-5070

Hon. Lee Schoenbeck, President Pro Tempore  
South Dakota Senate  
500 E. Capitol Avenue  
Pierre, SD 57501-5070

Dear Governor Noem, Speaker Bartels and President Pro Tempore Schoenbeck:

The South Dakota Investment Council (Council) is pleased to submit our twenty-third annual report on the Higher Education Savings Program as required by South Dakota Codified Law, Chapter 13-63, originally passed into law by the Legislature in 2001. The CollegeAccess 529 Plan was implemented by the Council in April of 2002. The plan allows South Dakota citizens, as well as citizens across the nation, to save and invest for post-secondary educational expenses with federal tax benefits.

VP Distributors, LLC (VPD) is the current program manager for CollegeAccess 529 and is responsible for managing, marketing, investing, and administering the plan. Virtus Fund Advisors, an affiliate of VPD, is responsible for fund selection and asset allocation for the plan. Virtus Investment Partners (NYSE: VRTS), the parent company of VPD, operates through affiliated advisors, including well-recognized names like Duff & Phelps and Kayne Anderson Rudnick. The \$1.73 billion market-cap firm was formed in 1995 and has more than \$172 billion in assets under management.

Allianz Global Investors Distributors (originally known as PIMCO Fund Distributors), the previous program manager for CollegeAccess 529, transferred its program management duties to VPD as part of a strategic partnership between Allianz Global Investors (AGI) and Virtus Investment Partners, effective February 1, 2021. Fund selection and asset allocation duties remained at AGI until July 25, 2022, after which those duties were transferred to Virtus Fund Advisors, an affiliate of VPD. This transfer was due to Allianz pleading guilty to a fraudulent scheme that concealed the downside risks of an options trading strategy. SEC sanctions disqualified them from providing advisory services to US Investment Funds for 10 years.

CollegeAccess 529 is offered and maintained at no cost to the State or taxpayers, as mandated by law, and features the following:

- Nationally competitive cost versus actively-managed funds for South Dakota residents who choose to invest directly;



January 24, 2024

Page 2

- High quality and diversified offering of funds from PIMCO, Virtus, Dodge & Cox, and other nationally-recognized investment firms;
- Scholarship funding for South Dakota students who enroll in South Dakota post-secondary institutions as undergraduate students in programs that will prepare them to work in critical need occupations in South Dakota following graduation.

The plan is available to South Dakotans directly by calling toll-free (1-866-529-7462) or visiting the web site [www.collegeaccess529.com](http://www.collegeaccess529.com). The plan is also available through qualified financial advisors.

As of December 31, 2023, the plan had assets of \$834,296,146, up 1.4% from last year. For the most recent full program year (calendar year 2023), returns for South Dakota direct investors ranged from 16.82% for the Age-Based 1 portfolio to 3.82% for the PIMCO Real Return portfolio.

Of the 23 mutual funds utilized by the plan and rated by Morningstar, 52% have an overall rating of 4 or 5 stars, with 5 being the highest possible rating. Additionally, 14 of the funds were deemed Morningstar Medalists. Morningstar, a leading provider of independent investment research, provides strictly quantitative mutual fund ratings that measure how well a fund has balanced return and risk in the past.

### **Scholarship Program**

A benefit of implementing the higher education savings plan has been to provide scholarship funds for South Dakota students to attend South Dakota public and private post-secondary institutions. Since 2001, over \$22 million in scholarships has been awarded to South Dakota high school seniors as part of the Council's agreement with the program manager for CollegeAccess 529.

Starting in 2007, with input from then Governor Rounds and approval by the LRC Executive Board, the Council began to direct scholarship monies generated through the program management agreement to the Dakota Corps Scholarship Program. The amount contributed to the Dakota Corps Scholarship Program since 2007 totals \$19.7 million. The contribution for calendar year 2023 was \$847,003. The Dakota Corps Scholarship Program is designed to encourage South Dakota high school graduates to obtain their post-secondary education in South Dakota, remain in the state upon graduation, and contribute to the state and its citizens by working in critical need occupations. The scholarship pays for four years of tuition and generally applicable fees. More information is available at <https://www.sdbor.edu/dakotacorps/>.

Scholarships totaling \$3.2 million were awarded to over 900 high school seniors during the six years of the original contract term, 2001 to 2007, through a scholarship program managed by the Investment Council.

Thank you for your interest in the Higher Education Savings Program.

Sincerely,

Matthew L. Clark, CFA  
State Investment Officer

## SOUTH DAKOTA RETIREMENT SYSTEM

## INTERNALLY MANAGED

Cost Value Fair Value

## Global Large-Cap Equity

Shares

Microsoft Corp.	492,800	\$ 32,584,512	\$ 220,256,960
Apple, Inc.	805,626	17,910,806	169,680,948
Amazon.com, Inc.	605,420	63,176,252	116,997,415
NVIDIA Corp.	933,225	11,000,366	115,290,617
Alphabet, Inc. - Cl. A	431,980	11,218,942	78,685,157
Alphabet, Inc. - Cl. C	406,660	12,500,737	74,589,577
Meta Platforms, Inc.	123,600	21,099,025	62,321,592
Roche Holding AG	210,592	56,023,088	58,471,738
Eli Lilly & Co.	61,674	8,954,160	55,838,406
SAP SE	253,500	24,699,969	51,490,396
Suncor Energy, Inc.	1,279,926	29,244,692	48,780,020
Berkshire Hathaway, Inc.	116,179	19,823,357	47,261,617
Exxon Mobil Corp.	408,531	28,768,720	47,030,089
Samsung Electronics Co., Ltd.	774,767	28,409,370	45,872,510
UnitedHealth Group, Inc.	70,672	11,120,834	35,990,423
Pfizer, Inc.	1,211,925	37,835,425	33,909,662
Humana, Inc.	90,669	31,977,183	33,878,472
Canadian Natural Resources, Ltd.	834,496	12,128,171	29,718,267
Nestle SA	290,400	18,470,347	29,641,095
Novartis AG	276,900	17,803,634	29,634,401
Applied Materials, Inc.	124,425	7,440,591	29,363,056
Johnson & Johnson	200,793	29,122,111	29,347,905
Hess Corp.	196,078	12,164,714	28,925,427
Visa, Inc.	109,500	11,645,992	28,740,465
ConocoPhillips	236,500	12,463,203	27,050,870
Citigroup, Inc.	421,639	20,667,832	26,757,211
Anheuser-Busch InBev SA	448,006	30,614,426	25,985,725
Wells Fargo & Co.	418,972	13,073,261	24,882,747
Mastercard, Inc.	56,300	14,493,777	24,837,308
Merck & Co., Inc.	197,400	12,939,335	24,438,120
U.S. Bancorp	608,735	20,554,351	24,166,780
Comcast Corp.	616,509	24,293,961	24,142,492
Moderna, Inc.	198,500	22,219,317	23,571,875
Advanced Micro Devices, Inc.	139,950	9,343,307	22,701,290
JPMorgan Chase & Co.	107,531	7,365,694	21,749,220
Tapestry, Inc.	505,803	15,084,277	21,643,310
PayPal Holdings, Inc.	370,597	37,711,286	21,505,744
Texas Instruments, Inc.	109,850	11,859,196	21,369,121
Edwards Lifesciences Corp.	230,061	15,104,865	21,250,735
TotalEnergies SE	315,486	15,028,911	21,075,139
Walt Disney Co.	211,237	20,876,470	20,973,722
Walmart, Inc.	299,541	8,456,634	20,281,921
Sanofi SA	206,900	18,948,166	19,943,740
Medtronic plc	252,876	17,138,302	19,903,870
GSK plc	1,013,000	18,693,365	19,585,748
Occidental Petroleum Corp.	304,600	13,200,165	19,198,938
Truist Financial Corp.	485,925	18,704,155	18,878,186
Cisco Systems, Inc.	394,282	19,263,695	18,732,338
Bank of New York Mellon Corp.	304,184	10,909,073	18,217,580
Unilever plc	326,103	16,821,984	17,911,247
Total Top 50 Securities		\$ 1,000,952,006	\$ 2,072,471,192

Remaining Global Large-Cap Equity 1,581,713,084 1,859,139,577

Global Large-Cap Equity \$ 2,582,665,090 \$ 3,931,610,769

Emerging Markets ETF \$ 529,240,643 \$ 559,414,613

Small/Mid-Cap Equity \$ 651,392,845 \$ 765,409,831

Investment Grade \$ 1,380,835,019 \$ 1,285,223,142

High Yield \$ 647,223,096 \$ 647,829,557

Cash Portfolio \$ 3,945,747,765 \$ 3,947,366,750

Total SDRS Internally Managed \$ 9,737,104,458 \$ 11,136,854,662

## SOUTH DAKOTA RETIREMENT SYSTEM

## EXTERNALLY MANAGED

Cost Value Fair Value

## Public Equity

Sanders Capital, LLC	\$ 66,169,331	\$ 105,856,790
Total Public Equity	\$ 66,169,331	\$ 105,856,790

## Private Equity

Blackstone Capital Partners IV & V, L.P.	\$ 0	\$ 809,326
Blackstone Capital Partners VI, L.P.	12,264,693	24,587,089
Blackstone Capital Partners VII, L.P.	47,407,097	81,808,866
Blackstone Energy Partners II, L.P.	34,415,285	63,758,302
Blackstone Energy Partners III, L.P.	62,299,418	109,360,743
Capital International Private Equity Fund V & VI, L.P.	7,685,385	2,528,047
Carlyle Partners V, L.P.	4,010,656	2,348,336
Carlyle Partners VI, L.P.	26,022,465	26,637,029
EnCap Energy Capital Fund XI, L.P.	36,511,099	60,467,607
The Fourth & The Fifth Cinven Fund	34,670,574	24,165,740
The Sixth Cinven Fund	53,983,435	96,321,234
The Seventh Cinven Fund	83,899,231	111,071,092
CVC European Equity Partners IV & V, L.P.	32,596,914	1,807,719
CVC Capital Partners VII, L.P.	84,487,448	168,078,976
CVC Capital Partners VIII, L.P.	92,555,197	113,750,454
CVC Capital Partners IX, L.P. <sup>30</sup>	(299,645)	(296,403)
PineBridge Capital Management Corp.	3,178,456	2,423,071
Riverstone/Carlyle Global Energy & Power Fund IV, L.P.	0	22,435
Riverstone Global Energy & Power Fund V, L.P.	9,299,145	6,376,816
Riverstone Global Energy & Power Fund VI, L.P.	67,111,972	63,528,710
Silver Lake Partners III, L.P.	4,209,754	17,889,412
Silver Lake Partners IV, L.P.	77,993,863	208,302,767
Silver Lake Partners V, L.P.	122,065,468	191,995,154
Silver Lake Partners VI, L.P.	150,309,696	203,095,555
Silver Lake Partners VII, L.P.	32,324,872	40,232,323
Total Private Equity	\$ 1,079,002,478	\$ 1,621,070,400

## Aggressive Absolute Return

Bridgewater Pure Alpha Fund II, Ltd.	\$ 36,742,005	\$ 111,785,645
Telsey Consumer Fund	14,677,671	16,826,530
Total Aggressive Absolute Return	\$ 51,419,676	\$ 128,612,175

## Real Estate

Blackstone Real Estate Partners IV, V & VI, L.P.	\$ 182,434	\$ 1,988,472
Blackstone Real Estate Partners VII, L.P.	19,065,984	11,332,561
Blackstone Real Estate Partners VIII, L.P.	150,519,477	208,984,661
Blackstone Real Estate Partners IX, L.P.	225,593,346	298,600,640
Blackstone Real Estate Partners X, L.P.	63,086,735	67,499,561
Blackstone Real Estate Partners Europe III, L.P.	31,290,545	10,546,790
Blackstone Real Estate Partners Europe V, L.P.	184,809,079	150,655,989
Blackstone Real Estate Partners Europe VI, L.P.	128,308,184	148,091,790
Blackstone Real Estate Partners Asia II, L.P.	202,176,803	244,761,800
Blackstone Real Estate Partners Asia III, L.P.	15,353,971	14,245,715
Brookfield Strategic Real Estate Partners III	87,073,510	116,994,154
Brookfield Strategic Real Estate Partners IV	168,160,300	179,244,214
Lone Star Real Estate Fund II & III, L.P.	1,472,642	659,711
Lone Star Real Estate Fund IV, L.P.	62,940,376	49,391,276
Lone Star Real Estate Fund V, L.P.	18,014,593	15,782,041
Lone Star Real Estate Fund VI, L.P.	55,868,148	50,923,750
Rockpoint Real Estate Fund IV, L.P.	9,216,955	2,149,868
Rockpoint Real Estate Fund V, L.P.	74,502,613	42,433,326
Rockpoint Real Estate Fund VI, L.P.	73,425,613	84,670,459
Starwood Distressed Opportunity Fund IX Global	8,858,051	5,147,748
Starwood Distressed Opportunity Fund X Global	30,645,841	18,764,578
Starwood Distressed Opportunity Fund XI Global	102,278,082	114,873,446
Starwood Distressed Opportunity Fund XII Global	65,094,456	77,154,200
Total Real Estate	\$ 1,777,937,738	\$ 1,914,896,750

Total SDRS Externally Managed \$ 2,974,529,223 \$ 3,770,436,115

**SCHOOL AND PUBLIC LANDS**

<b>INTERNALLY MANAGED</b>	<b>Cost Value</b>	<b>Fair Value</b>
<b>Public Equity</b>	\$ 68,938,989	\$ 92,799,904
<b>Investment Grade Bond ETF</b>	\$ 53,115,861	\$ 52,663,065
<b>Cash Portfolio</b>	\$ 173,620,726	\$ 174,369,069
<b>Total SPL Internally Managed</b>	\$ 295,675,576	\$ 319,832,038

<b>EXTERNALLY MANAGED</b>	<b>Cost Value</b>	<b>Fair Value</b>
<b>Private Equity</b>		
Blackstone Capital Partners V, L.P.	\$ 0	\$ 12,697
Blackstone Capital Partners VI, L.P.	158,411	317,566
Blackstone Capital Partners VII, L.P.	805,921	1,388,946
Carlyle Partners VI, L.P.	647,319	662,799
The Sixth Cinven Fund	1,421,335	2,536,055
The Seventh Cinven Fund	2,050,872	2,715,071
CVC Capital Partners VII, L.P.	2,112,186	4,201,975
CVC Capital Partners VIII, L.P.	2,494,799	3,066,316
CVC Capital Partners IX, L.P. <sup>30</sup>	(8,017)	(7,931)
Riverstone Global Energy & Power Fund VI, L.P.	2,147,579	2,032,915
Silver Lake Partners III, L.P.	99,813	424,175
Silver Lake Partners IV, L.P.	1,852,189	4,946,770
Silver Lake Partners V, L.P.	3,119,480	4,906,718
Silver Lake Partners VI, L.P.	3,924,778	5,303,505
Silver Lake Partners VII, L.P.	864,881	1,076,454
Total Private Equity	\$ 21,691,546	\$ 33,584,031

**Real Estate**

Blackstone Real Estate Partners V & VI, L.P.	\$ 0	\$ 16,875
Blackstone Real Estate Partners VII, L.P.	411,040	244,323
Blackstone Real Estate Partners VIII, L.P.	3,762,986	5,212,888
Blackstone Real Estate Partners IX, L.P.	5,848,716	7,741,498
Blackstone Real Estate Partners X, L.P.	1,688,567	1,806,680
Blackstone Real Estate Partners Europe III, L.P.	755,644	254,694
Blackstone Real Estate Partners Europe V, L.P.	4,802,017	3,914,596
Blackstone Real Estate Partners Europe VI, L.P.	3,207,705	3,702,295
Blackstone Real Estate Partners Asia II, L.P.	5,241,621	6,345,675
Blackstone Real Estate Partners Asia III, L.P.	392,379	364,183
Brookfield Strategic Real Estate Partners IV	4,359,711	4,647,071
Lone Star Real Estate Fund III, L.P.	31,957	13,223
Lone Star Real Estate Fund IV, L.P.	1,587,514	1,245,771
Lone Star Real Estate Fund V, L.P.	461,568	404,364
Rockpoint Real Estate Fund V, L.P.	1,907,268	1,086,294
Rockpoint Real Estate Fund VI, L.P.	1,876,432	2,163,800
Starwood Distressed Opportunity Fund X Global	908,025	555,988
Starwood Distressed Opportunity Fund XI Global	2,657,555	2,984,829
Starwood Distressed Opportunity Fund XII Global	1,792,035	2,124,036
Total Real Estate	\$ 41,692,740	\$ 44,829,083

**Investment Grade Debt**

Vanguard Total Bond Market Fund	\$ 3,192,804	\$ 3,188,145
Total Investment Grade Debt	\$ 3,192,804	\$ 3,188,145

**High Yield Debt (Corporate)**

Vanguard High Yield Fund	\$ 15,941,691	\$ 15,241,170
Total High Yield Debt	\$ 15,941,691	\$ 15,241,170

**Total SPL Externally Managed** \$ 82,518,781 \$ 96,842,429

**DAKOTA CEMENT TRUST**

<b>INTERNALLY MANAGED</b>	<b>Cost Value</b>	<b>Fair Value</b>
<b>Public Equity</b>	\$ 50,909,723	\$ 68,753,578
<b>Investment Grade Bond ETF</b>	\$ 51,308,252	\$ 50,862,845
<b>Cash Portfolio</b>	\$ 155,637,592	\$ 156,302,723
<b>Total DCT Internally Managed</b>	\$ 257,855,567	\$ 275,919,146

<b>EXTERNALLY MANAGED</b>	<b>Cost Value</b>	<b>Fair Value</b>
<b>Private Equity</b>		
Blackstone Capital Partners V, L.P.	\$ 0	\$ 21,363
Blackstone Capital Partners VI, L.P.	134,039	268,739
Blackstone Capital Partners VII, L.P.	948,143	1,634,056
Carlyle Partners VI, L.P.	776,784	795,136
The Sixth Cinven Fund	1,503,337	2,682,364
The Seventh Cinven Fund	2,237,311	2,961,896
CVC Capital Partners VII, L.P.	2,268,645	4,513,232
CVC Capital Partners VIII, L.P.	2,414,322	2,967,403
CVC Capital Partners IX, L.P. <sup>30</sup>	(7,349)	(7,270)
Riverstone Global Energy & Power Fund VI, L.P.	2,460,765	2,329,374
Silver Lake Partners III, L.P.	162,825	691,735
Silver Lake Partners IV, L.P.	2,315,282	6,183,438
Silver Lake Partners V, L.P.	3,255,106	5,119,745
Silver Lake Partners VI, L.P.	3,757,789	5,077,845
Silver Lake Partners VII, L.P.	792,806	986,747
Total Private Equity	\$ 23,019,805	\$ 36,225,803

**Real Estate**

Blackstone Real Estate Partners V & VI, L.P.	\$ 0	\$ 27,132
Blackstone Real Estate Partners VII, L.P.	480,602	285,670
Blackstone Real Estate Partners VIII, L.P.	4,214,546	5,838,433
Blackstone Real Estate Partners IX, L.P.	5,848,716	7,741,498
Blackstone Real Estate Partners X, L.P.	1,524,401	1,631,030
Blackstone Real Estate Partners Europe III, L.P.	755,644	254,695
Blackstone Real Estate Partners Europe V, L.P.	5,145,019	4,194,210
Blackstone Real Estate Partners Europe VI, L.P.	3,207,705	3,702,295
Blackstone Real Estate Partners Asia II, L.P.	5,241,621	6,345,675
Blackstone Real Estate Partners Asia III, L.P.	341,199	316,680
Brookfield Strategic Real Estate Partners IV	3,736,895	3,983,205
Lone Star Real Estate Fund III, L.P.	37,132	15,360
Lone Star Real Estate Fund IV, L.P.	1,774,291	1,392,342
Lone Star Real Estate Fund V, L.P.	508,593	445,562
Rockpoint Real Estate Fund V, L.P.	2,086,072	1,188,133
Rockpoint Real Estate Fund VI, L.P.	1,794,847	2,069,721
Starwood Distressed Opportunity Fund X Global	681,018	416,991
Starwood Distressed Opportunity Fund XI Global	2,809,422	3,155,397
Starwood Distressed Opportunity Fund XII Global	1,695,167	2,009,223
Total Real Estate	\$ 41,882,890	\$ 45,013,252

**High Yield Debt (Corporate)**

Vanguard High Yield Fund	\$ 14,811,657	\$ 14,156,976
Total High Yield Debt	\$ 14,811,657	\$ 14,156,976

**Total DCT Externally Managed** \$ 79,714,352 \$ 95,396,031

**SOUTH DAKOTA CASH FLOW FUND**

<b>INTERNALLY MANAGED</b>	<b>Cost Value</b>	<b>Fair Value</b>
<b>Intermediate-Term Fixed Income</b>	\$ 341,238,325	\$ 322,185,258
<b>Short-Term Fixed Income</b>	\$ 921,031,900	\$ 921,638,901
<b>Cash Portfolio</b>	\$ 2,417,985,949	\$ 2,432,343,188
<b>Certificates of Deposit</b>	\$ 12,132,000	\$ 12,647,988
<b>Total SDCFF Internally Managed</b>	\$ 3,692,388,174	\$ 3,688,815,335

**EDUCATION ENHANCEMENT TRUST**

<b>INTERNALLY MANAGED</b>	<b>Cost Value</b>	<b>Fair Value</b>
<b>Public Equity</b>	\$ 124,300,929	\$ 163,646,746
<b>Investment Grade Bond ETF</b>	\$ 58,155,871	\$ 57,660,145
<b>Cash Portfolio</b>	\$ 317,176,891	\$ 318,533,224
<b>Total EET Internally Managed</b>	\$ 499,633,691	\$ 539,840,115

<b>EXTERNALLY MANAGED</b>	<b>Cost Value</b>	<b>Fair Value</b>
<b>Private Equity</b>		
Blackstone Capital Partners V, L.P.	\$ 0	\$ 30,944
Blackstone Capital Partners VI, L.P.	231,524	464,139
Blackstone Capital Partners VII, L.P.	1,517,027	2,614,474
Carlyle Partners VI, L.P.	1,216,971	1,246,061
The Sixth Cinven Fund	2,569,333	4,584,401
The Seventh Cinven Fund	4,008,519	5,306,730
CVC Capital Partners VII, L.P.	3,989,685	7,937,063
CVC Capital Partners VIII, L.P.	4,667,689	5,736,979
CVC Capital Partners IX, L.P. <sup>30</sup>	(14,698)	(14,539)
Riverstone Global Energy & Power Fund VI, L.P.	4,116,197	3,896,423
Silver Lake Partners III, L.P.	235,227	999,608
Silver Lake Partners IV, L.P.	3,617,567	9,661,645
Silver Lake Partners V, L.P.	5,764,218	9,066,439
Silver Lake Partners VI, L.P.	7,432,042	10,042,822
Silver Lake Partners VII, L.P.	1,567,592	1,951,063
Total Private Equity	\$ 40,918,893	\$ 63,524,252

**Real Estate**

Blackstone Real Estate Partners V & VI, L.P.	\$ 0	\$ 39,292
Blackstone Real Estate Partners VII, L.P.	809,436	481,115
Blackstone Real Estate Partners VIII, L.P.	7,074,415	9,800,220
Blackstone Real Estate Partners IX, L.P.	10,861,902	14,377,066
Blackstone Real Estate Partners X, L.P.	3,142,611	3,362,430
Blackstone Real Estate Partners Europe III, L.P.	1,167,813	393,628
Blackstone Real Estate Partners Europe V, L.P.	8,780,833	7,158,117
Blackstone Real Estate Partners Europe VI, L.P.	6,287,101	7,256,498
Blackstone Real Estate Partners Asia II, L.P.	9,734,440	11,784,827
Blackstone Real Estate Partners Asia III, L.P.	767,699	712,529
Brookfield Strategic Real Estate Partners IV	8,096,607	8,630,277
Lone Star Real Estate Fund III, L.P.	61,331	25,375
Lone Star Real Estate Fund IV, L.P.	2,964,924	2,326,668
Lone Star Real Estate Fund V, L.P.	862,939	755,995
Rockpoint Real Estate Fund V, L.P.	3,516,524	2,002,853
Rockpoint Real Estate Fund VI, L.P.	3,671,279	4,233,522
Starwood Distressed Opportunity Fund X Global	1,362,038	833,981
Starwood Distressed Opportunity Fund XI Global	4,935,463	5,543,257
Starwood Distressed Opportunity Fund XII Global	3,341,900	3,961,038
Total Real Estate	\$ 77,439,255	\$ 83,678,688

**Investment Grade Debt**

Vanguard Total Bond Market Fund	\$ 44,043,564	\$ 43,591,086
Total Investment Grade Debt	\$ 44,043,564	\$ 43,591,086

**High Yield Debt (Corporate)**

Vanguard High Yield Fund	\$ 30,052,111	\$ 28,795,033
Total High Yield Debt	\$ 30,052,111	\$ 28,795,033

<b>Total EET Externally Managed</b>	\$ 192,453,823	\$ 219,589,059
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**HEALTH CARE TRUST**

<b>INTERNALLY MANAGED</b>	<b>Cost Value</b>	<b>Fair Value</b>
<b>Public Equity</b>	\$ 39,550,782	\$ 50,105,611
<b>Investment Grade Bond ETF</b>	\$ 23,571,549	\$ 23,370,539
<b>Cash Portfolio</b>	\$ 91,903,583	\$ 92,296,548
<b>Total HCT Internally Managed</b>	\$ 155,025,914	\$ 165,772,698

<b>EXTERNALLY MANAGED</b>	<b>Cost Value</b>	<b>Fair Value</b>
<b>Private Equity</b>		
Blackstone Capital Partners V, L.P.	\$ 0	\$ 8,507
Blackstone Capital Partners VI, L.P.	85,298	171,020
Blackstone Capital Partners VII, L.P.	426,661	735,337
Carlyle Partners VI, L.P.	336,611	344,655
The Sixth Cinven Fund	656,013	1,170,497
The Seventh Cinven Fund	1,025,434	1,357,536
CVC Capital Partners VII, L.P.	1,016,979	2,023,173
CVC Capital Partners VIII, L.P.	1,046,207	1,285,876
CVC Capital Partners IX, L.P. <sup>30</sup>	(4,343)	(4,296)
Riverstone Global Energy & Power Fund VI, L.P.	1,118,520	1,058,798
Silver Lake Partners III, L.P.	59,705	253,607
Silver Lake Partners IV, L.P.	1,041,987	2,782,475
Silver Lake Partners V, L.P.	1,424,067	2,239,956
Silver Lake Partners VI, L.P.	1,586,629	2,143,981
Silver Lake Partners VII, L.P.	486,493	605,502
Total Private Equity	\$ 10,306,261	\$ 16,176,624

**Real Estate**

Blackstone Real Estate Partners V & VI, L.P.	\$ 0	\$ 10,027
Blackstone Real Estate Partners VII, L.P.	227,654	135,328
Blackstone Real Estate Partners VIII, L.P.	1,856,408	2,571,690
Blackstone Real Estate Partners IX, L.P.	2,506,593	3,317,786
Blackstone Real Estate Partners X, L.P.	914,640	978,618
Blackstone Real Estate Partners Europe III, L.P.	412,170	138,926
Blackstone Real Estate Partners Europe V, L.P.	2,263,809	1,845,451
Blackstone Real Estate Partners Europe VI, L.P.	1,411,390	1,629,009
Blackstone Real Estate Partners Asia II, L.P.	2,246,408	2,719,573
Blackstone Real Estate Partners Asia III, L.P.	204,719	190,009
Brookfield Strategic Real Estate Partners IV	2,491,262	2,655,471
Lone Star Real Estate Fund III, L.P.	16,407	6,786
Lone Star Real Estate Fund IV, L.P.	770,406	604,561
Lone Star Real Estate Fund V, L.P.	189,215	165,767
Rockpoint Real Estate Fund V, L.P.	894,030	509,198
Rockpoint Real Estate Fund VI, L.P.	815,839	940,782
Starwood Distressed Opportunity Fund X Global	454,013	277,994
Starwood Distressed Opportunity Fund XI Global	1,214,887	1,364,498
Starwood Distressed Opportunity Fund XII Global	726,500	861,096
Vanguard Real Estate Fund	4,907,530	4,637,936
Total Real Estate	\$ 24,523,880	\$ 25,560,506

**Investment Grade Debt**

Vanguard Total Bond Market Fund	\$ 8,562,463	\$ 7,601,734
Total Investment Grade Debt	\$ 8,562,463	\$ 7,601,734

**High Yield Debt (Corporate)**

Vanguard High Yield Fund	\$ 9,421,374	\$ 8,971,927
Total High Yield Debt	\$ 9,421,374	\$ 8,971,927

<b>Total HCT Externally Managed</b>	\$ 52,813,978	\$ 58,310,791
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On June 30, 2024, there was \$12,132,000 in Certificates of Deposit (CDs) outstanding with South Dakota banks and credit unions. Fourteen South Dakota banks hold \$11,382,000 in CDs and three credit unions hold \$750,000 in CDs. The CDs carry an interest rate of 5.64% and mature September 30, 2024.

The original allocation made in September of 2023 was to twenty-seven banks. Thirteen banks did not participate this year. This is the twenty-third year a reoffering was made to other qualified public depositories in the state. In the reoffering, three credit unions accepted \$750,000 in CDs, leaving \$22,868,000 in CDs unassigned.

The size of the certificates ranged from \$250,000 to \$2,959,000.

**Summary of Statistics**  
**Certificates of Deposit Outstanding**

**CDs Issued to Banks**

CDs maturing 9/30/24	<u>\$ 11,382,000</u>
Interest earned during FY	\$ 708,176
Average CDs Outstanding During FY	\$ 13,918,545
Rate of Return	5.1%

**CDs Issued to Credit Unions**

CDs maturing 9/30/24	<u>\$ 750,000</u>
Interest earned during FY	\$ 37,076
Average CDs Outstanding During FY	\$ 688,861
Rate of Return	5.4%

**Total Certificates of Deposit**

CDs maturing 9/30/24	<u>\$ 12,132,000</u>
Interest earned during FY	\$ 745,252
Average CDs Outstanding During FY	\$ 14,607,406
Rate of Return	5.1%

**South Dakota Certificates of Deposit**  
**Due 9/30/24**

	<u>Location</u>	<u>CD Amount</u>
<b><u>Banks</u></b>		
Pioneer Bank & Trust	Belle Fourche	\$ 2,030,000
One American Bank	Centerville	250,000
First Financial Bank	Dupree	250,000
BankStar Financial	Elkton	889,000
Merchants State Bank	Freeman	547,000
Farmers State Bank	Hosmer	250,000
CorTrust Bank	Mitchell	2,959,000
Sunrise Bank Dakota	Onida	250,000
First National Bank	Pierre	2,015,000
Farmers & Merchants State Bank	Plankinton	413,000
Premier Bank	Rock Valley, IA	417,000
First State Bank of Roscoe	Roscoe	267,000
Farmers & Merchants State Bank	Scotland	250,000
Commercial State Bank	Wagner	<u>595,000</u>
Total Banks		\$ 11,382,000

<b><u>Credit Unions</u></b>		
Healthcare Plus Federal CU	Aberdeen	\$ 250,000
Consumers Federal CU	Gregory	250,000
Minuteman Community Federal CU	Rapid City	<u>250,000</u>
Total Credit Unions		<u>\$ 750,000</u>

<b>Total Certificates of Deposit</b>	<u>\$ 12,132,000</u>
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**AGGRESSIVE ABSOLUTE RETURN:** A non-directional strategy designed to generate a steady return no matter what the market does.

**ARBITRAGE:** Acting on disparities between the existing price of a security and the estimated present value of consideration to be received at a later time as a result of restructuring activity.

**ASSET ALLOCATION:** The mix of stocks, bonds, cash equivalents, and other assets in which capital is invested.

**BOND RATING:** Rating of a company's credit by a rating service.

**BOND-LIKE RISK:** A measure of the sensitivity to changes in the bond market. The measure includes the percentage invested in investment grade bonds plus the percentage invested in other asset categories scaled to reflect the degree of embedded investment grade bond sensitivity.

**CAPITAL MARKETS BENCHMARK (CMB):** The asset allocation policy approved by the Investment Council applied to the appropriate index returns.

**CARRIED INTEREST:** A share of the profits of a fund paid to the fund manager which is not received until the investors' contributed capital is returned and a previously agreed-upon preferred return is earned.

**CASH EQUIVALENT:** Cash or assets that can be converted to cash quickly.

**CASH PORTFOLIO:** Portfolio of cash and cash equivalent securities that supports the cash flows and the futures positions used to adjust the allocation of the total assets among stocks, bonds, and cash.

**CERTIFICATES OF DEPOSIT (CDs):** Relatively low-risk debt instruments purchased directly through a commercial bank or savings and loan institution. CDs are insured by the FDIC (Federal Deposit Insurance Corp.) up to \$250,000.

**COMMODITY:** Basic materials that are reasonably interchangeable with others of the same type. Examples include oil, metals, and grains.

**CORRELATION:** The degree to which the fluctuations of one asset are similar to those of another.

**DEFLATION:** A general decline in prices or reduction in spending.

**DURATION (MODIFIED):** The weighted average maturity of the stream of payments associated with a bond. It is a measure of the bond price volatility for a given change in interest rates.

**EMERGING MARKET:** Emerging market is a term that investors use to describe a developing country. Investments in emerging markets may be accompanied by greater risk.

**EQUITIES (STOCKS):** Securities representing shares of ownership in the issuing company.

**EQUITY-LIKE RISK:** A measure of the sensitivity of a fund to downturns in the equity market. The measure includes the percentage invested in equities (stocks) plus the percentage invested in other asset categories scaled to reflect the degree of embedded equity sensitivity during severe market downturns.

**EXCHANGE-TRADED FUND (ETF):** A pooled investment security that tracks a particular index, sector, commodity, or other assets that can be traded on the stock exchange.

**FIXED INCOME SECURITIES (BONDS, NOTES, BILLS, ETC.):** Securities representing loans to governments, agencies, corporations, and banks for a stated period at a stated interest rate.

**FTSE US 3-MONTH TREASURY BILL INDEX:** The index measures monthly return equivalents of yield averages that are not marked to market. The 3-Month Treasury Bill Index is an average of the last three 3-month Treasury bill month-end rates. It has been used for benchmarking purposes since fiscal year 1974.

**FTSE US BROAD INVESTMENT-GRADE (USBIG<sup>®</sup>) BOND INDEX:** The index is market capitalization weighted and includes fixed-rate Treasury, government-sponsored, mortgage, asset-backed, and investment-grade issues (minimum quality BBB- or Baa3) with a maturity of one year or longer. It has been used for benchmarking purposes since fiscal year 1981.

**FTSE US HIGH-YIELD CASH-PAY CAPPED INDEX:** The index represents the cash-pay securities of the FTSE US High-Yield Market Capped Index, which is a modified version of the FTSE US High-Yield Market Index by delaying the entry of fallen angel (formerly investment grade bonds that have been reduced to high-yield status) issues and capping the par value of individual issuers. It was used for benchmarking purposes during fiscal years 2011-2023.

**FTSE US HIGH-YIELD CASH-PAY CAPPED CUSTOM INDEX:** The index is a custom index calculated by FTSE Russell on behalf of the South Dakota Investment Council. It is the FTSE US High-Yield Cash-Pay Capped Index customized to include only Cash-Pay bonds issued by the US or Canada. It has been used for benchmarking purposes since fiscal year 2023.

**FTSE US HIGH-YIELD MARKET INDEX:** The index includes cash-pay, deferred-interest, and Rule 144A bonds with a remaining maturity of at least one year and a speculative-grade rating by both Moody's Investor Service and Standard & Poor's. It has been used for benchmarking purposes since fiscal year 2001.

**FUTURES CONTRACTS:** An obligation to accept or make future delivery of securities or cash at a specified price and date. The contracts are marked-to-market daily with the resulting gains/losses settled in cash. An initial margin is required as a good faith deposit.

**GROSS-OF-FEES:** Indicates that the impact of fees (management fees and performance-based fees) has not been reflected in the return.

**HIGH YIELD DEBT (CORPORATE):** Debt issues with a financial rating of BB or lower because of high relative default risk.

**HIGH YIELD DEBT (REAL ESTATE):** Debt securities that have a higher risk of default and are collateralized by real estate.

**INFLATION:** The rate at which the general level of prices of goods and services are rising.

**INSTITUTIONAL PRIME MONEY MARKET FUND:** The TempFund, which is managed by the BlackRock Advisors, Inc., is a leading short-term portfolio. The predecessor firm's fund inception was October 1973, and estimates are used for prior periods.

**INTERNAL RATE OF RETURN (IRR):** The annualized implied discount rate calculated from a series of cash flows. IRR is the return that equates the present value of all invested capital in an investment to the present value of all cash flows equal to zero.

**INVESTMENT GRADE DEBT:** Debt issues with a financial rating of BBB or higher because of low relative default risk.

**LARGE-CAP EQUITY (STOCKS):** Securities representing shares of ownership in the issuing company with a market capitalization of more than \$10 billion.

**MERGER CUSTOM INDEX:** The index is a representative sample of transactions that exposes one to a merger arbitrage strategy. It employs an indexing approach that utilizes factual information and index guidelines.

**MSCI ACWI INVESTABLE MARKET INDEX (IMI):** The index is a free float-adjusted market capitalization weighted index that is designed to capture large, mid and small cap representation across developed and emerging markets. The index covers approximately 99% of the global equity investment opportunity set. The index was used for benchmarking purposes during fiscal years 2020-2022.

**MSCI ACWI IMI EX REAL ESTATE INDEX:** The index is a custom index calculated by MSCI on behalf of the South Dakota Investment Council. It is the MSCI ACWI Investable Market Index (IMI) excluding constituents in the Real Estate 60 GICS sector. It has been used for benchmarking purposes since fiscal year 2023.

**MSCI US REIT INDEX:** The index is a free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs), which generate a majority of their revenue and income from rents, mortgages, and sales of property. It has been used for benchmarking purposes since fiscal year 2005.

**MSCI USA INVESTABLE MARKET INDEX (IMI):** The index is designed to measure the performance of the large, mid and small cap segments of the US market. The index covers approximately 99% of the free float-adjusted market capitalization in the US. The index was used for benchmarking during fiscal years 2020-2022.

**MSCI USA IMI EX REAL ESTATE INDEX:** The index is a custom index calculated by MSCI on behalf of the South Dakota Investment Council. It is the MSCI USA Investable Market Index (IMI) excluding constituents in the Real Estate 60 GICS sector. It has been used for benchmarking purposes since fiscal year 2023.

**NET-OF-FEES:** Indicates that the impact of fees (management fees, performance-based fees, and general partner carried interest) has been reflected in the return.

**OPPORTUNISTIC REAL ESTATE:** A high-risk/high-return real estate strategy. Investments are tactical and involve properties that require a high degree of enhancements.

**PEER FUNDS:** Databases comprised of state pension plans used for comparison purposes.

**PRIVATE EQUITY:** Investments made directly into a private company not quoted on a public exchange.

**PRIVATE SECTOR MEDIAN:** Median rate of return for large private sector funds. Wilshire Trust Universe Comparison Service data was used for fiscal years 2021-2024, BNY Mellon Master Trust data was used for fiscal years 2017-2020, Callan data was used fiscal years 2014-2016, Mellon Analytical data was used fiscal years 1987-2013, and SEI data was used fiscal years 1974-1986. All the returns are reported gross-of-fees.

**PUBLIC MARKET EQUIVALENT (PME):** The PME is a public market index against which the private equity and real estate limited partnerships can be compared.

**REAL ESTATE:** Property holdings used to generate ongoing rental income and capital gains as property values increase over time.

**REAL RETURN:** Actual return minus inflation.

**SMALL/MID-CAP EQUITY (STOCKS):** Securities representing shares of ownership in the issuing company with a small to mid-sized market capitalization. Small-Cap market capitalization is between \$250 million and \$2 billion; Mid-Cap market capitalization is between \$2 billion and \$10 billion.

**STANDARD AND POOR'S 1000<sup>®</sup> INDEX:** The index combines the S&P MidCap 400<sup>®</sup> and the S&P SmallCap 600<sup>®</sup> to form an investable benchmark for the mid- to small-cap segment of the U.S. equity market. It was used for benchmarking purposes during fiscal years 2011-2022.

**STANDARD AND POOR'S 1000 EX-REAL ESTATE INDEX:** The index is a custom index calculated by Standard & Poor's on behalf of the South Dakota Investment Council. It is the S&P 1000<sup>®</sup> Index excluding constituents in the Real Estate 60 GICS sector. It has been used for benchmarking purposes since fiscal year 2022.

**STANDARD AND POOR'S 500<sup>®</sup> INDEX:** The index is a market-capitalization-weighted index of 500 large-cap U.S. companies. It is the US component of the S&P Global 1200 Index. It has been used for benchmarking purposes since fiscal year 1974.

**STANDARD AND POOR'S GLOBAL 1200 INDEX:** The index is a composite index, comprised of seven regional and country indices - S&P 500 (US), S&P Europe 350, S&P/TOPIX 150 (Japan), S&P/TSX 60 (Canada), S&P/ASX All Australian 50, S&P Asia 50 (ex-Japan), and S&P Latin America 40. The index was used for benchmarking purposes during fiscal years 2005-2019.

**STANDARD AND POOR'S GLOBAL 1200 EX-EMERGING MARKETS, EX-REAL ESTATE INDEX:** The index is a custom index calculated by Standard & Poor's on behalf of the South Dakota Investment Council. It is the S&P Global 1200 Index excluding constituents in emerging market countries as defined by Standard & Poor's and the Real Estate 60 GICS sector. It has been used for benchmarking purposes since fiscal year 2022.

**STANDARD DEVIATION:** A measure of the volatility of returns often used as a measure of risk.

**STATE FUND MEDIAN:** Median rate of return for the state fund universe. The returns are reported net-of-fees fiscal years 2014-2024 and gross-of-fees fiscal years 1974-2013.

**STATE FUND UNIVERSE:** A universe linking two state fund universe medians to form a 51-year performance history. The most recent 42 years represents a group of state funds. The prior nine years of the universe represent the SEI state universe. This universe was the largest state universe available at the time.

**TIME-WEIGHTED RATE OF RETURN:** The rate of investment growth earned on a unit of assets held continuously for the entire period measured.

**US CONSUMER PRICE INDEX-ALL URBAN CONSUMERS (CPI-U):** The index is compiled monthly by the Bureau of Labor Statistics for the purpose of calculating inflation rates.

**VOLATILITY:** Variability, fluctuation. In investing, the range of likely outcomes for a given investment over a period of time. The smaller the estimated range of an investment's future returns, the lower the investment's volatility and vice versa. One of the most common measures of investment risk.

**YIELD TO MATURITY (YTM):** The rate of return anticipated on a fixed income security if held until the maturity date.

- Bond Index is the FTSE US Broad Investment-Grade (USBIG) Bond Index in fiscal year 2024.
- Fixed Income Benchmark is the FTSE USBIG Bond Index in fiscal years 2007-2024, FTSE USBIG Bond Index duration adjusted weighted 80% and FTSE US All BB-Rated Index weighted 20% in fiscal years 1996-2006, FTSE USBIG Bond Index in fiscal years 1981-1995, and Lehman Brothers Government/Corporate Index in prior periods.
- Annual returns for the US Consumer Price Index-All Urban Consumers (CPI-U) for the most recent 14 years and the 5, 10, 15, 20, 25, 30, and 51-year annualized returns as of 6/30/24 are as follows:

Fiscal Year	Annual Return	Fiscal Year	Annual Return	Annualized Returns of as 6/30/24	
2024	3.0%	2017	1.6%	5 Years	4.2%
2023	3.0%	2016	1.0%	10 Years	2.8%
2022	9.1%	2015	0.1%	15 Years	2.5%
2021	5.4%	2014	2.1%	20 Years	2.6%
2020	0.6%	2013	1.8%	25 Years	2.6%
2019	1.6%	2012	1.7%	30 Years	2.5%
2018	2.9%	2011	3.6%	51 Years	3.9%

- Investment Grade Debt:** FTSE USBIG Bond Index (1981-2024), Lehman Brothers Gov/Corp Index (1974-1980). **Cash:** FTSE US 3-Month Treasury Bill Index (1974-2024). **Public Equity:** ¾ custom MSCI ACWI IMI ex Real Estate + ¼ custom MSCI USA IMI ex Real Estate Index (2023-2024), ¾ MSCI ACWI IMI Index + ¼ MSCI USA IMI Index (2020-2022), ¾ MSCI ACWI Index + ¼ MSCI US Index (2005-2019). **Domestic Equity:** Russell 1000 Index (1996-2004), S&P 500 Index (1974-1995). **International Equity:** MSCI ACWI ex US Index (2002-2004), ¾ MSCI EAFE + ¼ MSCI EASEA Index (1997-2001), MSCI EAFE Index (1996), MSCI EAFE ½ Japan Index (1993-1995). **Arbitrage:** weighted index (1999-2011), Merger Custom Index (2008-2011), 3-Month Treasury Bill Index +4.25% (1993-2007), Convertible Benchmark (1999-2011). **Real Estate:** MSCI US REIT Index (2014-2024), NCREIF Property Index +1.25% (2011-2013), NCREIF Property Index (2002-2010), NCREIF Classic Property Index (1995-2001). **Private Equity:** S&P 500 (2014), S&P 500 +1.75% (2011-2013), S&P 500 +3.5% (2005-2010), Russell 1000 +3.5% (2002-2004), Russell 1000 +5.0% (1999-2001). **High Yield Debt (Corporate):** FTSE US High-Yield Market Index (2003-2024). **Commodities:** S&P GSCI (2003-2015). **TIPS:** FTSE US-ILSI (2012-2015).

Capital Markets Benchmark (policy) rounded weightings for the South Dakota Retirement System were as follows:

	IG Debt		Public EQ & Dom / Intl		HY Debt		HY Comm TIPS		
	Debt	Cash	Dom	Intl	RE	PE	Debt	Comm	TIPS
07/22 - 06/24	23%	2%	56%	0%	12%	0%	7%	0%	0%
07/15 - 06/22	23%	2%	58%	0%	10%	0%	7%	0%	0%
07/14 - 06/15	19%	2%	60%	0%	10%	0%	7%	1%	1%
07/12 - 06/14	18%	2%	56%	0%	8%	7%	7%	1%	1%
07/11 - 06/12	18%	2%	58%	0%	8%	5%	7%	1%	1%
07/09 - 06/11	18%	1%	57%	5%	7%	5%	6%	1%	0%
07/06 - 06/09	18%	1%	57%	7%	5%	5%	6%	1%	0%
07/05 - 06/06	18%	1%	57%	7%	6%	4%	6%	1%	0%
07/04 - 06/05	19%	1%	57%	5%	6%	4%	7%	1%	0%
07/03 - 06/04	19%	1%	40% / 16%	6%	7%	4%	6%	1%	0%
07/02 - 06/03	19%	1%	40% / 16%	7%	7%	3%	6%	1%	0%
07/01 - 06/02	23%	1%	40% / 16%	9%	8%	3%	0%	0%	0%
07/99 - 06/01	23%	5%	36% / 16%	9%	8%	3%	0%	0%	0%
07/98 - 06/99	23%	4%	40% / 16%	8%	7%	2%	0%	0%	0%
07/97 - 06/98	23%	7%	40% / 16%	7%	7%	0%	0%	0%	0%
07/96 - 06/97	25%	7%	40% / 15%	6%	7%	0%	0%	0%	0%
07/95 - 06/96	25%	6%	42% / 15%	8%	4%	0%	0%	0%	0%
07/94 - 06/95	31%	5%	41% / 13%	9%	1%	0%	0%	0%	0%
07/93 - 06/94	33%	7%	45% / 9%	6%	0%	0%	0%	0%	0%
07/92 - 06/93	35%	9%	49% / 5%	2%	0%	0%	0%	0%	0%
07/90 - 06/92	38%	10%	52% / 0%	0%	0%	0%	0%	0%	0%
07/86 - 06/90	38%	7%	55% / 0%	0%	0%	0%	0%	0%	0%
07/78 - 06/86	50%	10%	40% / 0%	0%	0%	0%	0%	0%	0%
07/73 - 06/78	65%	10%	25% / 0%	0%	0%	0%	0%	0%	0%

- High Yield Benchmark is the FTSE US High-Yield Cash-Pay Capped Custom Index (covered industries only) starting 2/1/23 for fiscal years 2023-2024, FTSE US High-Yield Cash-Pay Capped Index (covered industries only starting 7/1/14) in fiscal years 2011-2023 through 1/31/23 and the FTSE US All BB-Rated Index in fiscal years 2007-2010.
- CFFST Benchmark is a weighted index of FTSE 1-5 year US Treasuries, 1-3 year US BIG Credit, and 3-month and 6-month US Treasury Bills in

fiscal years 2019-2024; a weighted index of Bank of America Merrill Lynch 1-5 year US Treasuries, 1-3 year A-AAA rated US Corporates, and 3-6 month US Treasury Bills in fiscal years 2005-2018; equal-weighted yields of the 3-month and 6-month US Treasury Bills and the 1-year, 2-year, 3-year, and 5-year US Treasury Bonds in fiscal years 1987-2004.

- Composites are valued monthly and portfolio returns are weighted by using beginning-of-month fair values or weighted cash flows.
- Private equity and real estate limited partnership fair values as of 6/30/24 are based on valuation information received prior to the fiscal year 2024 reporting cutoff date, which was August 16, 2024. Any 6/30/24 valuation information received after the cutoff date is incorporated in fiscal year 2025.
- The South Dakota Department of Legislative Audit conducted the South Dakota Investment Council fiscal year 2024 annual and interim procedures audit work for total fees of \$66,752.70.
- 1-year total fund performance results are presented net-of-fees for fiscal years 2014-2024 and gross-of-fees in prior periods.

- Management fee rates (excluding profit sharing) as of 6/30/24 in basis points (bp):

Investment Office (expected average)	10 bp
Blackstone Capital Partners IV, V & VI	0 bp
Blackstone Capital Partners VII	100 bp
Blackstone Energy Partners II	100 bp
Blackstone Energy Partners III	125 bp
Blackstone Real Estate Partners IV & IV - ML	0 bp
Blackstone Real Estate Partners V & V - ML	0 bp
Blackstone Real Estate Partners VI & VI - LC	0 bp
Blackstone Real Estate Partners VII	0 bp
Blackstone Real Estate Partners VIII	125 bp
Blackstone Real Estate Partners VIII - BMR	0 bp
Blackstone Real Estate Partners IX	125 bp
Blackstone Real Estate Partners X	133 bp
Blackstone Real Estate Partners Asia II	125 bp
Blackstone Real Estate Partners Asia III	150 bp
Blackstone Real Estate Partners Europe III	0 bp
Blackstone Real Estate Partners Europe V	125 bp
Blackstone Real Estate Partners Europe VI	150 bp
Bridgewater Pure Alpha Fund II (embedded)	150 bp + incentive
Brookfield Strategic Real Estate Partners III	135 bp
Brookfield Strategic Real Estate Partners IV	95 bp
Capital International Private Equity Fund V	0 bp
Capital International Private Equity Fund VI	100 bp
Carlyle Partners V	0 bp
Carlyle Partners VI	20 bp
The Fourth Cinven Fund	0 bp
The Fifth Cinven Fund	0 bp
The Sixth Cinven Fund	125 bp
The Seventh Cinven Fund	125 bp
CVC European Equity Partners IV & V	0 bp
CVC European Equity Partners VII	125 bp
CVC European Equity Partners VIII	143 bp
CVC European Equity Partners IX	143 bp
EnCap Energy Capital Fund XI	150 bp
Exchange-Traded Funds (embedded)	
iShares Core US Aggregate Bond ETF	3 bp
SPDR S&P 500 ETF Trust	9 bp
Vanguard FTSE Emerging Markets ETF	8 bp
Lone Star Real Estate Fund II	45 bp
Lone Star Real Estate Fund III	60 bp
Lone Star Real Estate Fund IV	60 bp
Lone Star Real Estate Fund V	60 bp
Lone Star Real Estate Fund VI	60 bp
PineBridge Global Emerging Markets Partners I & II	0 bp
Riverstone/Carlyle Global Energy & Power Fund IV	0 bp



Riverstone Global Energy & Power Fund V	100 bp
Riverstone Global Energy & Power Fund VI	100 bp
Rockpoint Real Estate Fund IV	0 bp
Rockpoint Real Estate Fund V	106 bp
Rockpoint Real Estate Fund VI	138 bp
Sanders Capital (Global Value Equities)	
\$0 - \$15 Million -	90 bp
\$15 - \$50 Million -	50 bp
over \$50 Million -	40 bp
Silver Lake Partners III	0 bp
Silver Lake Partners III (SPV-2)	100 bp
Silver Lake Partners IV	100 bp
Silver Lake Partners V	100 bp
Silver Lake Partners VI	150 bp
Silver Lake Partners VII	150 bp
Starwood Distressed Opportunity Fund IX Global	125 bp
Starwood Opportunity Fund X Global	100 bp
Starwood Opportunity Fund XI Global	100 bp
Starwood Opportunity Fund XII Global	100 bp
Telsey Consumer Fund (embedded)	100 bp + incentive
Vanguard High-Yield Fund (embedded)	12 bp
Vanguard Real Estate Fund (embedded)	13 bp
Vanguard Total Bond Market Fund (embedded)	4 bp - 5 bp

12 There have been no changes in investment personnel that would alter the returns presented.

13 Past performance is no guarantee of future results.

14 **Investment Grade Debt:** FTSE USBIG Bond Index (February 2001-2024), Salomon Smith Barney Treasury/GNMA Index (1985 - January 2001). **Public Equity:** ¾ custom MSCI ACWI IMI ex Real Estate + ¼ custom MSCI USA IMI ex Real Estate Index (2023-2024), ¾ MSCI ACWI IMI + ¼ MSCI USA IMI Index (2020-2022), ⅔ S&P Global 1200 + ⅓ S&P 500 Index (2012-2019 and 2007-2010), ⅔ S&P Global 1200 Ex-Iran + ⅓ S&P 500 Index (2011), ⅓ MSCI ACWI + ⅓ MSCI US Index (2006). **Domestic Equity:** S&P 500 Index (2005), Russell 1000 Index (February 2001-2004). **International Equity:** MSCI ACWI ex US Index (2005). **High Yield Debt (Corporate):** FTSE US High-Yield Market Index (2010-2024 and February 2001-2006), FTSE US All BB-Rated Index (2007-2009). **TIPS:** FTSE US-ILSI (2007-2015). **Cash/Commodities:** FTSE US 3-Month Treasury Bill Index (2007-2024). **Real Estate:** MSCI US REIT Index (2014-2024), NCREIF Property Index +1.25% (2011-2013), NCREIF Property Index (2007-2010). **Private Equity:** S&P 500 (2014), S&P 500 +1.75% (2011-2013), S&P 500 +3.5% (2007-2010).

Capital Markets Benchmark (policy) weightings for the School and Public Lands Fund were as follows:

	IG Debt	Public EQ & Dom / Intl	HY Debt	TIPS	Cash/Comm	RE	PE
07/22 - 06/24	30%	50%	7%	0%	2%	11%	0%
07/15 - 06/22	30%	51%	7%	0%	2%	10%	0%
07/14 - 06/15	26%	53%	7%	2%	2%	10%	0%
07/11 - 06/14	28%	52%	5%	5%	2%	6%	2%
07/06 - 06/11	33%	48%	5%	5%	2%	5%	2%
07/05 - 06/06	40%	50%	10%	0%	0%	0%	0%
07/04 - 06/05	40%	40% / 10%	10%	0%	0%	0%	0%
07/03 - 06/04	50%	40% / 0%	10%	0%	0%	0%	0%
07/02 - 06/03	60%	30% / 0%	10%	0%	0%	0%	0%
07/01 - 06/02	70%	20% / 0%	10%	0%	0%	0%	0%
02/01 - 06/01	Weighted based on Investment Council asset allocation.						
07/84 - 01/01	100%	0% / 0%	0%	0%	0%	0%	0%

15 Internal International Equity Benchmark is the MSCI All Country World ex-US Index in fiscal years 2002-2004 and ¾ MSCI EAFE + ¼ MSCI EASEA Index in prior periods.

16 **Investment Grade Debt:** FTSE USBIG Bond Index (2002-2024). **Public Equity:** ¾ custom MSCI ACWI IMI ex Real Estate index + ¼ custom MSCI USA IMI ex Real Estate Index (2023-2024), ¾ MSCI ACWI IMI + ¼ MSCI USA IMI Index (2020-2022), ⅔ S&P Global 1200 + ⅓ S&P 500 Index (2012-2019 and 2007-2010), ⅔ S&P Global 1200 Ex-Iran + ⅓ S&P 500 Index (2011), ⅓ MSCI ACWI + ⅓ MSCI US Index (2006). **Domestic Equity:** S&P 500 Index (2005), Russell 1000 Index (2002-2004). **International Equity:** MSCI ACWI ex US Index (2005). **Real Estate:** weighted index (2006), MSCI US REIT Index (2014-2024 and 2005-2006), NCREIF Property Index +1.25% (2011-2013), NCREIF Property Index (2006-2010), REIT Benchmark (2002-2004). **High Yield Debt (Corporate):** FTSE US High-Yield Market Index (2010-2024), FTSE US All BB-Rated Index (2002-2009). **TIPS:** FTSE US-ILSI (2007-2015). **Cash/Commodities:** FTSE US 3-Month Treasury Bill Index (2007-2024). **Private Equity:** S&P 500 (2014), S&P 500 +1.75% (2011-2013), S&P 500 +3.5% (2007-2010).

Capital Markets Benchmark (policy) weightings for the Dakota Cement Trust Fund were as follows:

	IG Debt	Public EQ & Dom / Intl	RE	HY Debt	TIPS	Cash/Comm	PE
07/22 - 06/24	30%	50%	11%	7%	0%	2%	0%
07/15 - 06/22	30%	51%	10%	7%	0%	2%	0%
07/14 - 06/15	26%	53%	10%	7%	2%	2%	0%
07/11 - 06/14	28%	52%	6%	5%	5%	2%	2%
07/06 - 06/11	33%	48%	5%	5%	5%	2%	2%
07/05 - 06/06	40%	40%	10%	10%	0%	0%	0%
07/04 - 06/05	50%	20% / 5%	15%	10%	0%	0%	0%
07/01 - 06/04	55%	20% / 0%	15%	10%	0%	0%	0%

17 **Investment Grade Debt:** FTSE USBIG Bond Index (2003-2024). **Tax-Exempt Debt:** Bloomberg Municipal 7 Year Index (2003-2023). **Public Equity:** ¾ custom MSCI ACWI IMI ex Real Estate + ¼ custom MSCI USA IMI ex Real Estate Index (2023-2024), ¾ MSCI ACWI IMI + ¼ MSCI USA IMI Index (2020-2022), ⅔ S&P Global 1200 + ⅓ S&P 500 Index (2012-2019 and 2007-2010), ⅔ S&P Global 1200 Ex-Iran + ⅓ S&P 500 Index (2011), ⅓ MSCI ACWI + ⅓ MSCI US Index (2006). **Domestic Equity:** S&P 500 Index (2005), Russell 1000 Index (2003-2004). **International Equity:** MSCI ACWI ex US Index (2005). **Real Estate:** weighted index (2006), MSCI US REIT Index (2014-2024 and 2005-2006), NCREIF Property Index +1.25% (2011-2013), NCREIF Property Index (2006-2010), REIT Benchmark (2003-2004). **High Yield Debt (Corporate):** FTSE US High-Yield Market Index (2010-2024 and 2003-2006), FTSE US All BB-Rated Index (2007-2009). **TIPS:** FTSE US-ILSI (2003-2015). **Cash/Commodities:** FTSE US 3-Month Treasury Bill Index (2007-2024). **Private Equity:** S&P 500 (2014), S&P 500 +1.75% (2011-2013), S&P 500 +3.5% (2007-2010).

Capital Markets Benchmark (policy) weightings for the Education Enhancement Trust Fund were as follows:

	IG Debt	Tax-Exempt Debt	Public EQ & Dom / Intl	RE	HY Debt	TIPS	Cash/Comm	PE
07/23 - 06/24	30%	0%	50%	11%	7%	0%	2%	0%
07/22 - 06/23	24%	6%	50%	11%	7%	0%	2%	0%
07/21 - 06/22	24%	6%	51%	10%	7%	0%	2%	0%
07/18 - 06/21	22%	8%	51%	10%	7%	0%	2%	0%
07/15 - 06/18	20%	10%	51%	10%	7%	0%	2%	0%
07/14 - 06/15	16%	10%	53%	10%	7%	2%	2%	0%
07/13 - 06/14	17%	11%	52%	6%	5%	5%	2%	2%
07/11 - 06/13	0%	30%	52%	6%	5%	3%	2%	2%
07/10 - 06/11	0%	35%	48%	5%	5%	3%	2%	2%
07/09 - 06/10	0%	37%	48%	5%	5%	1%	2%	2%
07/08 - 06/09	3%	30%	48%	5%	5%	5%	2%	2%
07/07 - 06/08	8%	25%	48%	5%	5%	5%	2%	2%
07/06 - 06/07	3%	30%	48%	5%	5%	5%	2%	2%
07/05 - 06/06	3%	32%	40%	10%	10%	5%	0%	0%
07/04 - 06/05	7%	33%	24% / 6%	10%	10%	10%	0%	0%
07/02 - 06/04	10%	35%	25% / 0%	10%	10%	10%	0%	0%

18 **Investment Grade Debt:** FTSE USBIG Bond Index (2003-2024). **Public Equity:** ¾ custom MSCI ACWI IMI ex Real Estate + ¼ custom MSCI USA IMI ex Real Estate Index (2023-2024), ¾ MSCI ACWI IMI + ¼ MSCI USA IMI Index (2020-2022), ⅓ S&P Global 1200 + ⅓ S&P 500 Index (2012-2019 and 2007-2010), ⅓ S&P Global 1200 Ex-Iran + ⅓ S&P 500 Index (2011), ⅓ MSCI ACWI + ⅓ MSCI US Index (2006). **Domestic Equity:** S&P 500 Index (2005), Russell 1000 Index (2003-2004). **International Equity:** MSCI ACWI ex US Index (2005). **Real Estate:** weighted index (2006), MSCI US REIT Index (2014-2024 and 2005-2006), NCREIF Property Index +1.25% (2011-2013), NCREIF Property Index (2006-2010), REIT Benchmark (2003-2004). **High Yield Debt (Corporate):** FTSE US High-Yield Market Index (2010-2024 and 2003-2006), FTSE US All BB-Rated Index (2007-2009). **TIPS:** FTSE US-ILSI (2003-2015). **Cash/Commodities:** FTSE US 3-Month Treasury Bill Index (2007-2024). **Private Equity:** S&P 500 (2014), S&P 500 +1.75% (2011-2013), S&P 500 +3.5% (2007-2010).

Capital Markets Benchmark (policy) weightings for the Health Care Trust Fund were as follows:

	IG Debt	Public EQ & Dom / Intl	RE	HY Debt	TIPS	Cash/Comm	PE
07/22 - 06/24	30%	50%	11%	7%	0%	2%	0%
07/15 - 06/22	30%	51%	10%	7%	0%	2%	0%
07/14 - 06/15	26%	53%	10%	7%	2%	2%	0%
07/11 - 06/14	28%	52%	6%	5%	5%	2%	2%
07/06 - 06/11	33%	48%	5%	5%	5%	2%	2%
07/05 - 06/06	35%	40%	10%	10%	5%	0%	0%
07/04 - 06/05	40%	24% / 6%	10%	10%	10%	0%	0%
07/02 - 06/04	45%	25% / 0%	10%	10%	10%	0%	0%

19 SDRS Combined Internal Large-Cap Equity Benchmark is the custom S&P Global 1200 Ex-Emerging Markets, Ex-Real Estate Index starting 2/1/22 for fiscal years 2022-2024, custom S&P Global 1200 Ex-Emerging Markets Index in fiscal years 2020-2022 through 1/31/22, ⅓ S&P Global 1200 + ⅓ S&P 500 Index in fiscal years 2012-2019 and 2005-2010; in fiscal year 2011 the ⅓ custom S&P Global 1200 Ex-Iran + ⅓ S&P 500 Index was used. Prior to fiscal year 2010, the benchmark consisted of the Internal International Equity Benchmark (MSCI ACWI ex-US Index in fiscal years 2002-2004 and ¾ MSCI EAFE + ¼ MSCI EASEA Index in fiscal years 1993-2001) and the Internal Domestic Equity Benchmark (Russell 1000 Index in fiscal years 1996-2004 and S&P 500 Index in fiscal years 1974-1995) weighted according to the beginning monthly portfolio weights, adjusted for cash transfers.

20 Internal Domestic Equity Benchmark is the Russell 1000 Index in fiscal years 1996-2004 and S&P 500 Index in prior periods.

21 Convertible Benchmark was calculated using the duration-adjusted Bank of America Merrill Lynch Corporate Bond Indices for each rating category for the bond portion and the prime money market rate plus 100 basis points annually for the hedged equity option portion. It was based on the risk characteristics of the portfolio.

22 Merger Benchmark was the implemented Merger index portfolio from 1/1/11-6/30/12, the Merger Custom Index from 7/1/07-12/31/10, and the 3-Month Treasury Bill Index return plus 4.25% annually in prior periods.

23 Asset growth is affected by contributions, withdrawals, management fees, and investment income.

24 Investment income includes realized and unrealized capital gain/loss income and receipted and accrued securities income.

25 Real Estate Benchmark is the MSCI US REIT Index in fiscal years 2014-2024, NCREIF Property Index + 1.25% in fiscal years 2011-2013, NCREIF Property Index in fiscal years 2002-2010, and NCREIF Classic Property Index starting 12/1/94 for fiscal years 1995-2001.

26 Private Equity Benchmark is the ¾ custom MSCI ACWI IMI ex Real Estate + ¼ custom MSCI USA IMI ex Real Estate Index in fiscal years 2023-2024, ¾ MSCI ACWI IMI + ¼ MSCI USA IMI Index in fiscal years 2020-2022, ⅓ MSCI ACWI + ⅓ MSCI US Index in fiscal years 2015-2019, S&P 500 Index in fiscal year 2014, S&P 500 Index + 1.75% in fiscal years 2011-2013, S&P 500 + 3.5% in fiscal years 2005-2010, Russell 1000 + 3.5% in fiscal years 2002-2004, and Russell 1000 + 5.0% in fiscal years 1999-2001.

27 South Dakota Cement Plant Retirement Fund (CPRF) was consolidated into the South Dakota Retirement System (SDRS) on 4/1/14 per SDCL 3-12C-1642. For fiscal years 1973-2013, CPRF assets are included with SDRS.

28 South Dakota Cash Flow Fund assets include the Coronavirus Relief Fund for fiscal years ended 2020-2024.

29 SDRS Small/Mid-Cap Equity Benchmark is the custom S&P 1000 Ex-Real Estate Index starting 2/1/22 for fiscal years 2022-2024, S&P 1000 Index in fiscal years 2011-2022 through 1/31/22.

30 New fund with manager accruing fees and/or expenses but no capital called as of 6/30/24.





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