

THE SOUTH DAKOTA INVESTMENT COUNCIL



**ANNUAL REPORT
FISCAL YEAR 2022**

Table of Contents	1
Transmittal Letter	2
Assets Managed	4
South Dakota Investment Council.....	5
South Dakota Retirement System	
Total Fund	6
Bond Portfolios	11
Equity Portfolio	13
Private Equity and Real Estate Limited Partnerships	15
Historical Performance Information.....	16
South Dakota Cash Flow Fund	17
School and Public Lands	20
Dakota Cement Trust	23
Education Enhancement Trust	26
Health Care Trust	29
Higher Education Savings Plan.....	32
Appendix	
Higher Education Savings Plan Letter	33
Portfolio Summaries	35
Certificate of Deposit Program.....	38
Glossary.....	39
Endnotes	41

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 2022 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 2022 PERFORMANCE

The fiscal year 2022 time-weighted investment return for the South Dakota Retirement System (SDRS) was -0.7% net of investment management cost. This was greater than the Council's market index-based Capital Markets Benchmark (CMB) return of -13.0%. The outperformance resulted from having lower exposures to equities and bonds and from outperformance against benchmark of all asset categories, most notably by public equity portfolios.

The net returns for the trust funds, which include School and Public Lands, Dakota Cement Trust, Health Care Trust, and Education Enhancement Trust, were -2.5% to -1.5%. The South Dakota Cash Flow Fund yield was 0.9%.

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 about 98,000 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.

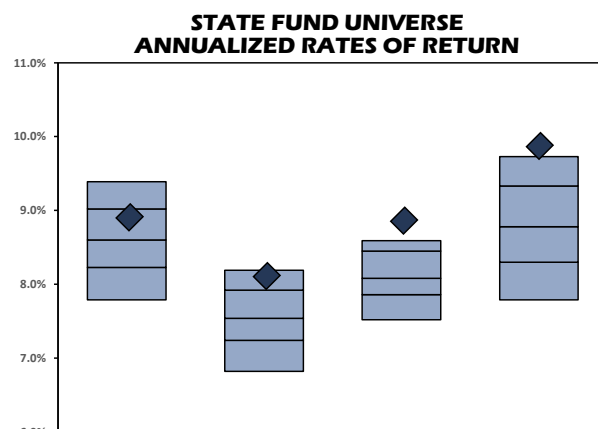
The Council invests in assets believed to be undervalued from a long-term perspective. The valuation process is based on the view that the worth of an asset is the present value of future cash flows. Internal research efforts focus on estimating future cash flows and assessing risk which impacts the 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 49 years. The return over the full period has exceeded other state retirement systems across the nation as shown on the following exhibit.



NET ANNUALIZED RETURNS

	10 Years <u>2013-2022</u>	20 Years <u>2003-2022</u>	30 years <u>1993-2022</u>	49 Years <u>1974-2022</u>
10th %tile	9.4	8.2	8.6	9.7
25th %tile	9.0	7.9	8.5	9.3
Median	8.6	7.5	8.1	8.8
75th %tile	8.2	7.2	7.9	8.3
90th %tile	7.8	6.8	7.5	7.8
◆ SDRS Fund	8.9	8.1	8.9	9.9
SDRS %tile Rank	32	13	4	1-4*

*Ranked 1st from fiscal years 1974-1992 and 4th from fiscal years 1993-2022.

SDRS total fund and capital markets benchmark returns can be found on page 8 of the annual report for every fiscal year since inception and various rolling time periods. 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, and 6/30/22.

UPDATE ON RETURN EXPECTATIONS			
	<u>Bonds*</u>	<u>S&P 500</u>	<u>S&P 500 Yield</u>
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 6/30/22	3.0%	7.9%	1.7%

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

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, 2022, expected returns were 3.0% for bonds and 7.9% for stocks. Low interest rates foreshadow low future bond returns. The expected return for stocks is also lower than earned on average historically. The expected long-term return for the overall SDRS fund, which is diversified across several asset categories, was 6.2%. This excludes consideration of potential value added or detracted relative to index returns. The expected return also excludes the impact of timing of withdrawals to pay benefits. As SDRS matures, benefit payments are increasingly funded from investment earnings. These withdrawals are larger as a percentage of the fund when markets are depressed which can reduce long-term asset growth.

The expected return is the mid-point of a range of possible outcomes. The one standard deviation range, which statistically encompasses the central two-thirds of potential outcomes, is 1.3% to 11.0% per annum for a 10-year horizon and 2.7% to 9.6% for a 20-year horizon.

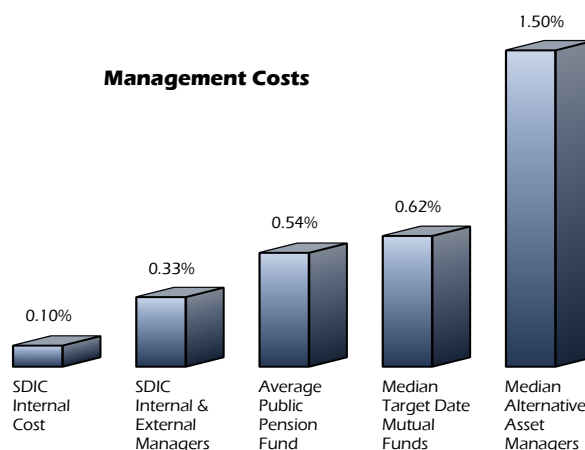
History has shown that following large market increases, opportunities may be sparse for a time. Chasing lesser opportunities has tended to backfire when assets became much cheaper later. The lesson learned is to wait for worthwhile opportunities, and when absent, be satisfied with modest results until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

IMPORTANCE OF LOW COSTS

The Investment Council manages the majority of 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, high yield, and arbitrage. 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.

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



Internal management cost is projected to average 0.10% of assets. Including external management, total cost is expected to average 0.33%. 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. This compares to the average public pension fund cost of 0.54% and median target date mutual fund cost of 0.62%. The difference of 0.21% versus the average public pension fund results in approximately \$40 million of savings per year. Compounding these savings over many years can result in hundreds of millions of dollars.

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:

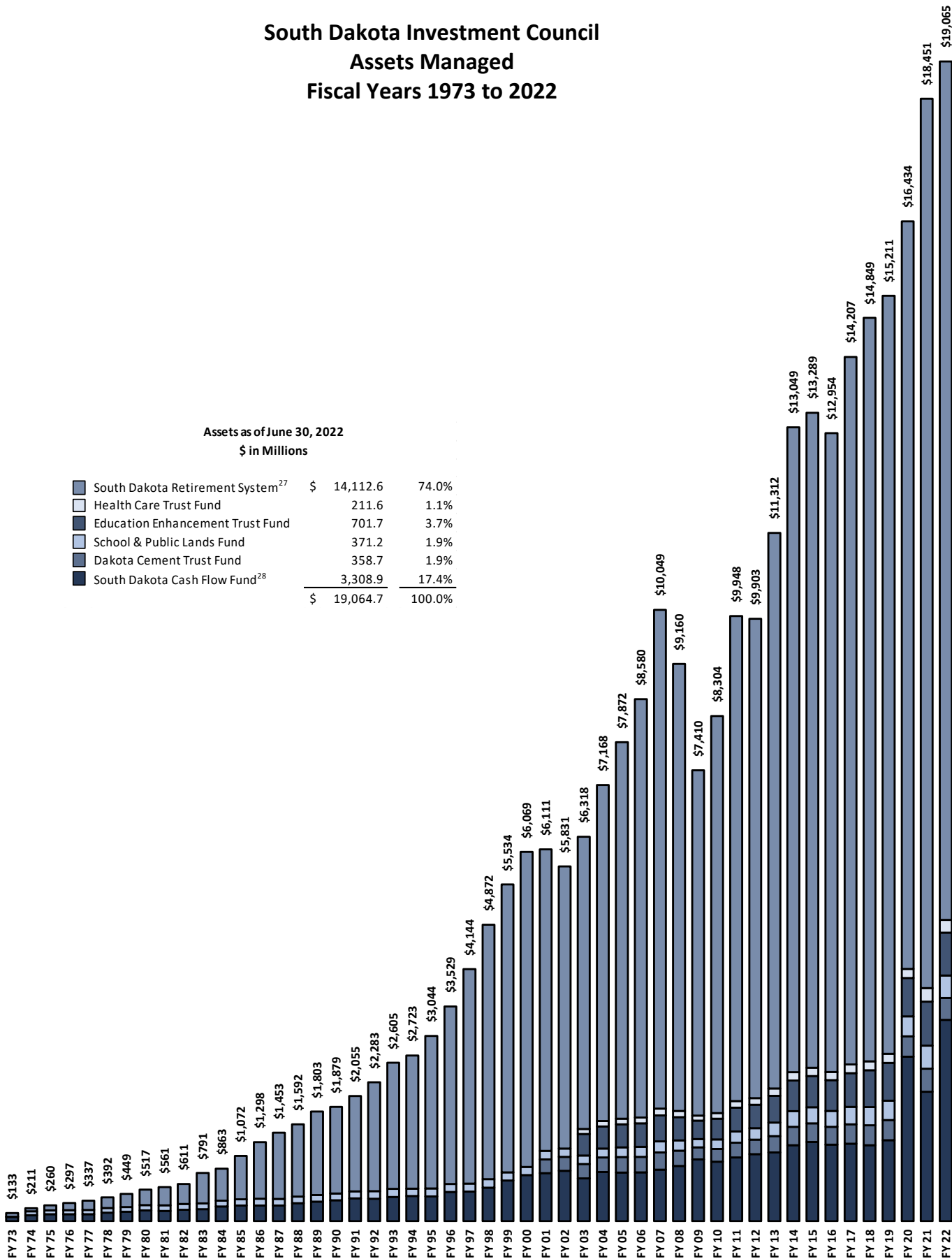
Paul J Bisson, Chair
South Dakota Investment Council

Matthew L. Clark, CFA
State Investment Officer

South Dakota Investment Council
Assets Managed
Fiscal Years 1973 to 2022

Assets as of June 30, 2022
\$ in Millions

South Dakota Retirement System ²⁷	\$ 14,112.6	74.0%
Health Care Trust Fund	211.6	1.1%
Education Enhancement Trust Fund	701.7	3.7%
School & Public Lands Fund	371.2	1.9%
Dakota Cement Trust Fund	358.7	1.9%
South Dakota Cash Flow Fund ²⁸	3,308.9	17.4%
	<u>\$ 19,064.7</u>	<u>100.0%</u>



Investment Council Members as of June 30, 2022

Paul Bisson, Chair **

President, Retired
Wells Fargo Bank
Sturgis

Greg Kulesa, Vice-Chair **

President
ANZA, Inc.
Watertown

Mary Howard * **

Senior Vice President-Private Wealth Mgmt.
The Howard Group of Baird
Sioux Falls

Loren Koepsell *

Associate Professor
Augustana University
Sioux Falls

Steve Pietila *

Vice President Wealth & Trust Officer
First Dakota National Bank
Yankton

Jarrold Johnson

Commissioner of School & Public Lands
State of South Dakota
Pierre

Josh Haeder *

State Treasurer
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 chosen 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 evaluate State Investment Officer.
- Develop investment policy and establish asset allocation guidelines for the long term.
- 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-Man 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, five investment accounting positions including a CFO, two administrative positions including a business manager, and three part-time legal counsel positions. Of the investment staff, twenty-two hold the Chartered Financial Analyst® designation and four of the accounting staff hold the Certified Public Accountant designation.
- The function of the staff is to manage the investment assets of the State of South Dakota and to recommend and implement investment policies adopted by the Investment Council.

THE FUND

The South Dakota Retirement System (SDRS) provides retirement, disability, and survivor benefits to about 98,000 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 transactions costs.

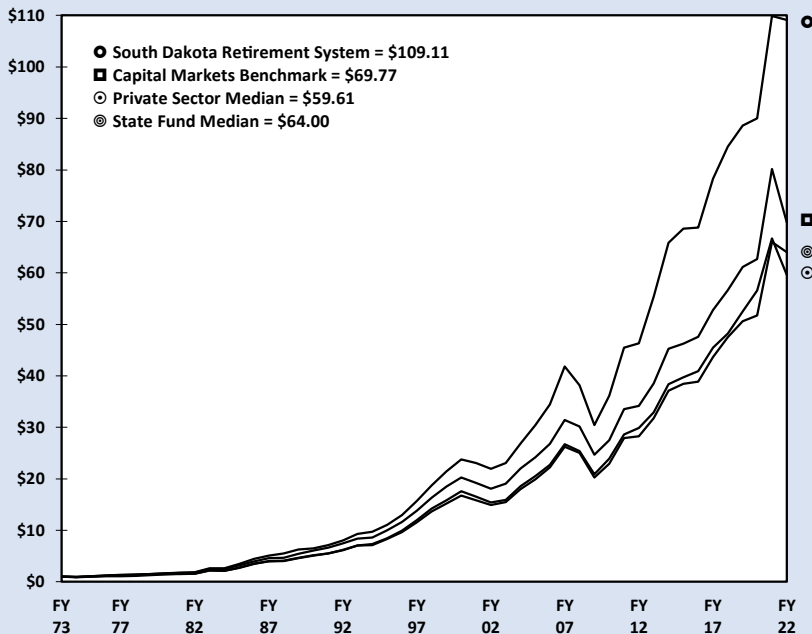
This objective has been achieved for the majority of rolling 5 and 10-year periods and all 20-year and 30-year periods. The following table summarizes SDRS total fund performance versus the Council's capital markets benchmark. A complete listing of rolling 5, 10, 20, and 30-year return comparisons is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

SDRS Total Fund versus Capital Markets Benchmark				
	<u>5 years</u>	<u>10 years</u>	<u>20 years</u>	<u>30 years</u>
# of Successes	36	37	30	20
# of Periods	45	40	30	20
% of Success	80%	93%	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-year periods and all 10, 20, and 30-year timeframes.

SDRS Total Fund versus State Fund Median				
	<u>5 years</u>	<u>10 years</u>	<u>20 years</u>	<u>30 years</u>
# of Successes	39	40	30	20
# of Periods	45	40	30	20
% of Success	87%	100%	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 \$109.11 by June 30, 2022. A dollar invested in the Council's Capital Markets Benchmark would have grown to \$69.77. A dollar invested in the typical private sector pension plan and state fund would have grown to \$59.61 and \$64.00, respectively.

Asset Allocation Focus

Allocation of assets to categories may be 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 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 for 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 target equity-like risk of the SDRS fund was near 50.0% for fiscal year 2022 compared to the capital markets

benchmark level of 70.0%. 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, 2022, was 6.18%. 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 70.0% 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. The estimated rate of inflation embedded in the expected return was 3.5%. Standard deviation was estimated to be 15.4% after adjustments to capture real-world frequency of adverse events. These statistics indicate a 66% chance the return for any year would be between (9.2%) and 21.6% and a 95% chance the return would be between (24.6%) and 37.0%.

In recent years, unsustainable buildup of global debt has been highlighted as potentially the greatest risk to markets. The expected likely consequences were muted growth and higher risk down the road of inflation to inflate away the debt or deflationary debt liquidation. In the past year, inflation has increased substantially. Efforts to bring inflation down may require government spending restraint or reversal of much of the monetary stimulus of the past couple years.

Markets have begun the painful process of incorporating negative effects of either inflation or tightening of monetary conditions intended to reduce inflation. The high levels of debt and muted growth will complicate efforts to reduce inflation and potentially magnify economic and market volatility.

Fiscal Year 2022 Asset Allocation Policy Summary

Asset Category	CMB Allocation	Min - Max Range
Public Equity	58%	20% - 75%
Real Estate	10%	2% - 20%
High Yield Debt (Corporate)	7%	0% - 15%
Investment Grade Debt	23%	13% - 50%
Cash	2%	0% - 50%
Private Equity	0%	0% - 12%
Opportunistic Real Estate	0%	0% - 15%
High Yield Debt (Real Estate)	0%	0% - 10%
Aggressive Absolute Return	0%	0% - 5%
TIPS	0%	0% - 5%
Commodities	0%	0% - 5%
Merger Arbitrage	0%	0% - 10%
Convertible Arbitrage	0%	0% - 5%

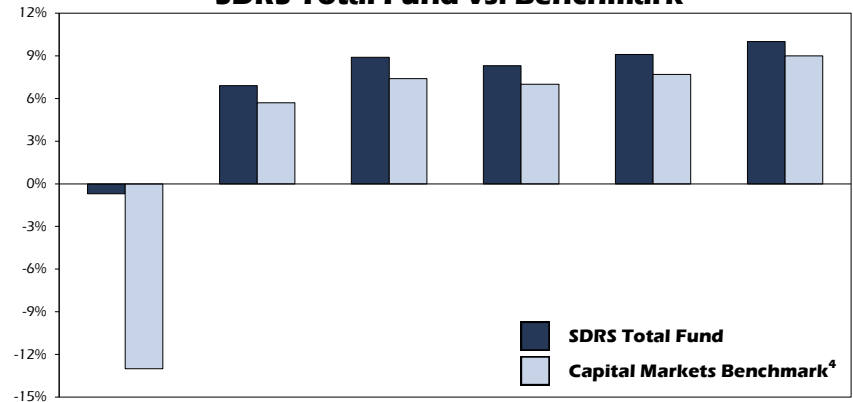
SDRS Total Fund Performance¹⁰⁻¹³

Fiscal Year	1 Year		5 Years		10 Years		20 Years		30 Years		49 Years	
	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench
2022	(0.7%)	(13.0%)	6.9%	5.7%	8.9%	7.4%	8.3%	7.0%	9.1%	7.7%	10.0%	9.0%
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%	11.3%	10.2%		
2013	19.5%	12.7%	7.7%	5.0%	9.2%	7.3%	9.3%	7.9%	10.7%	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%)										

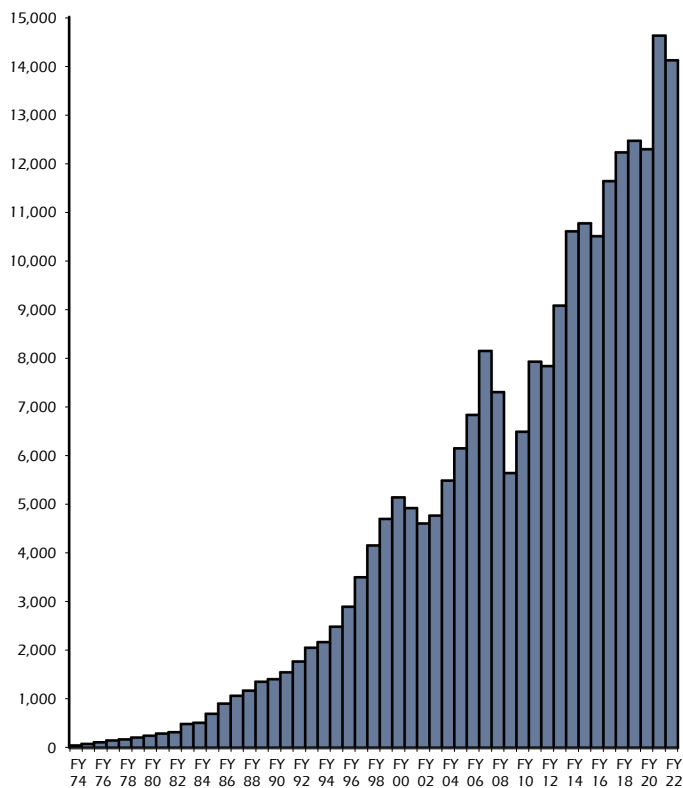
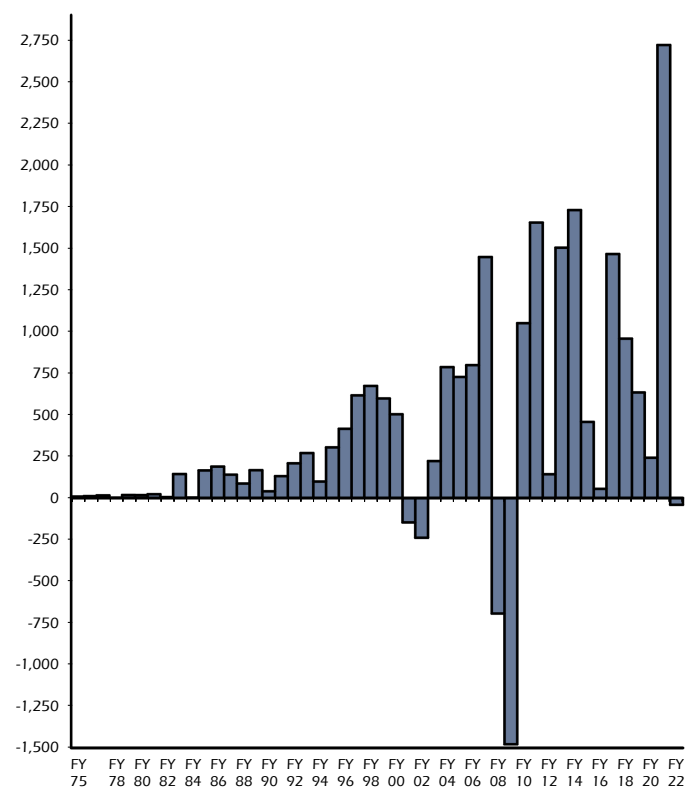
The chart to the left shows the annualized total rate of returns for 1, 5, 10, 20, 30, and 49 years through fiscal year 2022 for the Total Fund. The Capital Markets Benchmark⁴ is provided for comparison.

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	49 Years
SDRS	(0.7%)	6.9%	8.9%	8.3%	9.1%	10.0%
Benchmark	(13.0%)	5.7%	7.4%	7.0%	7.7%	9.0%
Difference	12.3%	1.2%	1.5%	1.3%	1.4%	1.0%

Asset Growth²³ (\$ in millions)**Investment Income²⁴ (\$ in millions)****Cash Flows and Fair Value Changes**

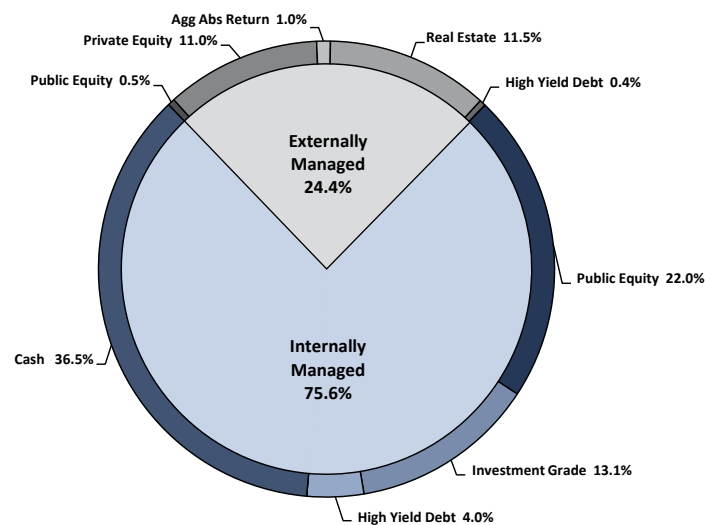
The South Dakota Retirement System began fiscal year 2022 with \$14.619 billion in assets. During the fiscal year, net contributions/withdrawals and fees decreased the fund by \$467.1 million and investment income decreased it by \$39.6 million, resulting in an ending fair value of \$14.113 billion.

Fair Value 6/30/21		\$ 14,619,282,476
Increases/Decreases		
Net Contributions/Withdrawals	\$ (414,941,572)	
Internal Management Fees	(9,389,043)	
External Management Fees	<u>(42,777,909)</u>	
Total Increases/Decreases		\$ (467,108,524)
Investment Income		
Securities Income		
Interest Income	\$ 81,127,095	
Dividend Income	149,775,338	
Securities Lending Income	450,498	
Real Estate Income	30,468,569	
Change in Accrued Income	<u>6,371,911</u>	
Total Securities Income		\$ 268,193,411
Total Capital Gain/Loss Income		<u>\$ (307,824,319)</u>
Total Investment Income		\$ (39,630,908)
Fair Value 6/30/22		<u>\$ 14,112,543,044</u>

Asset Allocation⁸

As of June 30, 2022, South Dakota Retirement System assets totaled \$14.113 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 of the South Dakota Retirement System 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>
Public Equity								
Internal Global Equity	\$ 3,360,683,473		23.8%					
Internal Global Emerging Markets	591,227,212		4.2%					
Internal Small/Mid Equity	689,157,792		4.9%					
Internal REIT	155,645,711		1.1%					
Sanders Capital	<u>70,417,869</u>	\$ 4,867,132,057	<u>0.5%</u>	34.5%				
Equity Index Futures					\$ (1,691,118,515)	\$ 3,176,013,542	22.5%	58.0%
Private Equity								
Blackstone Capital Partners	\$ 142,684,234		1.0%					
Blackstone Energy Partners	137,479,950		1.0%					
Capital International	26,407,384		0.2%					
Carlyle	67,973,110		0.5%					
Cinven	226,015,411		1.6%					
CVC	207,987,839		1.5%					
Cypress	20,572		0.0%					
Doughty Hanson	520,690		0.0%					
EnCap Energy Capital	45,611,535		0.3%					
KKR	356,308		0.0%					
PineBridge	3,336,356		0.0%					
Riverstone	152,816,734		1.1%					
Silver Lake	<u>538,192,174</u>	1,549,402,297	<u>3.8%</u>	11.0%	0	1,549,402,297	11.0%	0.0%
Aggressive Absolute Return								
Bridgewater	\$ 125,242,473		0.9%					
Telsey	<u>11,912,016</u>	137,154,489	<u>0.1%</u>	1.0%	0	137,154,489	1.0%	0.0%
Real Estate								
Ares Management	\$ 96,671		0.0%					
Blackstone Real Estate Partners	1,038,735,551		7.4%					
Brookfield Strategic Partners	89,185,091		0.6%					
Lone Star	105,784,454		0.8%					
Rockpoint	176,457,949		1.2%					
Starwood	<u>213,799,863</u>	1,624,059,579	<u>1.5%</u>	11.5%	0	1,624,059,579	11.5%	10.0%
Investment Grade Debt								
Internal Investment Grade	\$ 1,081,684,384		7.7%					
Internal Shift Account (Debt Only)	<u>528,781,467</u>	1,610,465,851	<u>3.7%</u>	11.4%				
Treasury Financial Futures					244,217,250	1,854,683,101	13.1%	23.0%
High Yield Debt (Corporate & Real Estate)								
Internal High Yield	\$ 567,341,346		4.0%					
CarVal	11,503		0.0%					
TCW	<u>61,706,579</u>	629,059,428	<u>0.4%</u>	4.4%	0	629,059,428	4.4%	7.0%
Cash & Cash Equivalents								
Internal Shift Account (Cash Only)	<u>\$ 3,695,269,343</u>	<u>3,695,269,343</u>	<u>26.2%</u>	<u>26.2%</u>	<u>1,446,901,265</u>	<u>5,142,170,608</u>	<u>36.5%</u>	<u>2.0%</u>
Cash From Futures								
Total		<u>\$14,112,543,044</u>		<u>100.0%</u>	<u>\$ 0</u>	<u>\$ 14,112,543,044</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		49 Years	
	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench
2022	(9.8%)	(10.6%)	1.0%	0.9%	1.7%	1.5%	4.3%	3.9%	5.5%	5.1%	7.3%	6.9%
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 49 years through fiscal year 2022 for the Internal Bond Portfolio. The Fixed Income Benchmark² 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.

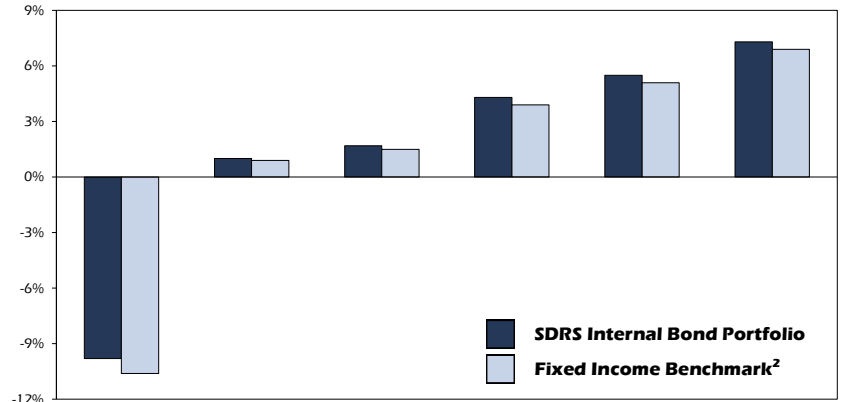
Prior to fiscal year 2007, the investment grade and high yield bonds were managed together. On July 1, 2006, they were separated and are now managed individually. The one-year returns below the dotted demarcation line reflect the investment grade and high yield returns; the returns above are investment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

SDRS Internal Bond Portfolio Characteristics as of June 30, 2022

Characteristic	SDRS	Bond Index ¹
Yield to Maturity	3.56%	3.73%
Average Maturity	6.00 yrs	9.23 yrs
Duration	6.15 yrs	6.71 yrs

The Bond Index is presented for comparative purposes.

SDRS Internal Bond Portfolio vs. Benchmark



	Annualized Returns					
	1 Year	5 Years	10 Years	20 Years	30 Years	49 Years
SDRS	(9.8%)	1.0%	1.7%	4.3%	5.5%	7.3%
Benchmark	(10.6%)	0.9%	1.5%	3.9%	5.1%	6.9%
Difference	0.8%	0.1%	0.2%	0.4%	0.4%	0.4%

SDRS Internal High Yield Bond Portfolio Performance

Fiscal Year	1 Year		2 Years		3 Years		5 Years		10 Years		16 Years	
	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench
2022	(8.3%)	(12.3%)	9.0%	0.6%	(2.0%)	(0.2%)	0.7%	1.8%	2.3%	4.0%	4.5%	5.8%
2021	29.6%	15.3%	1.3%	6.5%	0.8%	6.7%	6.7%	6.9%	4.1%	6.2%		
2020	(20.8%)	(1.7%)	(11.2%)	2.6%	(4.5%)	2.7%	(0.7%)	4.1%	2.9%	6.1%		
2019	(0.4%)	7.1%	4.8%	4.9%	10.5%	7.2%	1.7%	4.3%	7.1%	8.2%		
2018	10.2%	2.7%	16.3%	7.3%	7.0%	5.1%	3.7%	5.1%	7.2%	7.7%		
2017	22.7%	12.0%	5.4%	6.3%	(0.2%)	3.9%	3.9%	6.3%	6.2%	7.5%		
2016	(9.6%)	0.9%	(10.1%)	0.0%	(4.0%)	3.6%	1.5%	5.5%	4.8%	7.3%		
2015	(10.6%)	(0.8%)	(1.1%)	5.0%	3.0%	6.3%	6.7%	8.2%				
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 16 years through fiscal year 2022 for the Internal High Yield Bond Portfolio. The High Yield benchmark² 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

The South Dakota Retirement System's internal Investment Grade (IG) and High Yield (HY) bond portfolio characteristics as of June 30, 2022, are presented below.

Distribution by Duration

	IG	HY
0 to 2 Years	7.0%	28.9%
2 to 3 Years	2.5%	10.6%
3 to 4 Years	14.1%	11.4%
4 to 5 Years	5.1%	24.5%
5 to 6 Years	21.9%	18.1%
6 to 8 Years	30.8%	5.6%
Above 8 Years	<u>18.6%</u>	<u>0.9%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

Distribution by Quality Rating

	IG	HY
U.S. Gov't/Aaa	64.9%	1.8%
Aa	9.5%	0.0%
A	12.9%	0.0%
Baa	12.7%	0.6%
Ba	0.0%	32.6%
B	0.0%	38.2%
Caa and lower	<u>0.0%</u>	<u>26.8%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

Distribution by Coupon

	IG	HY
0.00% - 2.00%	58.7%	23.1%
2.01% - 3.00%	28.8%	0.7%
3.01% - 4.00%	10.6%	8.2%
4.01% - 5.00%	1.4%	24.2%
5.01% - 6.00%	0.4%	20.1%
6.01% - 7.00%	0.1%	9.8%
7.01% and over	<u>0.0%</u>	<u>13.9%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

Distribution by Sector

	IG	HY
Cash/Cash Equivalents	3.6%	1.8%
U.S. Treasuries	34.0%	0.0%
Agency Debentures	2.9%	0.0%
Agency Mortgage-Backed Securities	22.4%	0.0%
Investment Grade Corporates	37.1%	0.6%
High Yield Securities	<u>0.0%</u>	<u>97.6%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

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

	% of Total
Ontario (Province Of)	2.5%
Bank of America Corp.	1.7%
Alberta (Province Of)	1.6%
Starbucks Corp.	1.4%
JPMorgan Chase & Co.	1.4%
Amazon.com, Inc.	1.4%
Home Depot, Inc.	1.3%
Amgen, Inc.	1.3%
Morgan Stanley	1.2%
Quebec (Province Of)	<u>1.2%</u>
Total	<u>15.0%</u>

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

	% of Total
CSC Holdings LLC	1.8%
T-Mobile US, Inc.	1.8%
Carnival Corp.	1.6%
Ford Motor Co.	1.6%
CCO Holdings LLC	1.5%
TransDigm Group, Inc.	1.4%
Lumen Technologies, Inc.	1.2%
Occidental Petroleum Corp.	1.2%
Liberty Media Corp.	1.1%
Tenet Healthcare Corp.	<u>1.0%</u>
Total	<u>14.2%</u>

SDRS Combined Internal Equity Portfolio Performance

Fiscal Year	1 Year		5 Years		10 Years		20 Years		30 Years		49 Years	
	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench
2022	(6.5%)	(12.6%)	9.6%	8.8%	11.8%	10.8%	8.6%	8.3%	9.7%	8.9%	11.4%	10.1%
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%)										

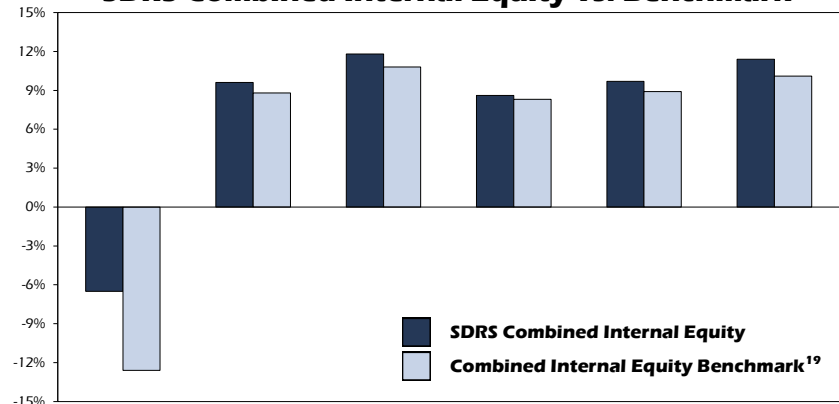
The chart to the left shows the annualized total rate of returns for 1, 5, 10, 20, 30, and 49 years through fiscal year 2022 for the Combined Internal Equity Portfolio. The Combined Internal Equity Benchmark¹⁹ is provided for comparison.

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 16.

SDRS Combined Internal Equity vs. Benchmark



	Annualized Returns					
SDRS	1 Year	5 Years	10 Years	20 Years	30 Years	49 Years
Benchmark	(12.6%)	8.8%	10.8%	8.3%	8.9%	10.1%
Difference	6.1%	0.8%	1.0%	0.3%	0.8%	1.3%

Internal Global Equity Profile

The South Dakota Retirement System's internal global equity portfolio characteristics as of June 30, 2022, are presented below. The SDRS internal global 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.

Distribution by Market Sector

	<u>SDRS</u>	<u>Bench</u>
Consumer Discretionary	9.1%	10.9%
Consumer Staples	7.9%	8.1%
Energy	9.4%	5.1%
Financials	13.9%	14.0%
Health Care	17.3%	14.6%
Industrials	7.6%	10.1%
Information Technology	19.8%	21.6%
Materials	3.6%	4.4%
Real Estate	0.1%	0.0%
Telecommunications Services	8.7%	7.9%
Utilities	1.6%	3.3%
Cash Equivalents	<u>1.0%</u>	<u>0.0%</u>
Total	<u>100.0%</u>	<u>100.0%</u>

10 Largest Country Weights

	<u>SDRS</u>	<u>Bench</u>
United States	68.9%	67.4%
Great Britain	6.6%	4.8%
Switzerland	4.2%	3.1%
Germany	4.1%	2.2%
Japan	4.0%	6.3%
Canada	2.7%	3.7%
France	2.5%	3.1%
South Korea	1.9%	1.1%
Netherlands	1.6%	1.3%
Belgium	<u>0.8%</u>	<u>0.2%</u>
Total	<u>97.3%</u>	<u>93.2%</u>

30 Largest Company Holdings

	<u>% of Total</u>
Microsoft Corp.	4.6%
Apple, Inc.	4.0%
Alphabet, Inc.	3.6%
Amazon.com, Inc.	2.0%
Berkshire Hathaway, Inc.	1.4%
Suncor Energy, Inc.	1.3%
Meta Platforms, Inc.	1.3%
Pfizer, Inc.	1.2%
UnitedHealth Group, Inc.	1.1%
Roche Holding AG	1.1%
Wells Fargo & Co.	1.1%
Merck & Co., Inc.	1.0%
Visa, Inc.	1.0%
Humana, Inc.	1.0%
Samsung Electronics Co., Ltd.	1.0%
Novartis AG	1.0%
PayPal Holdings, Inc.	0.9%
SAP SE	0.9%
Mastercard, Inc.	0.9%
JPMorgan Chase & Co.	0.8%
ConocoPhillips	0.8%
Hess Corp.	0.8%
Amgen, Inc.	0.8%
Canadian Natural Resources, Ltd.	0.8%
Exxon Mobil Corp.	0.8%
Comcast Corp.	0.7%
Anheuser-Busch Inbev SA	0.7%
Citigroup, Inc.	0.7%
Nestle SA	0.7%
Centene Corp.	<u>0.7%</u>
Total	<u>38.7%</u>

Public Equity Composite⁷

The South Dakota Retirement System's public equity composite is comprised of the following internally managed equity portfolios: global, global emerging markets, REIT, and small/mid along with one externally managed portfolio as of June 30, 2022. The composite is compared to the $\frac{3}{4}$ MSCI ACWI IMI Index plus $\frac{1}{4}$ MSCI USA IMI Index benchmark.

Performance Results for the Fiscal Year Ended June 30, 2022

SDRS Public Equity Composite	(8.2%)
Benchmark	(15.9%)
Difference	7.7%

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. The public market equivalent (PME) is a method where a public market index is expressed in terms of a SI-IRR, using the same cash flows and timing as those of the partnership investment over the same time period. The partnership SI-IRR is calculated net-of-fees (management fees, performance based fees, and general

partner carried interest). Also, a composite SI-IRR that combines the partnerships in each category is calculated.

From November 1995 through June 2022, the net-of-fees SI-IRR for the composite PE limited partnership investments was 9.8%. This can be compared to the S&P 500 Index PME of 6.8% for the same period. RE limited partnerships net-of-fees SI-IRR composite from December 1994 through June 2022 was 20.5%. A PME using the MSCI US REIT Index could not be calculated using the same cash flows because the return of the RE limited partnerships was significantly higher than the index. The annualized time-weighted rate of return for the MSCI US REIT index was 9.7% for the same period of time.

The composite return of the RE limited partnerships has significantly exceeded and the PE limited partnerships has slightly exceeded Council expectations. The Council will continue its ongoing evaluation of RE & PE limited partnerships. See page 35 for a listing of the partnership investments.

SDRS Real Estate Net Internal Rate of Return Performance Comparison

Fiscal Year	SDRS	Bench	Diff	Fiscal Year	SDRS	Bench	Diff	Since Inception*
								SDRS Bench Diff
1995*	16.4%	4.6%	11.8%	2009	(52.5%)	(14.7%)	(37.8%)	20.5% 9.0% 11.5%
1996	38.3%	9.6%	28.7%	2010	11.7%	(9.6%)	21.3%	
1997	30.9%	11.4%	19.5%	2011	40.9%	17.5%	23.4%	
1998	37.2%	17.9%	19.3%	2012	3.7%	14.8%	(11.1%)	
1999	28.5%	13.2%	15.3%	2013	15.4%	11.9%	3.5%	
2000	13.4%	11.6%	1.8%	2014	24.3%	13.4%	10.9%	
2001	20.1%	12.4%	7.7%	2015	18.9%	3.9%	15.0%	
2002	6.4%	6.6%	(0.2%)	2016	3.2%	24.1%	(20.9%)	
2003	5.7%	7.1%	(1.4%)	2017	16.8%	(1.8%)	18.6%	
2004	19.4%	9.7%	9.7%	2018	14.1%	3.6%	10.5%	
2005	66.4%	15.6%	50.8%	2019	9.4%	11.1%	(1.7%)	
2006	36.7%	20.2%	16.5%	2020	(2.4%)	(12.9%)	10.5%	
2007	60.0%	16.6%	43.4%	2021	23.9%	38.1%	(14.2%)	
2008	3.2%	13.6%	(10.4%)	2022	24.3%	(6.4%)	30.7%	

The chart shows the yearly and since inception net internal rate of return for the composite of the Real Estate limited partnerships. The Real Estate Benchmark²⁵ is provided for comparison.

** Initial real estate investment was funded in December 1994. The since inception internal rate of return is from December 1994 - June 2022.*

SDRS Private Equity Net Internal Rate of Return Performance Comparison

Fiscal Year	SDRS	Bench	Diff	Fiscal Year	SDRS	Bench	Diff	Since Fiscal Year 1999*
								SDRS Bench Diff
1999	5.9%	27.9%	(22.0%)	2011	32.3%	32.8%	(0.5%)	9.9% 8.4% 1.5%
2000	9.5%	14.7%	(5.2%)	2012	(1.0%)	7.3%	(8.3%)	
2001	(16.4%)	(10.4%)	(6.0%)	2013	13.9%	22.6%	(8.7%)	
2002	(9.7%)	(14.8%)	5.1%	2014	24.8%	24.6%	0.2%	
2003	4.2%	4.6%	(0.4%)	2015	7.8%	2.8%	5.0%	
2004	30.0%	23.5%	6.5%	2016	2.6%	(1.7%)	4.3%	
2005	26.0%	10.0%	16.0%	2017	22.6%	18.3%	4.3%	
2006	26.5%	12.4%	14.1%	2018	21.6%	11.8%	9.8%	
2007	22.6%	24.7%	(2.1%)	2019	2.3%	7.0%	(4.7%)	
2008	9.9%	(9.9%)	19.8%	2020	(6.9%)	2.4%	(9.3%)	
2009	(35.4%)	(23.4%)	(12.0%)	2021	55.3%	41.7%	13.6%	
2010	32.7%	18.4%	14.3%	2022	0.9%	(15.9%)	16.8%	

The chart shows the yearly and net internal rate of return from fiscal year 1999-2022 for the composite of the Private Equity limited partnerships. The Private Equity Benchmark²⁶ is provided for comparison.

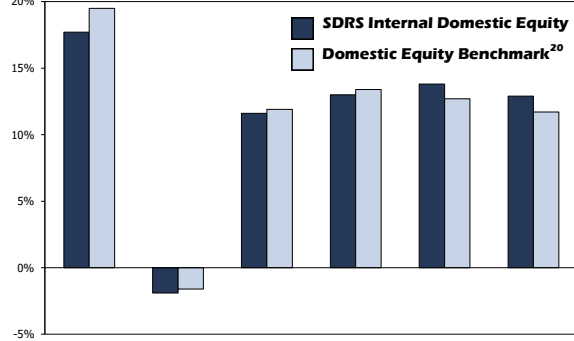
** Initial private equity investment was funded in November 1995. Private Equity was added to the Capital Markets Benchmark in fiscal year 1999.*

Historical Performance

The historical performance information presented in the first box below is for the time periods that the South Dakota Retirement System 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

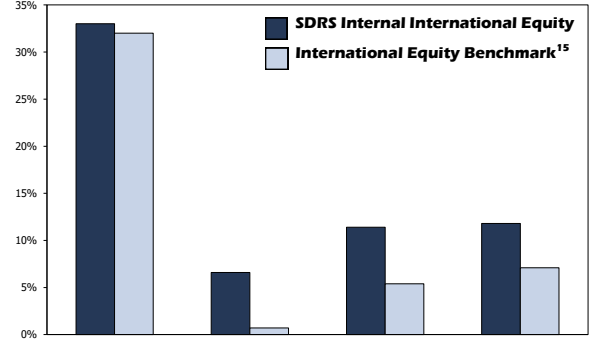
SDRS Internal Domestic Equity vs. Benchmark



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

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

SDRS Internal International Equity vs. Benchmark

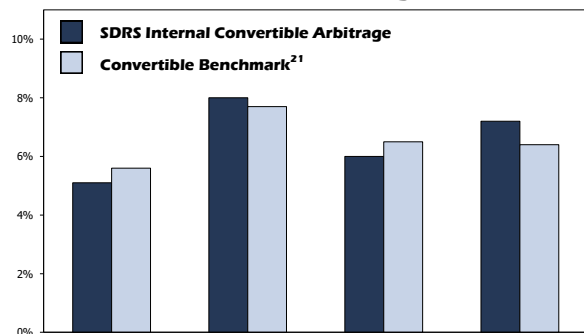


Annualized Returns as of the Fiscal Year ended June 30, 2004

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

Historical SDRS Internal Convertible and Merger Arbitrage Portfolio Performance Information

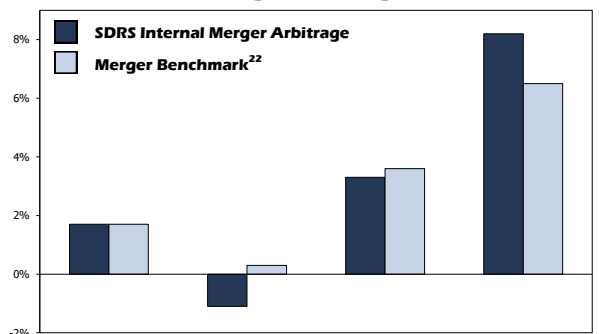
SDRS Internal Convertible Arbitrage vs. Benchmark



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

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

SDRS Internal Merger Arbitrage vs. Benchmark



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

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

THE FUND

The South Dakota Cash Flow Fund (SDCFF) is comprised of more than five hundred separately-identified state accounts. During fiscal year 2022, the fund ranged in size from \$2.099 billion to \$3.183 billion and averaged \$2.732 billion. In fiscal years 2020 and 2022, the SDCFF received \$1.25 billion and \$487.2 million, respectively, of federal money for the Coronavirus Relief Fund. The balance will decrease as the money is utilized for expenses related to the virus. 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.

South Dakota Codified Law (SDCL) 4-5-26 lists permissible investments for SDCFF. This includes U.S. government and agency debt, investment grade corporate debt, certificates of deposit, and commercial paper. The portfolio's average quality on June 30, 2022 was Aa1. The portfolio guidelines establish ranges and limits on position size, security maturity, portfolio duration, credit quality, and fixed income sector.

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, 2022, 26.2% was in the actively-managed short-term fixed income portfolio. This strategy was implemented in November 1985. The Council's portfolio guidelines set the maturity limit for the short-term portfolio at 5.25 years for an individual security and the duration limit for the overall portfolio at 2.88 years.

An intermediate-term fixed income portfolio strategy was implemented in November 2015. As of June 30, 2022, this portfolio represented 9.6% of the SDCFF. 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. This portfolio was phased in over time in \$50 million increments with the total size of \$300 million based on a conservative estimate of the minimum balances in the SDCFF. The intermediate-term 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 money market portfolio represented 63.6% of SDCFF as of June 30, 2022. 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 0.6%. The CDs are for a one-year term beginning the last business day of September each year. The rate was based on the one-year Treasury note yield plus 0.25%. On June 30, 2022, \$19.571 million in CDs was held in nineteen 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 \$22.9 million for fiscal year 2022. The fund has distributed over \$1.26 billion of earnings since its inception. The proration rate for fiscal year 2022 was 0.84%.

INVESTMENT PERFORMANCE - FISCAL YEAR 2022

The yield of the total SDCFF for fiscal year 2022 was 0.91%. Since the fund's inception in December 1972, it has yielded 5.78% annualized. For fiscal year 2022, the short-term fixed income portfolio portion of the fund had a time-weighted rate of return of (4.20%) compared to a Capital Markets Benchmark⁶ return of (3.75%). Since the inception of the short-term portfolio in November 1985, the time-weighted rate of return has been 4.55% annually compared to 4.23% for the benchmark. For fiscal year 2022, the intermediate-term fixed income portfolio had a time-weighted rate of return of (9.51%) compared to (10.55%) for the FTSE USBIG Bond Index. Since the inception of the intermediate-term portfolio in November 2015, the time-weighted rate of return has been 1.08% annually compared to 1.25% for the benchmark. During fiscal year 2022, the money market portion yielded 0.21%. The CD rate on June 30, 2022, was 0.19% for the CDs issued in September 2021.

Cash Flows and Fair Value Changes

The South Dakota Cash Flow Fund began fiscal year 2022 with \$2,126.1 million in assets. During the fiscal year, net contributions/withdrawals and fees increased the fund by \$1,250.4 million and investment income decreased it by \$67.6 million, resulting in an ending fair value of \$3,308.9 million.

Fair Value 6/30/21		\$ 2,126,140,888
Increases/Decreases		
Net Contributions/Withdrawals	\$ 1,251,089,195	
Internal Management Fees	<u>(730,136)</u>	
Total Increases/Decreases		\$ 1,250,359,059
Investment Income		
Securities Income		
Interest Income - Managed	\$ 22,294,253	
Interest Income - CDs	53,977	
Change in Accrued Income	<u>1,564,954</u>	
Total Securities Income	\$ 23,913,184	
Total Capital Gain/Loss Income	<u>\$ (91,488,911)</u>	
Total Investment Income		\$ (67,575,727)
Fair Value 6/30/22		<u>\$ 3,308,924,220</u>

Comparative Results⁹

The proration rate is the cash accounting yield. The managed accrued rate includes accrued interest.
The 3-month T-bill and institutional prime money market rates are provided for comparison.

	SDCFF Proration Amount	Total Receipted Rate (Proration Rate)	Managed Accrued Rate*	3-month Treasury Bill Rate	Institutional Prime Money Market Fund	Total Return CFFST [✓]	CFFST Index ⁶
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%	4.09%
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%	8.94%
2000	36,459,873	5.18%	5.47%	5.30%	5.71%	4.94%	4.49%
1999	36,122,881	6.02%	6.01%	4.71%	5.07%	4.90%	5.02%
1998	31,533,466	6.11%	6.51%	5.25%	5.50%	7.11%	6.42%
1997	28,961,501	6.03%	6.12%	5.26%	5.33%	6.81%	6.09%
1996	27,987,169	6.18%	6.32%	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%	1.87%
1993	20,908,872	5.34%	5.05%	3.12%	3.19%	4.98%	4.71%
1992	26,680,663	7.23%	7.32%	4.67%	4.98%	7.98%	7.95%
1991	30,595,214	8.48%	8.50%	6.76%	7.20%	9.65%	9.43%
1990	30,876,016	8.81%	8.78%	7.93%	8.39%	8.66%	8.45%
1989	24,741,382	7.35%	8.51%	7.82%	8.64%	9.59%	8.22%
1988	19,634,393	6.52%	7.30%	5.51%	6.78%	7.70%	6.96%
1987	19,763,489	7.11%	6.84%	5.51%	5.98%	6.66%	5.72%
1986	22,702,888	8.69%	8.74%	7.08%	7.43%		
1985	24,805,620	9.91%	9.75%	9.09%	9.47%		
1984	22,179,507	9.02%	9.66%	9.42%	9.40%		
1983	25,178,343	12.11%	10.99%	8.56%	9.49%		
1982	30,488,779	15.51%	13.26%	13.53%	14.66%		
1981	26,148,927	11.50%	12.42%	12.65%	13.37%		
1980	23,762,605	11.78%	11.92%	11.24%	11.95%		
1979	14,661,310	7.82%	8.82%	8.99%	9.02%		
1978	11,069,889	6.96%	7.75%	6.03%	6.03%		
1977	9,853,216	8.37%	7.04%	4.89%	4.71%		
1976	8,378,771	7.92%	7.34%	5.51%	5.23%		
1975	11,490,970	11.00%	10.39%	6.76%	8.15%		
1974	7,966,372	8.35%	9.88%	8.03%	8.90%		
1973 [☐]	1,674,845	4.90%	6.92%❖	6.10%❖	7.00%❖		
	<u>\$1,255,301,690</u>						

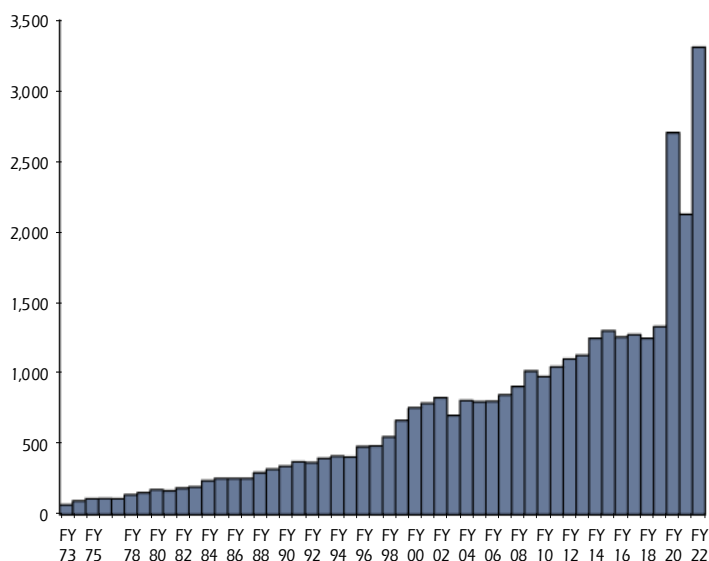
* Yield on funds managed by the Investment Office excluding CDs.

✓ Total return of SDCFF Short-Term Portfolio (CFFST).

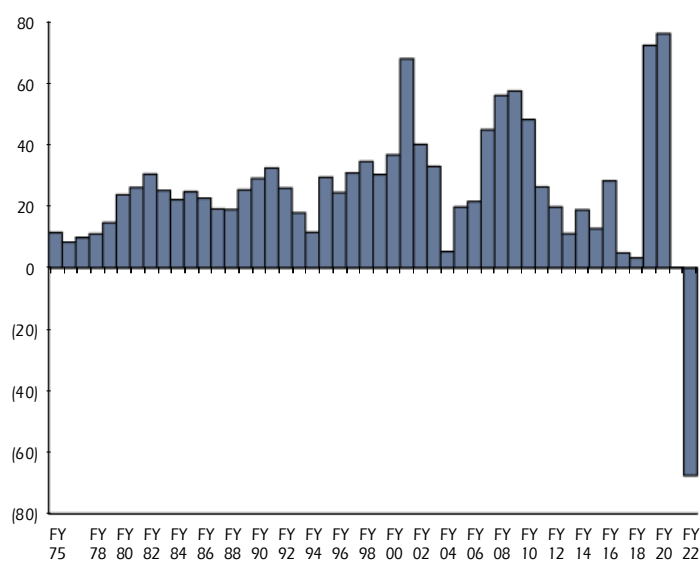
☐ Prorated amount and rate are 7-month numbers.

❖ Rate is annualized.

Asset Growth²³ (\$ in millions)



Investment Income²⁴ (\$ in millions)



Distribution of Assets

The South Dakota Cash Flow Fund's internal portfolios of Short-Term Fixed Income, Intermediate-Term Fixed Income, Money Market, and CD Program characteristics as of June 30, 2022, are presented below.

Distribution by Duration

	%
0 to 1 year	68.6%
1 to 2 years	8.3%
2 to 3 years	7.9%
3 to 4 years	4.8%
Above 4 years	10.4%
Total	100.0%

Distribution by Quality Rating

	%
U.S. Gov't/Aaa	82.2%
Aa	2.2%
A	12.6%
Baa	3.0%
Ba	0.0%
Total	100.0%

Distribution by Coupon

	%
0.00% - 1.00%	55.0%
1.01% - 2.00%	30.2%
2.01% - 3.00%	9.5%
3.01% - 4.00%	5.2%
4.01% - 5.00%	0.1%
5.01% and over	0.0%
Total	100.0%

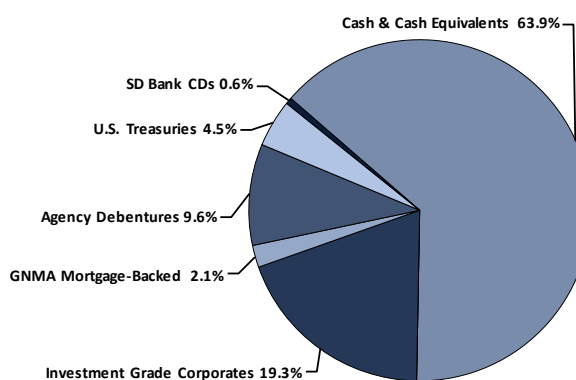
Distribution by Sector

	%
Cash/Cash Equivalents	63.9%
Bank CDs	0.6%
U.S. Treasuries	4.5%
Agency Debentures	9.6%
GNMA Mortgage-Backed Securities	2.1%
Investment Grade Corporates	19.3%
Total	100.0%

10 Largest Corporates by Issuer

	% of Total
Berkshire Hathaway, Inc.	3.2%
Apple, Inc.	2.5%
Bank of New York Mellon Corp.	2.4%
Honda Motor Co., Ltd.	2.1%
Caterpillar, Inc.	2.1%
Toyota Motor Corp.	2.1%
Pfizer, Inc.	2.1%
Deere & Co.	2.0%
PACCAR, Inc.	1.9%
Morgan Stanley	1.9%
Total	22.3%

Asset Allocation



SCHOOL AND PUBLIC LANDS

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-man standard, govern the moneys in the trust. The constitutional amendment requires that sufficient income be retained to offset the effect of inflation³ 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 CPI adjustment.

SPL assets were invested in diversified portfolios during fiscal year 2022, 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, 2022, was 5.98% with a volatility of 13.9%. This means the return in any given year is expected to fall within a range of (7.9%) to 19.9% with 66% confidence or (21.8%) to 33.8% with 95% confidence.

INVESTMENT PERFORMANCE - FISCAL YEAR 2022

The fund ended fiscal year 2022 with a fair value of \$371,237,952. 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 (1.8%) net of fees. The Capital Markets Benchmark¹⁴ return was (12.6%). The difference relative to the benchmark resulted from an asset allocation underweight in equities and bonds. The total fund return was positively impacted by the outperformance of public and private equities and real estate compared to the respective benchmarks. The ten-year annualized total return was 8.1%. This compares with the ten-year Capital Markets Benchmark¹⁴ return of 7.0%. The fund distributed \$9,839,699 to the common schools in February 2022 and \$2,870,629 to the schools of higher education in June 2022.

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

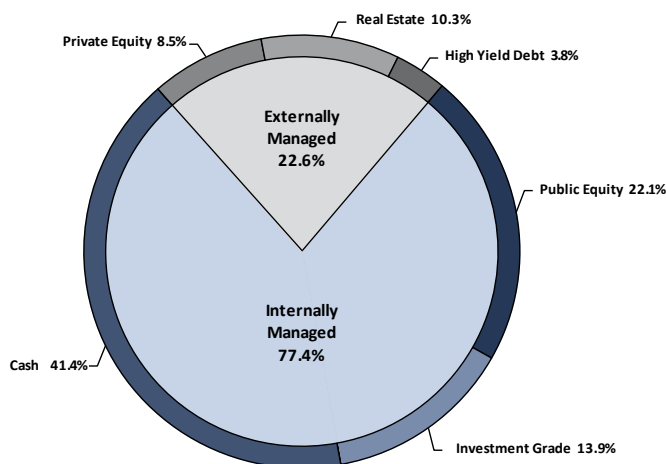
The School and Public Lands fund began fiscal year 2022 with \$378.8 million in assets. During the fiscal year, net contributions/withdrawals and fees decreased the fund by \$1.8 million and investment income decreased it by \$5.8 million, resulting in an ending fair value of \$371.2 million.

Fair Value 6/30/21		\$ 378,763,803
Increases/Decreases		
Net Contributions/Withdrawals	\$ (849,961)	
External Management Fees	<u>(901,584)</u>	
Total Increases/Decreases		\$ (1,751,545)
Investment Income		
Securities Income		
Interest Income	\$ 2,382,048	
Dividend Income	2,004,320	
Securities Lending Income	4,313	
Real Estate Income	628,040	
Change in Accrued Income	<u>152,494</u>	
Total Securities Income		\$ 5,171,215
Capital Gain/Loss Income		
Change in Unrealized Gain/Loss	\$ (25,187,427)	
Realized Gain/Loss	<u>14,241,906</u>	
Total Capital Gain/Loss Income		\$ (10,945,521)
Total Investment Income		\$ (5,774,306)
Fair Value 6/30/22		<u>\$ 371,237,952</u>

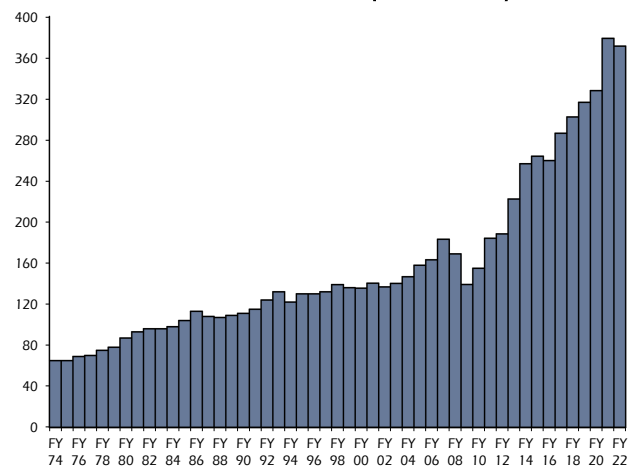
Asset Allocation⁸

As of June 30, 2022, School and Public Lands' assets totaled \$371.2 million. The broad asset categories and managers are listed below. The Capital Markets Benchmark allocation is also provided for comparison.

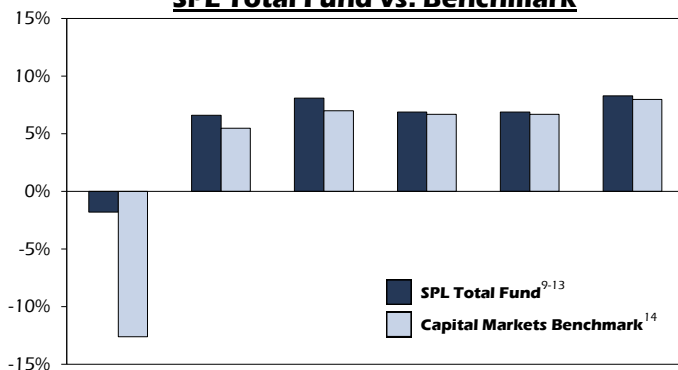
	Fair Value		% of Fund		Capital Markets Benchmark %
Public Equity					
Internal Public Equity	\$ 81,986,050	\$ 81,986,050	22.1%	22.1%	51.0%
Private Equity					
Blackstone Capital Partners	\$ 2,248,531		0.6%		
Carlyle	1,569,265		0.4%		
Cinven	5,144,810		1.4%		
CVC	5,225,441		1.4%		
Riverstone	3,898,275		1.1%		
Silver Lake	13,381,078	31,467,400	3.6%	8.5%	0.0%
Real Estate					
Blackstone Real Estate Partners	\$ 26,382,993		7.1%		
Brookfield Strategic Partners	40,478		0.0%		
Lone Star	2,016,170		0.6%		
Rockpoint	4,373,921		1.2%		
Starwood	5,283,140	38,096,702	1.4%	10.3%	10.0%
Investment Grade Debt					
Internal Investment Grade	\$ 51,776,717	51,776,717	13.9%	13.9%	30.0%
High Yield Debt (Corporate & Real Estate)					
Vanguard	\$ 12,838,743		3.4%		
CarVal	125		0.0%		
TCW	1,442,024	14,280,892	0.4%	3.8%	7.0%
Cash & Cash Equivalents					
Internal Cash Account	\$ 153,630,191	153,630,191	41.4%	41.4%	2.0%
Total		\$371,237,952		100.0%	100.0%



Asset Growth²³ (\$ in millions)

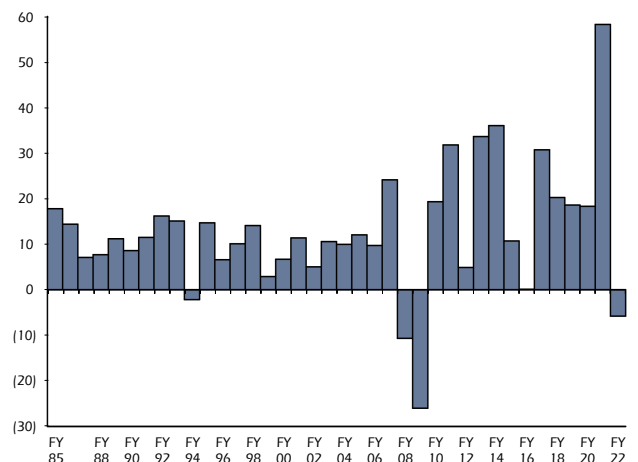


SPL Total Fund vs. Benchmark



	1 Year	5 Years	10 Years	20 Years	30 Years	38 Years
SPL	(1.8%)	6.6%	8.1%	6.9%	6.9%	8.3%
Benchmark	(12.6%)	5.5%	7.0%	6.7%	6.7%	8.0%
Difference	10.8%	1.1%	1.1%	0.2%	0.2%	0.3%

Investment Income²⁴ (\$ in millions)



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

Internal Public Equity Profile

The School and Public Lands' internal Public Equity portfolio characteristics as of June 30, 2022, are presented below.

Distribution by Market Sector	%	10 Largest Country Weights	% of Total
Consumer Discretionary	9.9%	United States	77.2%
Consumer Staples	6.9%	Great Britain	4.9%
Energy	9.6%	Switzerland	2.9%
Financials	14.0%	Germany	2.9%
Health Care	15.5%	Japan	2.8%
Industrials	9.1%	Canada	2.3%
Information Technology	17.3%	France	1.8%
Materials	3.9%	South Korea	1.3%
Real Estate	3.6%	Netherlands	1.1%
Telecommunications Services	7.0%	Belgium	0.5%
Utilities	1.8%		
Cash Equivalents	1.4%	Total	97.7%
Total	100.0%		

Internal Bond Profiles

The School and Public Lands' internal Investment Grade (IG) bond portfolio characteristics as of June 30, 2022, are presented below.

Distribution by Duration	IG	Distribution by Quality Rating	IG
0 to 2 Years	9.2%	U.S. Gov't/Aaa	66.6%
2 to 3 Years	2.5%	Aa	9.3%
3 to 4 Years	12.9%	A	12.9%
4 to 5 Years	5.4%	Baa	11.2%
5 to 6 Years	21.4%	Ba	0.0%
6 to 8 Years	30.2%	B	0.0%
Above 8 Years	18.4%	Caa and lower	0.0%
Total	100.0%	Total	100.0%

Distribution by Coupon	IG	Distribution by Sector	IG
0.00% - 1.00%	40.3%	Cash/Cash Equivalents	5.9%
1.01% - 2.00%	19.8%	U.S. Treasuries	33.5%
2.01% - 3.00%	27.6%	Agency Debentures	2.9%
3.01% - 4.00%	10.2%	Agency Mortgage-Backed Securities	22.3%
4.01% - 5.00%	1.9%	Investment Grade Corporates	35.4%
5.01% - 6.00%	0.1%	High Yield Securities	0.0%
6.01% and over	0.1%		
Total	100.0%	Total	100.0%

Top 10 Holdings

The School and Public Lands' internal Public Equity and internal Investment Grade portfolios' Top Ten Holdings as of June 30, 2022, are presented below.

Public Equity Company Holdings	% of Total	Investment Grade Corporates by Issuer	% of Total
Microsoft Corp.	3.2%	Ontario (Province Of)	2.5%
Apple, Inc.	2.8%	Bank of America Corp.	1.7%
Alphabet, Inc.	2.5%	Alberta (Province Of)	1.6%
Amazon.com, Inc.	1.4%	Starbucks Corp.	1.4%
Berkshire Hathaway, Inc.	1.0%	JPMorgan Chase & Co.	1.4%
Suncor Energy, Inc.	0.9%	Amazon.com, Inc.	1.4%
Meta Platforms, Inc.	0.9%	Home Depot, Inc.	1.3%
Pfizer, Inc.	0.8%	Amgen, Inc.	1.3%
UnitedHealth Group, Inc.	0.8%	Morgan Stanley	1.1%
Roche Holding AG	0.8%	Quebec (Province Of)	1.1%
Total	15.1%	Total	14.8%

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-man 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 2022, 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, 2022, was 5.98% with a volatility of 13.9%. This means that the return in any given year is expected to fall within a range of (7.9%) to 19.9% with 66% confidence or (21.8%) to 33.8% with 95% confidence.

INVESTMENT PERFORMANCE - FISCAL YEAR 2022

The fund ended fiscal year 2022 with a fair value of \$358,650,927, principal value of \$238,000,000, and inflation-adjusted principal of \$397,556,923. DCT's fiscal year total return, including realized and unrealized gains and losses and accrued income, was (1.7%) net of fees. The Capital Markets Benchmark¹⁶ return was (12.6%). The difference relative to the benchmark resulted from an asset allocation underweight in equities and bonds. The total fund return was positively impacted by the outperformance of public and private equities and real estate compared to the respective benchmarks. The ten-year annualized total return was 8.1%. This compares with the ten-year Capital Markets Benchmark¹⁶ return of 7.0%. In May 2022, the fund distributed \$13,982,377 to the general fund. Since inception, the fund has distributed \$268.31 million to the general fund.

Cash Flows and Fair Value Changes

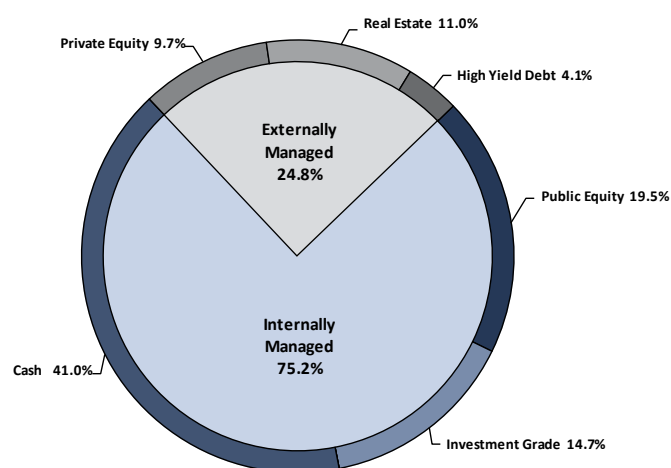
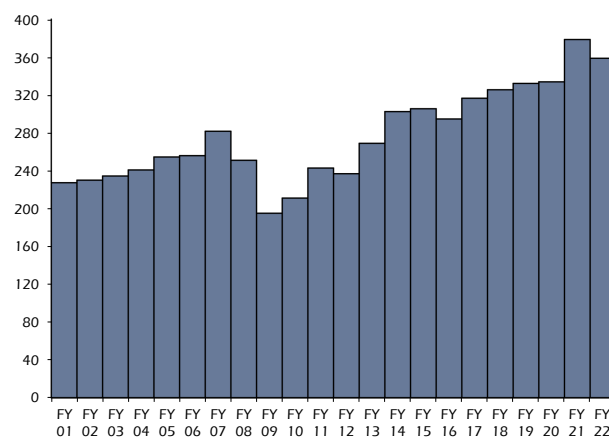
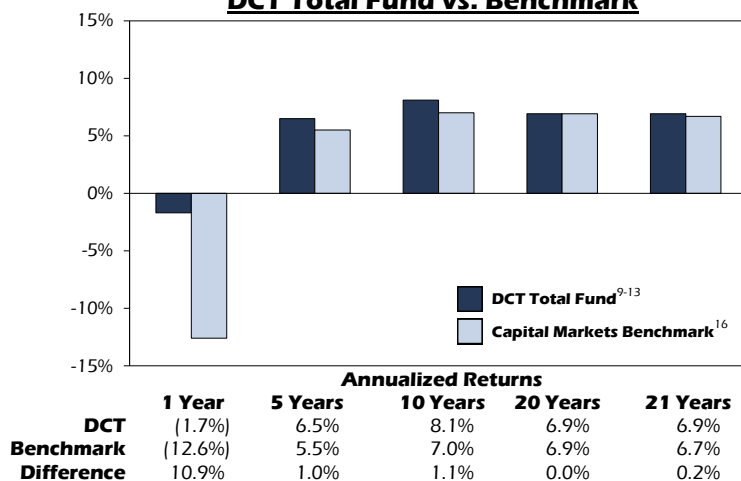
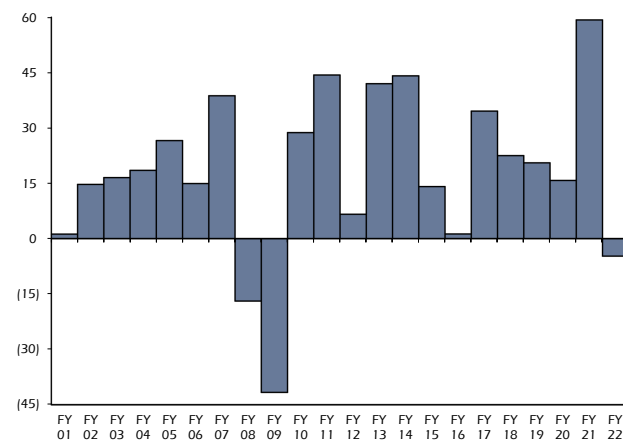
The Dakota Cement Trust Fund began fiscal year 2022 with \$378.5 million in assets. During the fiscal year, net contributions/withdrawals and fees decreased the fund by \$15.1 million and investment income decreased it by \$4.7 million, resulting in an ending fair value of \$358.7 million.

Fair Value 6/30/21		\$ 378,520,394
Increases/Decreases		
Net Contributions/Withdrawals	\$ (13,982,377)	
Internal Management Fees	(251,954)	
External Management Fees	<u>(912,011)</u>	
Total Increases/Decreases		\$ (15,146,342)
Investment Income		
Securities Income		
Interest Income	\$ 2,449,730	
Dividend Income	1,833,974	
Securities Lending Income	2,607	
Real Estate Income	644,875	
Change in Accrued Income	<u>135,942</u>	
Total Securities Income		\$ 5,067,128
Total Capital Gain/Loss Income		\$ <u>(9,790,253)</u>
Total Investment Income		\$ <u>(4,723,125)</u>
Fair Value 6/30/22		\$ <u>358,650,927</u>

Asset Allocation⁸

As of June 30, 2022, Dakota Cement Trust's assets totaled \$358.7 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 %
Public Equity					
Internal Public Equity	\$ 69,812,531	\$ 69,812,531	19.5%	19.5%	51.0%
Private Equity					
Blackstone Capital Partners	\$ 2,476,903		0.7%		
Carlyle	1,883,118		0.5%		
Cinven	5,494,008		1.5%		
CVC	5,489,199		1.5%		
Riverstone	4,466,766		1.3%		
Silver Lake	15,028,049	34,838,043	4.2%	9.7%	0.0%
Real Estate					
Blackstone Real Estate Partners	\$ 27,638,295		7.7%		
Brookfield Strategic Partners	34,695		0.0%		
Lone Star	2,246,850		0.6%		
Rockpoint	4,523,244		1.3%		
Starwood	5,159,811	39,602,895	1.4%	11.0%	10.0%
Investment Grade Debt					
Internal Investment Grade	\$ 52,677,779	52,677,779	14.7%	14.7%	30.0%
High Yield Debt (Corporate & Real Estate)					
Vanguard	\$ 13,118,844		3.7%		
CarVal	203		0.0%		
TCW	1,451,161	14,570,208	0.4%	4.1%	7.0%
Cash & Cash Equivalents					
Internal Cash Account	\$ 147,149,471	147,149,471	41.0%	41.0%	2.0%
Total		\$358,650,927		100.0%	100.0%

**Asset Growth²³ (\$ in millions)****DCT Total Fund vs. Benchmark****Investment Income²⁴ (\$ in millions)**

Internal Public Equity Profile

The Dakota Cement Trust's internal Public Equity portfolio characteristics as of June 30, 2022, are presented below.

Distribution by Market Sector	%	10 Largest Country Weights	% of Total
Consumer Discretionary	10.0%	United States	76.9%
Consumer Staples	6.8%	Great Britain	5.0%
Energy	9.6%	Japan	3.0%
Financials	14.0%	Switzerland	3.0%
Health Care	15.6%	Germany	2.9%
Industrials	9.2%	Canada	2.2%
Information Technology	17.1%	France	1.8%
Materials	3.9%	South Korea	1.3%
Real Estate	3.8%	Netherlands	1.1%
Telecommunications Services	7.0%	Belgium	0.5%
Utilities	1.8%		
Cash Equivalents	1.2%	Total	97.7%
Total	100.0%		

Internal Bond Profiles

The Dakota Cement Trust's internal Investment Grade (IG) bond portfolio characteristics as of June 30, 2022, are presented below.

Distribution by Duration	IG	Distribution by Quality Rating	IG
0 to 2 Years	8.3%	U.S. Gov't/Aaa	66.5%
2 to 3 Years	2.6%	Aa	9.4%
3 to 4 Years	13.6%	A	12.9%
4 to 5 Years	4.8%	Baa	11.2%
5 to 6 Years	21.0%	Ba	0.0%
6 to 8 Years	31.3%	B	0.0%
Above 8 Years	18.4%	Caa and lower	0.0%
Total	100.0%	Total	100.0%

Distribution by Coupon	IG	Distribution by Sector	IG
0.00% - 1.00%	39.4%	Cash/Cash Equivalents	5.0%
1.01% - 2.00%	20.5%	U.S. Treasuries	33.6%
2.01% - 3.00%	27.8%	Agency Debentures	2.9%
3.01% - 4.00%	10.1%	Agency Mortgage-Backed Securities	23.0%
4.01% - 5.00%	1.2%	Investment Grade Corporates	35.5%
5.01% - 6.00%	0.9%	High Yield Securities	0.0%
6.01% and over	0.1%		
Total	100.0%	Total	100.0%

Top 10 Holdings

The Dakota Cement Trust's internal Public Equity and internal Investment Grade portfolios' Top Ten Holdings as of June 30, 2022, are presented below.

Public Equity Company Holdings	% of Total	Investment Grade Corporates by Issuer	% of Total
Microsoft Corp.	3.2%	Ontario (Province Of)	2.2%
Apple, Inc.	2.8%	Bank of America Corp.	1.5%
Alphabet, Inc.	2.5%	Alberta (Province Of)	1.4%
Amazon.com, Inc.	1.4%	Starbucks Corp.	1.3%
Berkshire Hathaway, Inc.	1.0%	JPMorgan Chase & Co.	1.2%
Suncor Energy, Inc.	0.9%	Amazon.com, Inc.	1.2%
Meta Platforms, Inc.	0.9%	Home Depot, Inc.	1.2%
Pfizer, Inc.	0.8%	Amgen, Inc.	1.2%
UnitedHealth Group, Inc.	0.8%	Morgan Stanley	1.0%
Roche Holding AG	0.8%	Quebec (Province Of)	1.0%
Total	15.1%	Total	13.2%

EDUCATION ENHANCEMENT TRUST

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-man 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 \$243,596,553.31 from Tobacco Settlement Asset-Backed Bonds. In fiscal year 2013, the 2002 Bonds were refunded and new bonds were issued with a lower interest rate. In fiscal year 2022, the 2013 Bonds were refinanced with favorable terms. The current Bonds mature over time as payments from the Master Settlement Agreement are received with a final maturity date of June 1, 2027.

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 2022, as shown on the following page. The tax-exempt municipal bonds are invested per the requirements of the bond indenture for the asset-backed securitization. PIMCO Asset Management manages the tax-exempt portfolio. As the tax-exempt bonds are redeemed, assets are deallocated (removed) from the tax-exempt portfolio and placed into the taxable portfolio to generate higher expected returns. 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, 2022, was 5.95% with a volatility of 13.9%. The return in any given year is expected to fall within a range of (8.0%) to 19.9% with 66% confidence or (21.9%) to 33.8% with 95% confidence.

INVESTMENT PERFORMANCE - FISCAL YEAR 2022

The fund ended fiscal year 2022 with a fair value of \$701,701,457, principal value of \$431,659,484, and inflation-adjusted principal of \$658,058,817. EET's fiscal year total return, including realized and unrealized gains and losses and accrued income, was (1.5%) net of fees. The Capital Markets Benchmark¹⁷ return was (12.4%). The difference relative to the benchmark resulted from an asset allocation underweight in equities and bonds. The total fund return was positively impacted by the outperformance of public and private equities and real estate compared to the respective benchmarks. The ten-year annualized total return was 7.9%. This compares with the ten-year Capital Markets Benchmark¹⁷ return of 7.1%. The fund's return has been impacted by the required use of tax-exempt securities. In July 2022, the fund distributed 4% of the sixteen-quarter average market value as of December 31, 2021, totaling \$25,277,997, to the general fund for education expenditures. Since inception, the fund has distributed \$333.44 million.

Cash Flows and Fair Value Changes

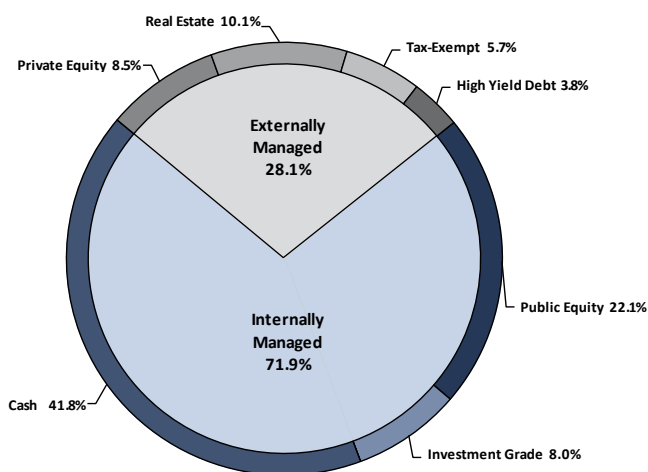
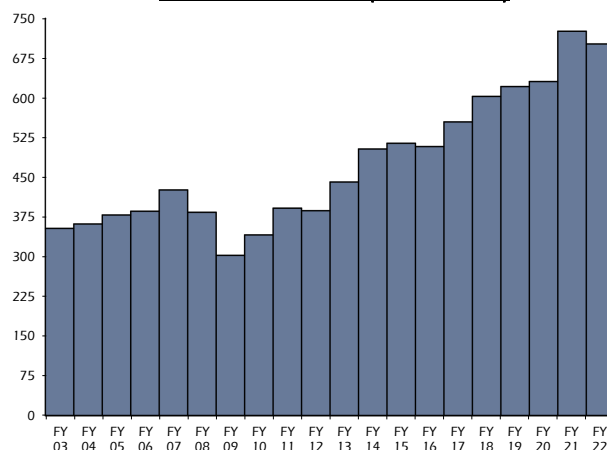
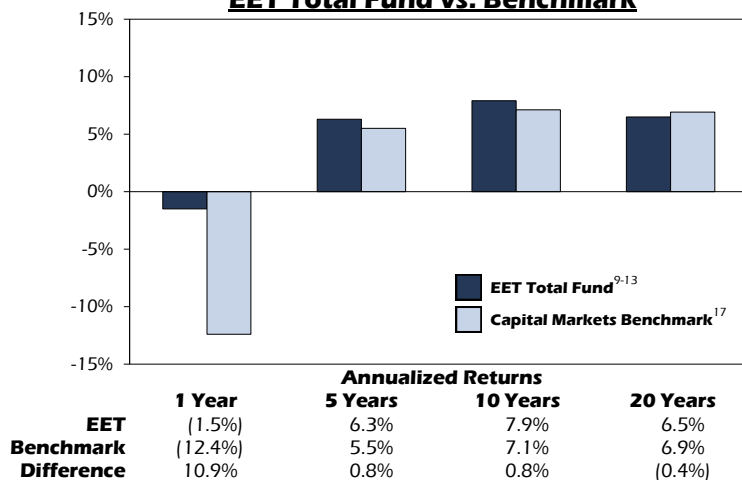
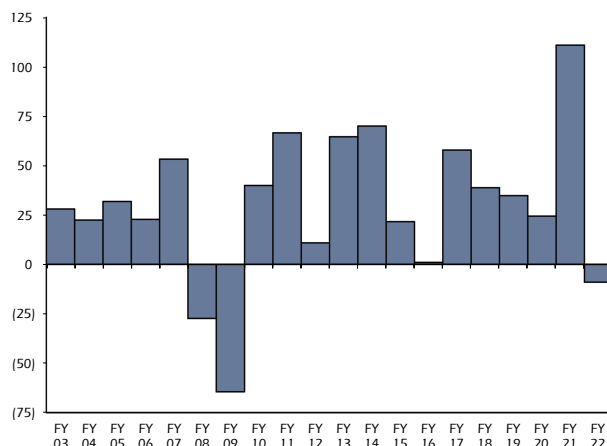
The Education Enhancement Trust Fund began fiscal year 2022 with \$725.7 million in assets. During the fiscal year, net contributions/withdrawals and fees decreased the fund by \$15.0 million and investment income decreased it by \$9.0 million, resulting in an ending fair value of \$701.7 million.

Fair Value 6/30/21		\$ 725,699,117
Increases/Decreases		
Net Contributions/Withdrawals	\$ (12,777,777)	
Internal Management Fees	(463,569)	
External Management Fees	<u>(1,768,441)</u>	
Total Increases/Decreases		\$ (15,009,787)
Investment Income		
Securities Income		
Interest Income	\$ 5,433,065	
Dividend Income	3,772,995	
Securities Lending Income	4,703	
Real Estate Income	1,156,739	
Change in Accrued Income	<u>216,820</u>	
Total Securities Income		\$ 10,584,322
Total Capital Gain/Loss Income		<u>\$ (19,572,195)</u>
Total Investment Income		\$ (8,987,873)
Fair Value 6/30/22		<u>\$ 701,701,457</u>

Asset Allocation⁸

As of June 30, 2022, Education Enhancement Trust's assets totaled \$701.7 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 %
Public Equity					
Internal Public Equity	\$ 154,908,533	\$ 154,908,533	22.1%	22.1%	51.0%
Private Equity					
Blackstone Capital Partners	\$ 4,015,946		0.6%		
Carlyle	2,950,219		0.4%		
Cinven	9,531,804		1.4%		
CVC	9,849,493		1.4%		
Riverstone	7,471,696		1.1%		
Silver Lake	25,599,827	59,418,985	3.6%	8.5%	0.0%
Real Estate					
Blackstone Real Estate Partners	\$ 49,218,709		7.0%		
Brookfield Strategic Partners	75,174		0.0%		
Lone Star	3,767,072		0.6%		
Rockpoint	8,278,675		1.2%		
Starwood	9,438,058	70,777,688	1.3%	10.1%	10.0%
Investment Grade & Tax-Exempt Debt					
Internal Investment Grade	\$ 56,690,473		8.0%		
PIMCO	40,327,705	97,018,178	5.7%	13.7%	30.0%
High Yield Debt (Corporate & Real Estate)					
Vanguard	\$ 23,910,662		3.4%		
CarVal	294		0.0%		
TCW	2,642,004	26,552,960	0.4%	3.8%	7.0%
Cash & Cash Equivalents					
Internal Cash Account	\$ 293,025,113	293,025,113	41.8%	41.8%	2.0%
Total		\$701,701,457		100.0%	100.0%

**Asset Growth²³ (\$ in millions)****EET Total Fund vs. Benchmark****Investment Income²⁴ (\$ in millions)**

Internal Public Equity Profile

The Education Enhancement Trust's internal Public Equity portfolio characteristics as of June 30, 2022, are presented below.

Distribution by Market Sector	%	10 Largest Country Weights	% of Total
Consumer Discretionary	10.1%	United States	78.9%
Consumer Staples	6.8%	Great Britain	4.6%
Energy	9.4%	Switzerland	2.8%
Financials	13.9%	Germany	2.7%
Health Care	15.6%	Japan	2.7%
Industrials	9.2%	Canada	2.1%
Information Technology	17.4%	France	1.7%
Materials	3.9%	South Korea	1.2%
Real Estate	3.7%	Netherlands	1.0%
Telecommunications Services	7.2%	Belgium	0.5%
Utilities	1.9%		
Cash Equivalents	0.9%	Total	98.2%
Total	100.0%		

Internal Bond Profiles

The Education Enhancement Trust's internal Investment Grade (IG) bond portfolio characteristics as of June 30, 2022, are presented below.

Distribution by Duration	IG	Distribution by Quality Rating	IG
0 to 2 Years	9.4%	U.S. Gov't/Aaa	66.7%
2 to 3 Years	2.3%	Aa	9.3%
3 to 4 Years	13.1%	A	12.9%
4 to 5 Years	4.8%	Baa	11.1%
5 to 6 Years	21.4%	Ba	0.0%
6 to 8 Years	30.6%	B	0.0%
Above 8 Years	18.4%	Caa and lower	0.0%
Total	100.0%	Total	100.0%

Distribution by Coupon	IG	Distribution by Sector	IG
0.00% - 1.00%	40.4%	Cash/Cash Equivalents	6.1%
1.01% - 2.00%	20.2%	U.S. Treasuries	33.5%
2.01% - 3.00%	27.2%	Agency Debentures	2.9%
3.01% - 4.00%	10.3%	Agency Mortgage-Backed Securities	22.2%
4.01% - 5.00%	1.4%	Investment Grade Corporates	35.3%
5.01% - 6.00%	0.4%	High Yield Securities	0.0%
6.01% and over	0.1%		
Total	100.0%	Total	100.0%

Top 10 Holdings

The Education Enhancement Trust's internal Public Equity and internal Investment Grade portfolios' Top Ten Holdings as of June 30, 2022, are presented below.

Public Equity Company Holdings	% of Total	Investment Grade Corporates by Issuer	% of Total
Microsoft Corp.	3.0%	Ontario (Province Of)	2.5%
Apple, Inc.	2.6%	Bank of America Corp.	1.7%
Alphabet, Inc.	2.4%	Alberta (Province Of)	1.6%
Amazon.com, Inc.	1.4%	Starbucks Corp.	1.4%
Berkshire Hathaway, Inc.	0.9%	JPMorgan Chase & Co.	1.4%
Suncor Energy, Inc.	0.9%	Amazon.com, Inc.	1.4%
Meta Platforms, Inc.	0.8%	Home Depot, Inc.	1.3%
Pfizer, Inc.	0.8%	Amgen, Inc.	1.3%
UnitedHealth Group, Inc.	0.7%	Morgan Stanley	1.1%
Roche Holding AG	0.7%	Quebec (Province Of)	1.1%
Total	14.2%	Total	14.8%

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-man 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 2022, 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, 2022, was 5.98% with a volatility of 13.9%. This means that the return in any given year is expected to fall within a range of (7.9%) to 19.9% with 66% confidence or (21.8%) to 33.8% with 95% confidence.

INVESTMENT PERFORMANCE - FISCAL YEAR 2022

The fund ended fiscal year 2022 with a fair value of \$211,605,434, principal value of \$135,631,024, and inflation-adjusted principal of \$195,376,942. HCT's fiscal year total return, including realized and unrealized gains and losses and accrued income, was (2.5%) net of fees. The Capital Markets Benchmark¹⁸ return was (12.6%). The difference relative to the benchmark resulted from an asset allocation underweight in equities and bonds. The total fund return was positively impacted by the outperformance of public and private equities and real estate compared to the respective benchmarks. The ten-year annualized total return was 8.0%. This compares with the ten-year Capital Markets Benchmark¹⁸ return of 7.0%. In July 2022, the fund distributed 4% of the sixteen-quarter average market value as of December 31, 2021, totaling \$6,612,325, to the general fund for health care related expenditures. Since inception, the fund has distributed \$88.39 million.

Cash Flows and Fair Value Changes

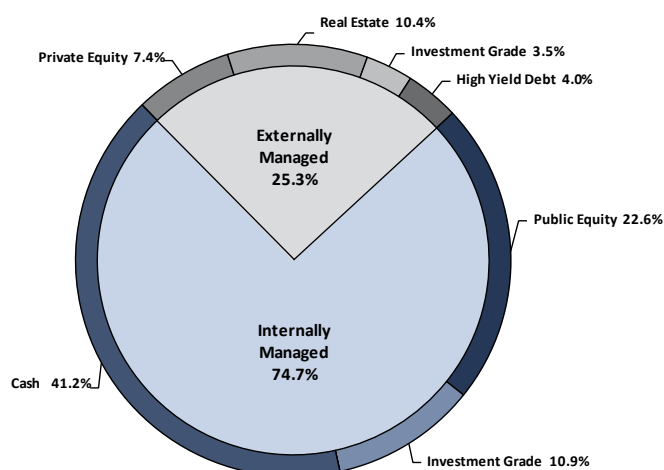
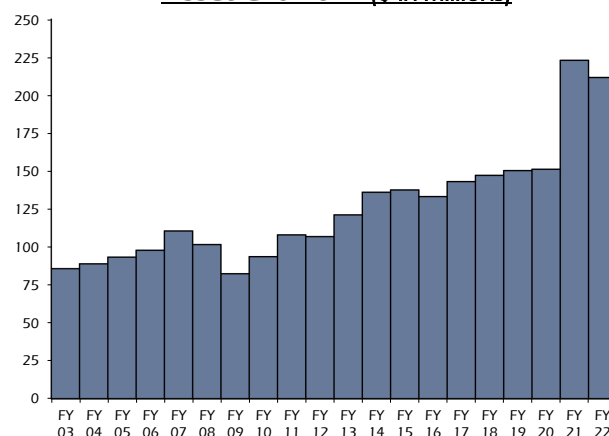
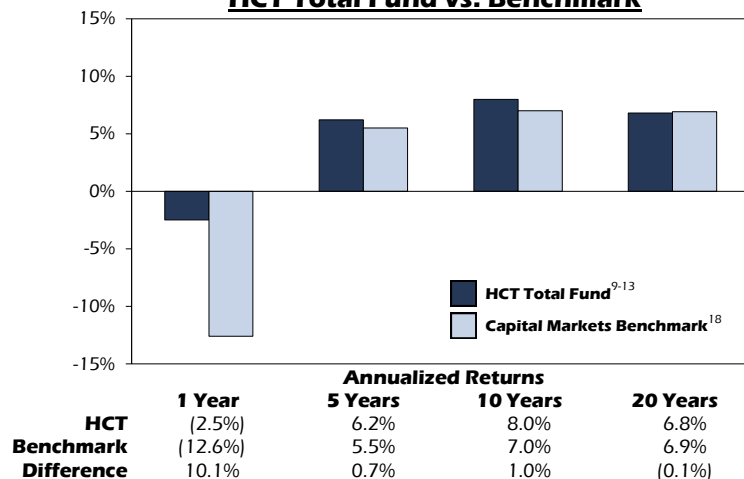
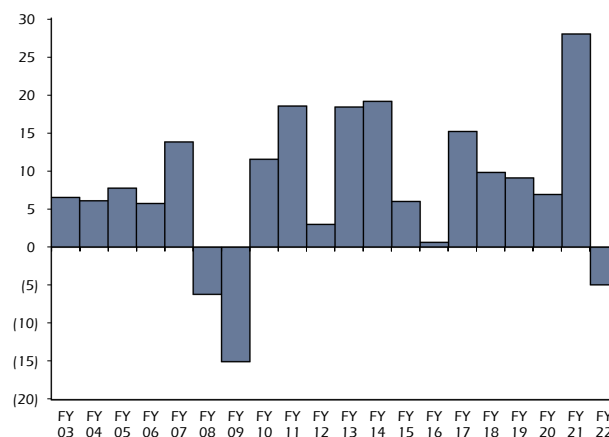
The Health Care Trust Fund began fiscal year 2022 with \$222.9 million in assets. During the fiscal year, net contributions/withdrawals and fees decreased the fund by \$6.4 million and investment income decreased it by \$4.9 million, resulting in an ending fair value of \$211.6 million.

Fair Value 6/30/21		\$ 222,925,449
Increases/Decreases		
Net Contributions/Withdrawals	\$ (5,839,236)	
Internal Management Fees	(118,860)	
External Management Fees	<u>(424,134)</u>	
Total Increases/Decreases		\$ (6,382,230)
Investment Income		
Securities Income		
Interest Income	\$ 1,444,428	
Dividend Income	1,229,863	
Securities Lending Income	2,014	
Real Estate Income	323,274	
Change in Accrued Income	<u>87,681</u>	
Total Securities Income	\$ 3,087,260	
Total Capital Gain/Loss Income	<u>\$ (8,025,045)</u>	
Total Investment Income		\$ <u>(4,937,785)</u>
Fair Value 6/30/22		\$ <u>211,605,434</u>

Asset Allocation⁸

As of June 30, 2022, Health Care Trust's assets totaled \$211.6 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 %
Public Equity				
Internal Public Equity	\$ 47,915,579	\$ 47,915,579	22.6%	22.6%
Private Equity				
Blackstone Capital Partners	\$ 1,198,096		0.5%	
Carlyle	816,017		0.4%	
Cinven	2,435,191		1.2%	
CVC	2,443,906		1.2%	
Riverstone	2,030,341		1.0%	
Silver Lake	6,563,649	15,487,200	3.1%	7.4%
Real Estate				
Blackstone Real Estate Partners	\$ 12,057,131		5.8%	
Brookfield Strategic Partners	23,130		0.0%	
Lone Star	944,786		0.4%	
Rockpoint	1,985,736		0.9%	
Starwood	2,415,123		1.1%	
Vanguard	4,609,101	22,035,007	2.2%	10.4%
Investment Grade Debt				
Internal Investment Grade	\$ 22,973,258		10.9%	
Vanguard	7,462,689	30,435,947	3.5%	14.4%
High Yield Debt (Corporate & Real Estate)				
Vanguard	\$ 7,557,705		3.6%	
CarVal	74		0.0%	
TCW	899,011	8,456,790	0.4%	4.0%
Cash & Cash Equivalents				
Internal Cash Account	\$ 87,274,911	87,274,911	41.2%	41.2%
Total		\$211,605,434	100.0%	100.0%

**Asset Growth²³ (\$ in millions)****HCT Total Fund vs. Benchmark****Investment Income²⁴ (\$ in millions)**

Internal Public Equity Profile

The Health Care Trust's internal Public Equity portfolio characteristics as of June 30, 2022, are presented below.

<u>Distribution by Market Sector</u>	<u>%</u>	<u>10 Largest Country Weights</u>	<u>% of Total</u>
Consumer Discretionary	10.1%	United States	78.2%
Consumer Staples	6.8%	Great Britain	4.8%
Energy	9.4%	Switzerland	2.9%
Financials	14.0%	Germany	2.8%
Health Care	15.6%	Japan	2.7%
Industrials	9.2%	Canada	2.2%
Information Technology	17.3%	France	1.7%
Materials	3.9%	South Korea	1.3%
Real Estate	3.7%	Netherlands	1.1%
Telecommunications Services	7.1%	Belgium	0.5%
Utilities	1.9%		
Cash Equivalents	1.0%	Total	98.2%
Total	100.0%		

Internal Bond Profiles

The Health Care Trust's internal Investment Grade (IG) bond portfolio characteristics as of June 30, 2022, are presented below.

<u>Distribution by Duration</u>	<u>IG</u>	<u>Distribution by Quality Rating</u>	<u>IG</u>
0 to 2 Years	8.8%	U.S. Gov't/Aaa	66.5%
2 to 3 Years	2.6%	Aa	9.4%
3 to 4 Years	14.0%	A	12.9%
4 to 5 Years	4.8%	Baa	11.2%
5 to 6 Years	20.9%	Ba	0.0%
6 to 8 Years	30.5%	B	0.0%
Above 8 Years	18.4%	Caa and lower	0.0%
Total	100.0%	Total	100.0%

<u>Distribution by Coupon</u>	<u>IG</u>	<u>Distribution by Sector</u>	<u>IG</u>
0.00% - 1.00%	39.8%	Cash/Cash Equivalents	5.4%
1.01% - 2.00%	19.6%	U.S. Treasuries	33.5%
2.01% - 3.00%	27.9%	Agency Debentures	2.9%
3.01% - 4.00%	10.2%	Agency Mortgage-Backed Securities	22.7%
4.01% - 5.00%	1.6%	Investment Grade Corporates	35.5%
5.01% - 6.00%	0.7%	High Yield Securities	0.0%
6.01% and over	0.2%		
Total	100.0%	Total	100.0%

Top 10 Holdings

The Health Care Trust's internal Public Equity and internal Investment Grade portfolios' Top Ten Holdings as of June 30, 2022, are presented below.

<u>Public Equity Company Holdings</u>	<u>% of Total</u>	<u>Investment Grade Corporates by Issuer</u>	<u>% of Total</u>
Microsoft Corp.	3.1%	Ontario (Province Of)	2.5%
Apple, Inc.	2.7%	Bank of America Corp.	1.7%
Alphabet, Inc.	2.5%	Alberta (Province Of)	1.6%
Amazon.com, Inc.	1.4%	Starbucks Corp.	1.4%
Berkshire Hathaway, Inc.	1.0%	JPMorgan Chase & Co.	1.4%
Suncor Energy, Inc.	0.9%	Amazon.com, Inc.	1.4%
Meta Platforms, Inc.	0.8%	Home Depot, Inc.	1.3%
Pfizer, Inc.	0.8%	Amgen, Inc.	1.3%
UnitedHealth Group, Inc.	0.8%	Morgan Stanley	1.1%
Roche Holding AG	0.7%	Quebec (Province Of)	1.1%
Total	14.7%	Total	14.8%

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 will continue to fulfill their previous role. Plan assets exceeded \$875 million as of June 30, 2022, with participants coming 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 0.42% to 0.48% 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 0.53% 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 0.49% 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 \$18,860,500 have been directed to the Dakota Corps Scholarship fund. Based on the assets as of June 30, 2022, and the scholarship funding formula, the resulting 2022 contribution was \$894,438. 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 31, 2022, 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. A section of the website has been custom-developed for South Dakota residents.



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

January 31, 2022

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

Hon. Spencer Gosch, 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 Gosch and President Pro Tempore Schoenbeck:

The South Dakota Investment Council (Council) is pleased to submit our twenty-first 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. Allianz Global Investors Distributors LLC (AGID), originally known as PIMCO Funds Distributors LLC, was selected by the Council to manage, invest, market, and administer the plan.

Allianz proposed a change, with an expected effective date of February 1, 2021, that would transfer the distribution, marketing and administration of the plan to VP Distributors, LLC as part of a strategic partnership between Allianz Global Investors and Virtus Investment Partners. Allianz Global Asset U.S. would continue to be responsible for fund selection and asset allocation for the plan. At its January 21, 2021 meeting, the Council approved the proposal for a five year term commencing on February 1, 2021. Virtus Investment Partners (NASDAQ: VRTS), the parent company of VP Distributors, operates through affiliated advisors, including well-recognized names like Duff & Phelps and Kayne Anderson Rudnick. The \$2.1 billion market-cap firm was formed in 1995 and has more than \$185 billion in assets under management.

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;
- High quality and diversified offering of funds from PIMCO, Allianz, 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.

January 31, 2022
Page 2

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

As of December 31, 2021, the plan had assets of \$1,030,155,011, up .01% from last year. For the most recent full program year (calendar year 2021), returns for South Dakota direct investors ranged from 16.99% for the Age-Based 0-8 portfolio to .25% for the Diversified Bond portfolio.

Of the 23 mutual funds utilized by the plan and rated by Morningstar, 63 percent have an overall rating of 4 or 5 stars, with 5 being the highest possible rating. Additionally, 15 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. The funds have been provided as part of the Council's agreement with the program manager for CollegeAccess 529. 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.

In 2007, the Council investigated alternatives to the original scholarship program. With input from then Governor Rounds and approval by the LRC Executive Board, the Council began to direct scholarship monies generated through the relationship with Allianz Global Investors Distributors to the Dakota Corps Scholarship Program. VP Distributors, the new program manager as of February 1, 2021, has agreed to continue funding the scholarships and provided \$1.04 million during calendar year 2021. The amount contributed to the Dakota Corps Scholarship Program since 2007 totals \$17.97 million.

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/>.

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

		<u>Cost Value</u>	<u>Fair Value</u>
Global Equity			
Microsoft Corp.	605,700	\$ 36,580,067	\$ 155,561,931
Apple, Inc.	975,720	18,113,792	133,400,438
Amazon.com, Inc.	632,180	69,075,237	67,143,838
Alphabet, Inc. - Cl. A	27,925	13,942,772	60,855,836
Alphabet, Inc. - Cl. C	27,237	14,834,091	59,579,576
Suncor Energy, Inc.	1,283,500	26,948,607	44,934,191
Berkshire Hathaway, Inc.	157,342	26,173,166	42,957,513
Meta Platforms, Inc.	262,722	46,535,477	42,363,923
Pfizer, Inc.	757,625	22,826,248	39,722,279
UnitedHealth Group, Inc.	73,072	4,296,450	37,531,971
Roche Holding AG	111,325	27,307,595	37,042,439
Wells Fargo & Co.	938,272	28,022,806	36,752,114
Merck & Co., Inc.	385,400	24,916,904	35,136,918
Visa, Inc.	175,600	18,811,416	34,573,884
Humana, Inc.	71,154	21,822,360	33,305,053
Samsung Electronics Co., Ltd.	739,767	25,080,761	32,475,908
Novartis AG	383,600	25,999,129	32,395,738
PayPal Holdings, Inc.	434,547	45,140,373	30,348,762
SAP SE	333,045	33,503,068	30,267,449
Mastercard, Inc.	90,800	23,448,295	28,645,584
JPMorgan Chase & Co.	246,831	15,100,420	27,795,639
ConocoPhillips	301,487	13,039,255	27,076,547
Hess Corp.	253,223	14,552,889	26,826,445
Amgen, Inc.	106,906	20,653,036	26,010,230
Canadian Natural Resources, Ltd.	473,798	11,827,149	25,406,107
Exxon Mobil Corp.	295,525	15,042,492	25,308,761
Comcast Corp.	612,659	24,809,666	24,040,739
Anheuser-Busch Inbev SA	446,106	31,421,299	23,953,352
Citigroup, Inc.	507,339	25,081,400	23,332,521
Nestle SA	199,600	7,173,446	23,234,370
Centene Corp.	273,809	11,617,430	23,166,979
Walmart, Inc.	189,305	16,529,181	23,015,702
Eli Lilly & Co.	70,174	9,308,952	22,752,516
Walt Disney Co.	234,537	24,516,252	22,140,293
Medtronic plc	245,376	15,246,324	22,022,496
GSK plc	1,007,500	19,803,251	21,603,147
Elevance Health, Inc.	44,097	10,128,598	21,280,330
Vertex Pharmaceuticals, Inc.	71,600	14,373,736	20,176,164
Schlumberger, Ltd.	548,694	25,422,057	19,621,297
TotalEnergies SE	369,786	17,388,537	19,472,676
ING Groep NV	1,967,100	19,819,427	19,394,894
Johnson & Johnson	107,875	13,646,237	19,148,891
British American Tobacco plc	439,132	19,930,984	18,769,629
Unilever plc	412,000	21,259,603	18,618,150
AstraZeneca plc	141,700	13,148,438	18,585,457
Occidental Petroleum Corp.	304,285	12,459,935	17,916,301
Truist Financial Corp.	372,125	15,286,843	17,649,889
FedEx Corp.	77,211	13,642,901	17,504,506
Applied Materials, Inc.	191,750	10,960,364	17,445,415
ABN Amro Bank NV	1,552,764	20,636,220	17,394,055
Total Top 50 Securities		\$ 1,057,204,936	\$ 1,665,658,843
Remaining Global Equity		<u>1,627,243,887</u>	<u>1,695,024,630</u>
Global Equity		\$ 2,684,448,823	\$ 3,360,683,473
Global Emerging Markets		\$ 589,137,894	\$ 591,227,212
Small/Mid Equity		\$ 663,080,715	\$ 689,157,792
REIT		\$ 170,226,350	\$ 155,645,711
Investment Grade		\$ 1,153,684,885	\$ 1,081,684,384
High Yield		\$ 644,380,531	\$ 567,341,346
Shift Account		<u>\$ 4,240,435,079</u>	<u>\$ 4,224,050,810</u>
Total SDRS Internally Managed		<u>\$ 10,145,394,277</u>	<u>\$ 10,669,790,728</u>

SOUTH DAKOTA RETIREMENT SYSTEM EXTERNALLY MANAGED

	<u>Cost Value</u>	<u>Fair Value</u>
Public Equity		
Sanders Capital, L.L.C.	\$ 55,627,891	\$ 70,417,869
Total Public Equity	\$ 55,627,891	\$ 70,417,869
Private Equity		
Blackstone Capital Partners IV & V, L.P.	\$ 264,939	\$ 1,521,506
Blackstone Capital Partners VI, L.P.	23,626,623	41,811,975
Blackstone Capital Partners VII, L.P.	59,334,634	99,350,753
Blackstone Energy Partners II, L.P.	53,066,262	86,509,244
Blackstone Energy Partners III, L.P.	34,418,636	50,970,706
Capital International Private Equity Fund V & VI, L.P.	35,670,844	26,407,384
Carlyle Partners V, L.P.	9,062,763	4,888,678
Carlyle Partners VI, L.P.	33,525,548	63,084,432
EnCap Energy Capital Fund XI, L.P.	30,754,943	45,611,535
The Fourth Cinven Fund & The Fifth Cinven Fund	38,116,959	25,993,843
The Sixth Cinven Fund	72,026,599	135,512,378
The Seventh Cinven Fund	55,244,529	64,509,190
CVC European Equity Partners IV & V, L.P.	32,928,569	2,337,037
CVC Capital Partners VII, L.P.	88,220,793	162,630,425
CVC Capital Partners VIII, L.P.	37,868,371	43,020,377
Cypress Merchant Banking Partners II, L.P.	20,572	20,572
Doughty Hanson & Co. IV, L.P.	147,584	520,690
KKR European Fund II, L.P.	834,840	356,308
PineBridge Capital Management Corp.	3,117,443	3,336,356
Riverstone/Carlyle Global Energy & Power Fund IV, L.P.	1,723,562	243,971
Riverstone Global Energy & Power Fund V, L.P.	34,606,028	30,751,551
Riverstone Global Energy & Power Fund VI, L.P.	108,812,531	121,821,212
Silver Lake Partners III, L.P.	8,913,002	18,486,435
Silver Lake Partners IV, L.P.	89,056,495	211,527,961
Silver Lake Partners V, L.P.	139,177,771	205,477,913
Silver Lake Partners VI, L.P.	96,898,308	102,183,660
Silver Lake Sumner Fund, L.P.	335,450	516,205
Total Private Equity	\$ 1,087,774,598	\$ 1,549,402,297
Aggressive Absolute Return		
Bridgewater Pure Alpha Fund II, Ltd.	\$ 36,742,005	\$ 125,242,473
Telsey Consumer Fund	<u>14,873,934</u>	<u>11,912,016</u>
Total Aggressive Absolute Return	\$ 51,615,939	\$ 137,154,489
Real Estate		
Apollo European Real Estate Fund II, L.P.	\$ 1,437,437	\$ 96,671
Blackstone Real Estate Partners IV & V, L.P.	2,930,257	3,227,969
Blackstone Real Estate Partners VI, L.P.	5,094,343	8,562,012
Blackstone Real Estate Partners VII, L.P.	22,474,697	19,333,291
Blackstone Real Estate Partners VIII, L.P.	167,279,763	250,048,450
Blackstone Real Estate Partners IX, L.P.	151,669,819	248,490,845
Blackstone Real Estate Partners Europe III, L.P.	32,065,462	14,803,976
Blackstone Real Estate Partners Europe V, L.P.	175,192,742	176,968,904
Blackstone Real Estate Partners Europe VI, L.P.	63,689,572	72,763,812
Blackstone Real Estate Partners Asia II, L.P.	192,278,855	244,536,292
Brookfield Strategic Real Estate Partners III	65,775,924	87,623,798
Brookfield Strategic Real Estate Partners IV ²⁹	(2,256,491)	1,561,293
Lone Star Real Estate Fund II & III, L.P.	1,816,949	731,438
Lone Star Real Estate Fund IV, L.P.	56,255,996	61,497,907
Lone Star Real Estate Fund V, L.P.	26,971,514	17,621,954
Lone Star Real Estate Fund VI, L.P.	25,618,484	25,933,155
Rockpoint Real Estate Fund IV, L.P.	9,725,649	5,472,650
Rockpoint Real Estate Fund V, L.P.	73,738,872	96,638,858
Rockpoint Real Estate Fund VI, L.P.	55,585,512	74,346,441
Starwood Distressed Opportunity Fund IX Global	15,994,511	17,357,493
Starwood Distressed Opportunity Fund X Global	45,155,711	36,007,100
Starwood Distressed Opportunity Fund XI Global	99,357,347	128,370,029
Starwood Distressed Opportunity Fund XII Global	<u>25,439,872</u>	<u>32,065,241</u>
Total Real Estate	\$ 1,313,292,797	\$ 1,624,059,579
High Yield Debt (Corporate & Real Estate)		
CVI Global Value Fund A, L.P.	\$ 11,503	\$ 11,503
TCW Opportunistic MBS Strategy	<u>60,681,521</u>	<u>61,706,579</u>
Total High Yield Debt	\$ 60,693,024	\$ 61,718,082
Total SDRS Externally Managed	<u>\$ 2,569,004,249</u>	<u>\$ 3,442,752,316</u>

**SCHOOL AND PUBLIC LANDS
INTERNALLY MANAGED**

	<u>Cost Value</u>	<u>Fair Value</u>
Public Equity	\$ 72,594,324	\$ 81,986,050
Investment Grade	\$ 55,105,610	\$ 51,776,717
Cash Account	\$ 153,501,218	\$ 153,630,191
Total SPL Internally Managed	\$ 281,201,152	\$ 287,392,958

**SCHOOL AND PUBLIC LANDS
EXTERNALLY MANAGED**

	<u>Cost Value</u>	<u>Fair Value</u>
Private Equity		
Blackstone Capital Partners V, L.P.	\$ 0	\$ 19,383
Blackstone Capital Partners VI, L.P.	305,162	540,043
Blackstone Capital Partners VII, L.P.	1,009,339	1,689,105
Carlyle Partners VI, L.P.	833,966	1,569,265
The Sixth Cinven Fund	1,896,396	3,567,920
The Seventh Cinven Fund	1,350,422	1,576,890
CVC Capital Partners VII, L.P.	2,205,520	4,065,761
CVC Capital Partners VIII, L.P.	1,020,800	1,159,680
Riverstone Global Energy & Power Fund VI, L.P.	3,481,998	3,898,275
Silver Lake Partners III, L.P.	211,269	438,188
Silver Lake Partners IV, L.P.	2,114,921	5,023,373
Silver Lake Partners V, L.P.	3,556,877	5,251,353
Silver Lake Partners VI, L.P.	2,530,154	2,668,164
Total Private Equity	\$ 20,516,824	\$ 31,467,400

Real Estate

Blackstone Real Estate Partners V, L.P.	\$ 43,099	\$ 10,800
Blackstone Real Estate Partners VI, L.P.	99,493	167,227
Blackstone Real Estate Partners VII, L.P.	484,530	416,808
Blackstone Real Estate Partners VIII, L.P.	4,181,994	6,231,071
Blackstone Real Estate Partners IX, L.P.	3,932,180	6,442,355
Blackstone Real Estate Partners Europe III, L.P.	774,357	357,502
Blackstone Real Estate Partners Europe V, L.P.	4,552,150	4,598,302
Blackstone Real Estate Partners Europe VI, L.P.	1,592,239	1,819,095
Blackstone Real Estate Partners Asia II, L.P.	4,985,008	6,339,833
Brookfield Strategic Real Estate Partners IV ²⁹	(58,503)	40,478
Lone Star Real Estate Fund III, L.P.	27,764	13,530
Lone Star Real Estate Fund IV, L.P.	1,418,918	1,551,131
Lone Star Real Estate Fund V, L.P.	691,067	451,509
Rockpoint Real Estate Fund V, L.P.	1,887,716	2,473,956
Rockpoint Real Estate Fund VI, L.P.	1,420,520	1,899,965
Starwood Distressed Opportunity Fund X Global	1,311,940	1,064,871
Starwood Distressed Opportunity Fund XI Global	2,581,665	3,335,520
Starwood Distressed Opportunity Fund XII Global	700,354	882,749
Total Real Estate	\$ 30,626,491	\$ 38,096,702

High Yield Debt (Corporate & Real Estate)

Vanguard High Yield Fund	\$ 14,306,296	\$ 12,838,743
CVI Global Value Fund A, L.P.	125	125
TCW Opportunistic MBS Strategy	1,423,184	1,442,024
Total High Yield Debt	\$ 15,729,605	\$ 14,280,892

Total SPL Externally Managed	\$ 66,872,920	\$ 83,844,994
-------------------------------------	---------------	---------------

**SOUTH DAKOTA CASH FLOW FUND
INTERNALLY MANAGED**

	<u>Cost Value</u>	<u>Fair Value</u>
Intermediate-Term Fixed Income	\$ 335,697,158	\$ 316,946,660
Short-Term Fixed Income	\$ 904,717,716	\$ 867,149,329
Cash Account	\$ 2,102,811,292	\$ 2,105,229,317
Certificates of Deposit	\$ 19,571,000	\$ 19,598,914
Total SDCFF Internally Managed	\$ 3,362,797,166	\$ 3,308,924,220

**DAKOTA CEMENT TRUST
INTERNALLY MANAGED**

	<u>Cost Value</u>	<u>Fair Value</u>
Public Equity	\$ 61,587,264	\$ 69,812,531
Investment Grade	\$ 56,116,782	\$ 52,677,779
Cash Account	\$ 147,026,614	\$ 147,149,471
Total DCT Internally Managed	\$ 264,730,660	\$ 269,639,781

**DAKOTA CEMENT TRUST
EXTERNALLY MANAGED**

	<u>Cost Value</u>	<u>Fair Value</u>
Private Equity		
Blackstone Capital Partners V, L.P.	\$ 0	\$ 32,651
Blackstone Capital Partners VI, L.P.	258,215	456,956
Blackstone Capital Partners VII, L.P.	1,188,001	1,987,296
Carlyle Partners VI, L.P.	1,000,761	1,883,118
The Sixth Cinven Fund	2,005,803	3,773,762
The Seventh Cinven Fund	1,473,187	1,720,246
CVC Capital Partners VII, L.P.	2,368,892	4,366,928
CVC Capital Partners VIII, L.P.	987,871	1,122,271
Riverstone Global Energy & Power Fund VI, L.P.	3,989,785	4,466,766
Silver Lake Partners III, L.P.	344,670	714,800
Silver Lake Partners IV, L.P.	2,643,673	6,279,183
Silver Lake Partners V, L.P.	3,711,378	5,479,443
Silver Lake Partners VI, L.P.	2,422,495	2,554,623
Total Private Equity	\$ 22,394,731	\$ 34,838,043

Real Estate

Blackstone Real Estate Partners V, L.P.	\$ 69,297	\$ 17,347
Blackstone Real Estate Partners VI, L.P.	160,199	269,269
Blackstone Real Estate Partners VII, L.P.	566,527	487,347
Blackstone Real Estate Partners VIII, L.P.	4,683,833	6,978,795
Blackstone Real Estate Partners IX, L.P.	3,932,181	6,442,355
Blackstone Real Estate Partners Europe III, L.P.	774,357	357,502
Blackstone Real Estate Partners Europe V, L.P.	4,877,304	4,926,752
Blackstone Real Estate Partners Europe VI, L.P.	1,592,239	1,819,095
Blackstone Real Estate Partners Asia II, L.P.	4,985,008	6,339,833
Brookfield Strategic Real Estate Partners IV ²⁹	(50,143)	34,695
Lone Star Real Estate Fund III, L.P.	32,260	15,720
Lone Star Real Estate Fund IV, L.P.	1,585,857	1,733,624
Lone Star Real Estate Fund V, L.P.	761,466	497,506
Rockpoint Real Estate Fund V, L.P.	2,064,688	2,705,888
Rockpoint Real Estate Fund VI, L.P.	1,358,756	1,817,356
Starwood Distressed Opportunity Fund X Global	983,955	798,652
Starwood Distressed Opportunity Fund XI Global	2,729,194	3,526,127
Starwood Distressed Opportunity Fund XII Global	662,497	835,032
Total Real Estate	\$ 31,769,475	\$ 39,602,895

High Yield Debt (Corporate & Real Estate)

Vanguard High Yield Fund	\$ 14,623,015	\$ 13,118,844
CVI Global Value Fund A, L.P.	203	203
TCW Opportunistic MBS Strategy	1,411,474	1,451,161
Total High Yield Debt	\$ 16,034,692	\$ 14,570,208

Total DCT Externally Managed	\$ 70,198,898	\$ 89,011,146
-------------------------------------	---------------	---------------

EDUCATION ENHANCEMENT TRUST
INTERNALLY MANAGED

	<u>Cost Value</u>	<u>Fair Value</u>
Public Equity	\$ 136,200,960	\$ 154,908,533
Investment Grade	\$ 60,468,404	\$ 56,690,473
Cash Account	\$ 285,881,874	\$ 293,025,113
Total EET Internally Managed	\$ 482,551,238	\$ 504,624,119

EDUCATION ENHANCEMENT TRUST
EXTERNALLY MANAGED

	<u>Cost Value</u>	<u>Fair Value</u>
Private Equity		
Blackstone Capital Partners V, L.P.	\$ 0	\$ 47,287
Blackstone Capital Partners VI, L.P.	449,985	789,302
Blackstone Capital Partners VII, L.P.	1,903,548	3,179,357
Carlyle Partners VI, L.P.	1,672,957	2,950,219
The Sixth Cinven Fund	3,439,499	6,449,698
The Seventh Cinven Fund	2,643,165	3,082,106
CVC Capital Partners VII, L.P.	4,199,586	7,679,770
CVC Capital Partners VIII, L.P.	1,171,010	2,169,723
Riverstone Global Energy & Power Fund VI, L.P.	6,673,831	7,471,696
Silver Lake Partners III, L.P.	501,404	1,033,023
Silver Lake Partners IV, L.P.	4,099,255	9,811,181
Silver Lake Partners V, L.P.	6,569,549	9,703,157
Silver Lake Partners VI, L.P.	4,804,562	5,052,466
Total Private Equity	\$ 38,128,351	\$ 59,418,985

Real Estate

Blackstone Real Estate Partners V, L.P.	\$ 99,720	\$ 24,975
Blackstone Real Estate Partners VI, L.P.	234,399	393,947
Blackstone Real Estate Partners VII, L.P.	1,035,519	820,781
Blackstone Real Estate Partners VIII, L.P.	8,020,018	11,714,401
Blackstone Real Estate Partners IX, L.P.	7,049,097	11,964,375
Blackstone Real Estate Partners Europe III, L.P.	1,196,735	552,513
Blackstone Real Estate Partners Europe V, L.P.	8,323,931	8,408,322
Blackstone Real Estate Partners Europe VI, L.P.	3,120,789	3,565,427
Blackstone Real Estate Partners Asia II, L.P.	9,374,104	11,773,968
Brookfield Strategic Real Estate Partners IV ²⁹	(108,648)	75,174
Lone Star Real Estate Fund III, L.P.	53,345	25,967
Lone Star Real Estate Fund IV, L.P.	2,692,175	2,896,973
Lone Star Real Estate Fund V, L.P.	1,310,723	844,132
Rockpoint Real Estate Fund V, L.P.	3,577,615	4,561,354
Rockpoint Real Estate Fund VI, L.P.	2,779,074	3,717,321
Starwood Distressed Opportunity Fund X Global	1,955,086	1,597,308
Starwood Distressed Opportunity Fund XI Global	4,664,248	6,194,544
Starwood Distressed Opportunity Fund XII Global	1,315,584	1,646,206
Total Real Estate	\$ 56,693,514	\$ 70,777,688

Tax-Exempt Debt

PIMCO Tax-Exempt Fund	\$ 42,195,585	\$ 40,327,705
Total Tax-Exempt Debt	\$ 42,195,585	\$ 40,327,705

High Yield Debt (Corporate & Real Estate)

Vanguard High Yield Fund	\$ 26,545,850	\$ 23,910,662
CVI Global Value Fund A, L.P.	2,464	294
TCW Opportunistic MBS Strategy	8,307,288	2,642,004
Total High Yield Debt	\$ 34,855,602	\$ 26,552,960

Total EET Externally Managed	<u>\$ 171,873,052</u>	<u>\$ 197,077,338</u>
-------------------------------------	-----------------------	-----------------------

HEALTH CARE TRUST
INTERNALLY MANAGED

	<u>Cost Value</u>	<u>Fair Value</u>
Public Equity	\$ 45,109,934	\$ 47,915,579
Investment Grade	\$ 24,441,575	\$ 22,973,258
Cash Account	\$ 87,202,203	\$ 87,274,911
Total HCT Internally Managed	\$ 156,753,712	\$ 158,163,748

HEALTH CARE TRUST
EXTERNALLY MANAGED

	<u>Cost Value</u>	<u>Fair Value</u>
Private Equity		
Blackstone Capital Partners V, L.P.	\$ 0	\$ 12,987
Blackstone Capital Partners VI, L.P.	164,318	290,811
Blackstone Capital Partners VII, L.P.	534,666	894,298
Carlyle Partners VI, L.P.	433,665	816,017
The Sixth Cinven Fund	875,273	1,646,745
The Seventh Cinven Fund	675,211	788,446
CVC Capital Partners VII, L.P.	1,061,918	1,957,589
CVC Capital Partners VIII, L.P.	428,077	486,317
Riverstone Global Energy & Power Fund VI, L.P.	1,813,529	2,030,341
Silver Lake Partners III, L.P.	126,338	261,961
Silver Lake Partners IV, L.P.	1,189,720	2,825,699
Silver Lake Partners V, L.P.	1,623,756	2,397,367
Silver Lake Partners VI, L.P.	1,022,834	1,078,622
Total Private Equity	\$ 9,949,305	\$ 15,487,200

Real Estate

Blackstone Real Estate Partners V, L.P.	\$ 24,508	\$ 6,161
Blackstone Real Estate Partners VI, L.P.	62,392	104,865
Blackstone Real Estate Partners VII, L.P.	268,356	230,860
Blackstone Real Estate Partners VIII, L.P.	2,063,118	3,073,992
Blackstone Real Estate Partners IX, L.P.	1,685,220	2,761,009
Blackstone Real Estate Partners Europe III, L.P.	422,377	195,003
Blackstone Real Estate Partners Europe V, L.P.	2,146,013	2,167,769
Blackstone Real Estate Partners Europe VI, L.P.	700,585	800,402
Blackstone Real Estate Partners Asia II, L.P.	2,136,432	2,717,070
Brookfield Strategic Real Estate Partners IV ²⁹	(33,430)	23,130
Lone Star Real Estate Fund III, L.P.	14,254	6,946
Lone Star Real Estate Fund IV, L.P.	688,586	752,748
Lone Star Real Estate Fund V, L.P.	283,294	185,092
Rockpoint Real Estate Fund V, L.P.	884,866	1,159,665
Rockpoint Real Estate Fund VI, L.P.	617,616	826,071
Starwood Distressed Opportunity Fund X Global	655,972	532,437
Starwood Distressed Opportunity Fund XI Global	1,180,195	1,524,816
Starwood Distressed Opportunity Fund XII Global	283,927	357,870
Vanguard Real Estate Fund	4,577,672	4,609,101
Total Real Estate	\$ 18,661,953	\$ 22,035,007

Investment Grade Debt

Vanguard Total Bond Market Fund	\$ 8,412,878	\$ 7,462,689
Total Investment Grade Debt	\$ 8,412,878	\$ 7,462,689

High Yield Debt (Corporate & Real Estate)

Vanguard High Yield Fund	\$ 8,494,436	\$ 7,557,705
CVI Global Value Fund A, L.P.	74	74
TCW Opportunistic MBS Strategy	880,315	899,011
Total High Yield Debt	\$ 9,374,825	\$ 8,456,790

Total HCT Externally Managed	<u>\$ 46,398,961</u>	<u>\$ 53,441,686</u>
-------------------------------------	----------------------	----------------------

On June 30, 2022, there was \$19,571,000 in Certificates of Deposit (CDs) outstanding with South Dakota banks and credit unions. Nineteen South Dakota banks hold \$17,978,000 in CDs and three credit unions hold \$1,593,000 in CDs. The CDs carry an interest rate of 0.19% and mature September 30, 2022.

The original allocation made in September of 2021 was to twenty-six banks. Seven banks did not participate this year. This is the twenty-first year a reoffering was made to other qualified public depositories in the state. In the reoffering, three credit unions accepted \$1,593,000 in CDs, leaving \$15,429,000 in CDs unassigned. The size of the certificates ranged from \$250,000 to \$4,319,000.

Summary of Statistics
Certificates of Deposit Outstanding

CDs Issued to Banks

CDs maturing 9/30/22	\$ 17,978,000
Interest earned during FY 2022	\$ 37,631
Average CDs Outstanding During FY 2022	\$ 16,735,663
Rate of Return	0.2%

CDs Issued to Credit Unions

CDs maturing 9/30/22	\$ 1,593,000
Interest earned during FY 2022	\$ 3,742
Average CDs Outstanding During FY 2022	\$ 1,593,000
Rate of Return	0.2%

Total Certificates of Deposit

CDs maturing 9/30/22	\$ 19,571,000
Interest earned during FY 2022	\$ 41,373
Average CDs Outstanding During FY 2022	\$ 18,328,663
Rate of Return	0.2%

South Dakota Certificates of Deposit
Due 9/30/22

<u>Banks</u>	<u>Location</u>	<u>CD Amount</u>
Community Bank	Avon	\$ 250,000
Pioneer Bank & Trust	Belle Fourche	1,967,000
One American Bank	Centerville	250,000
First Financial Bank	Dupree	250,000
BankStar Financial	Elkton	906,000
Reliabank Dakota	Estelline	1,858,000
Premier Bank of Hudson	Hudson	492,000
Ipswich State Bank	Ipswich	250,000
Quoin Financial Bank	Miller	635,000
CorTrust Bank	Mitchell	4,319,000
Sunrise Bank Dakota	Onida	250,000
BankWest	Pierre	3,000,000
First National Bank	Pierre	1,618,000
Farmers & Merchants State Bank	Plankinton	502,000
Heartland State Bank	Redfield	250,000
First State Bank of Roscoe	Roscoe	359,000
Farmers & Merchants State Bank	Scotland	250,000
Pioneer Bank (Iowa)	Sioux City, IA	322,000
Farmers State Bank	Turton	250,000
Total Banks		<u>\$ 17,978,000</u>
<u>Credit Unions</u>		
Healthcare Plus Federal CU	Aberdeen	\$ 250,000
Minuteman Community Federal CU	Rapid City	1,000,000
Avanti Federal CU	Watertown	343,000
Total Credit Unions		<u>\$ 1,593,000</u>
Total Certificates of Deposit		<u>\$ 19,571,000</u>

AGGRESSIVE ABSOLUTE RETURN: A non-directional strategy designed to generate a steady return no matter what the market does.

ALTERNATIVE INVESTMENTS: Investments that are not one of the three traditional asset types (stocks, bonds, and cash). Alternative investments include hedge funds, real estate, private equity, and commodities.

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.

BLOOMBERG MUNICIPAL 7 YEAR INDEX: The 7-year (6-8 Years to Maturity) component of the US Municipal Bond Index which covers the USD-denominated long-term tax exempt bond market. It has been used for benchmarking purposes since fiscal year 2003.

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.

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.

DEALLOCATE: Funds that are no longer treated as gross proceeds of tax-exempt bonds for arbitrage purposes under Section 148 of the Internal Revenue Code of 1986, as amended, and for hedge bond purposes under Section 149(g) of the Code as a result of the application of the Universal Cap under Treasury Regulation Section 1.14806.

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

DERIVATIVES: Securities with a price that is dependent upon or derived from one or more underlying assets. The most common underlying assets include stocks, bonds, commodities, interest rates, and market indexes.

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 enterprise.

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.

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 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 has been used for benchmarking purposes since fiscal year 2011.

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.

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®) 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.

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.

HEDGE FUNDS: Alternative investments that may use a number of different strategies. Hedge funds may be aggressively managed or make use of derivatives and leverage. A manager typically receives a percentage of profits, commonly 20%, in addition to management fees.

HIGH-YIELD CORPORATE DEBT SECURITIES: Issues with a financial rating of BB or lower because of high relative default risk.

HIGH-YIELD REAL ESTATE DEBT SECURITIES: 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 FIXED INCOME SECURITIES: Issues with a financial rating of BBB or higher because of low relative default risk.

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 currently consists of 23 developed and 24 emerging market countries and covers approximately 99% of the global equity investment opportunity set. It has been used for benchmarking purposes since fiscal year 2020.

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 MSCI USA IMI Index has been used for benchmarking purposes since fiscal year 2020.

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 2021-2022, 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 method where a public market index is expressed in terms of a since inception internal rate of return (SI-IRR), using the same cash flows and timing as those of the alternative investment composite over the same time period.

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

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.

SHIFT ACCOUNT: Portfolio of 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.

STANDARD AND POOR'S 500® 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 EX-EMERGING MARKETS 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. It was used for benchmarking purposes during fiscal years 2020-2022.

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 2014-2022 and gross-of-fees fiscal years 1974-2013.

STATE FUND UNIVERSE: A universe linking two state fund universe medians to form a 49-year performance history. The most recent 40 years represents a group of over 50 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.

TREASURY INFLATION-PROTECTED SECURITIES (TIPS): A U.S. Treasury security that protects the bondholder from inflation by automatically increasing its principal according to the inflation rate as tracked by the Consumer Price Index.

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.

- 1 FTSE US Broad Investment-Grade (USBIG) Bond Index in fiscal year 2022.
- 2 FTSE USBIG Bond Index in fiscal years 2007-2022, 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.
- 3 The 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 49-year annualized returns as of 6/30/22 are as follows:

Fiscal Year	Annual Return	Fiscal Year	Annual Return	Annualized Returns of as of 6/30/22	
2022	9.1%	2015	0.1%	5 Years	3.9%
2021	5.4%	2014	2.1%	10 Years	2.6%
2020	0.6%	2013	1.8%	15 Years	2.4%
2019	1.6%	2012	1.7%	20 Years	2.5%
2018	2.9%	2011	3.6%	25 Years	2.5%
2017	1.6%	2010	1.1%	30 Years	2.5%
2016	1.0%	2009	(1.4%)	49 Years	4.0%

- 4 **Investment Grade Debt:** FTSE USBIG Bond Index (1981-2022), Lehman Brothers Gov/Corp Index (1974-1980). **Cash:** FTSE US 3-Month Treasury Bill Index (1974-2022). **Public Equity:** $\frac{3}{4}$ MSCI ACWI IMI + $\frac{1}{4}$ MSCI USA IMI Index (2020-2022), $\frac{3}{4}$ MSCI ACWI + $\frac{1}{4}$ 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), $\frac{3}{4}$ MSCI EAFE + $\frac{1}{4}$ MSCI EASEA Index (1997-2001), MSCI EAFE Index (1996), MSCI EAFE $\frac{1}{2}$ 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 (2014-2022), 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 & Real Estate):** FTSE US High-Yield Market Index (2003-2022). **Commodities:** S&P GSCI (2003-2015). **TIPS:** FTSE US-ILSI (2012-2015).

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

	IG Debt	Cash	Public EO & Dom / Intl	Arb	RE	PE	HY Debt	Comm	TIPS
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%

- 5 FTSE US High-Yield Cash-Pay Capped Index in fiscal years 2011-2022 and the FTSE US All BB-Rated Index in fiscal years 2007-2010.
- 6 Weighted index of FTSE 1-5 year US Treasuries, 1-3 year US BIG Credit, and 3-6 month US Treasury Bills (2019-2022), 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 (2005-2018); equal-weighted yields of the 3-month and 6-month Treasury Bills and the 1-year, 2-year, 3-year, and 5-year Treasury Bonds (1987-2004).

- 7 Composites are valued monthly and portfolio returns are weighted by using beginning-of-month fair values or weighted cash flows.
- 8 Fair values for private equity and real estate limited partnerships are adjusted in the reporting period when received by the Council.
- 9 The South Dakota Department of Legislative Audit conducted the South Dakota Investment Council fiscal year 2022 annual and interim procedures audit work for total fees of \$64,120.20.
- 10 The 1-year total fund performance results are presented net-of-fees for fiscal years 2014-2022 and gross-of-fees in prior periods.

- 11 Management fee rates (excluding profit sharing) as of June 30, 2022 in basis points (bp):

Investment Office (expected average)	10 bp
Ares European Real Estate Fund II	0 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	150 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	150 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 Asia II	125 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	75 bp
The Fourth Cinven Fund	0 bp
The Fifth Cinven Fund	0 bp
The Sixth Cinven Fund	125 bp
The Seventh Cinven Fund	150 bp
CVC European Equity Partners IV & V	0 bp
CVC European Equity Partners VII	125 bp
CVC European Equity Partners VIII	143 bp
CVI Global Value Fund A	0 bp
Cypress Merchant Banking Partners II	0 bp
Doughty Hanson & Co. IV	0 bp
EnCap Energy Capital Fund XI	150 bp
KKR European Fund II	0 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
PIMCO (tax-exempt)	18 bp
Riverstone/Carlyle Global Energy & Power Fund IV	75 bp
Riverstone Global Energy & Power Fund V	100 bp
Riverstone Global Energy & Power Fund VI	100 bp
Rockpoint Real Estate Fund IV	142 bp
Rockpoint Real Estate Fund V	131 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 Sumeru Fund	0 bp
Starwood Distressed Opportunity Fund IX Global	125 bp
Starwood Opportunity Fund X Global	100 bp
Starwood Opportunity Fund X Global - TMI	125 bp
Starwood Opportunity Fund XI Global	100 bp
Starwood Opportunity Fund XII Global	100 bp
TCW Opportunistic MBS Strategy	50 bp
Telsey Consumer Fund (embedded)	100 bp + incentive
Vanguard High-Yield Fund (embedded)	13 bp
Vanguard Real Estate Fund (embedded)	12 bp
Vanguard Total Bond Market Fund (embedded)	4 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 2001-2022), Salomon Smith Barney Treasury/GNMA Index (1985 - January 2001). **Public Equity:** $\frac{3}{4}$ MSCI ACWI IMI + $\frac{1}{4}$ MSCI USA IMI Index (2020-2022), $\frac{2}{3}$ S&P Global 1200 + $\frac{1}{3}$ S&P 500 Index (2012-2019 and 2007-2010), $\frac{2}{3}$ S&P Global 1200 Ex-Iran + $\frac{1}{3}$ S&P 500 Index (2011), $\frac{2}{3}$ MSCI ACWI + $\frac{1}{3}$ 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 & Real Estate):** FTSE US High-Yield Market Index (2010-2022 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 (2007-2022). **Real Estate:** MSCI US REIT Index (2014-2022), 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).

The 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
07/15 - 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 MSCI All Country World ex-US Index in fiscal years 2002-2004 and $\frac{3}{4}$ MSCI EAFE + $\frac{1}{4}$ MSCI EASEA Index in prior periods.

16 **Investment Grade Debt:** FTSE USBIG Bond Index (2002-2022). **Public Equity:** $\frac{3}{4}$ MSCI ACWI IMI + $\frac{1}{4}$ MSCI USA IMI Index (2020-2022), $\frac{2}{3}$ S&P Global 1200 + $\frac{1}{3}$ S&P 500 Index (2012-2019 and 2007-2010), $\frac{2}{3}$ S&P Global 1200 Ex-Iran + $\frac{1}{3}$ S&P 500 Index (2011), $\frac{2}{3}$ MSCI ACWI + $\frac{1}{3}$ 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 (2014-2022 and 2005-2006), NCREIF Property Index +1.25% (2011-2013), NCREIF Property Index (2006-2010), REIT Benchmark (2002-2004). **High Yield Debt (Corporate & Real Estate):** FTSE US High-Yield Market Index (2010-2022), FTSE US All BB-Rated Index (2002-2009). **TIPS:** FTSE US-ILSI (2007-2015). **Cash/Commodities:** FTSE US 3-Month Treasury Bill Index (2007-2022). **Private Equity:** S&P 500 (2014), S&P 500 +1.75% (2011-2013), S&P 500 +3.5% (2007-2010).

The 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
07/15 - 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 (2003-2022). **Tax-Exempt Debt:** Bloomberg Municipal 7 Year Index (2003-2022). **Public Equity:** $\frac{3}{4}$ MSCI ACWI IMI + $\frac{1}{4}$ MSCI USA IMI Index (2020-2022), $\frac{2}{3}$ S&P Global 1200 + $\frac{1}{3}$ S&P 500 Index (2012-2019 and 2007-2010), $\frac{2}{3}$ S&P Global 1200 Ex-Iran + $\frac{1}{3}$ S&P 500 Index (2011), $\frac{2}{3}$ MSCI ACWI + $\frac{1}{3}$ 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 (2014-2022 and 2005-2006), NCREIF Property Index +1.25% (2011-2013), NCREIF Property Index (2006-2010), REIT Benchmark (2003-2004). **High Yield Debt (Corporate & Real Estate):** FTSE US High-Yield Market Index (2010-2022 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 (2007-2022). **Private Equity:** S&P 500 (2014), S&P 500 +1.75% (2011-2013), S&P 500 +3.5% (2007-2010).

The 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
07/21 - 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 (2003-2022). **Public Equity:** $\frac{3}{4}$ MSCI ACWI IMI + $\frac{1}{4}$ MSCI USA IMI Index (2020-2022), $\frac{2}{3}$ S&P Global 1200 + $\frac{1}{3}$ S&P 500 Index (2012-2019 and 2007-2010), $\frac{2}{3}$ S&P Global 1200 Ex-Iran + $\frac{1}{3}$ S&P 500 Index (2011), $\frac{2}{3}$ MSCI ACWI + $\frac{1}{3}$ 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 (2014-2022 and 2005-2006), NCREIF Property Index +1.25% (2011-2013), NCREIF Property Index (2006-2010), REIT Benchmark (2003-2004). **High Yield Debt (Corporate & Real Estate):** FTSE US High-Yield Market Index (2010-2022 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 (2007-2022). **Private Equity:** S&P 500 (2014), S&P 500 +1.75% (2011-2013), S&P 500 +3.5% (2007-2010).

The 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
07/15 - 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 The SDRS Combined Internal Equity Benchmark consists of the custom S&P Global 1200 Ex-Emerging Markets, Ex-Real Estate Index starting February 2022, custom S&P Global 1200 Ex-Emerging Markets Index in fiscal years 2020-2022 through January 2022, $\frac{2}{3}$ S&P Global 1200 +

$\frac{1}{3}$ S&P 500 Index in fiscal years 2012-2019 and 2005-2010; in fiscal year 2011 the $\frac{2}{3}$ custom S&P Global 1200 Ex-Iran + $\frac{1}{3}$ S&P 500 Index was used. Prior to fiscal year 2010, the benchmark consisted of the International Equity Benchmark (MSCI ACWI ex-US Index in fiscal years 2002-2004 and $\frac{3}{4}$ MSCI EAFE + $\frac{1}{4}$ MSCI EASEA Index in fiscal years 1993-2001) and the 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 Russell 1000 Index in fiscal years 1996-2004 and S&P 500 Index in prior periods.
- 21 The 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 The Merger Benchmark was the implemented Merger index portfolio from January 1, 2011 - June 30, 2012, the Merger Custom Index from July 1, 2007 - December 31, 2010, 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 The Real Estate Benchmark consists of the MSCI US REIT Index in fiscal years 2014-2022, NCREIF Property Index + 1.25% in fiscal years 2011-2013, NCREIF Property Index in fiscal years 2002-2010, and NCREIF Classic Property Index from December 1994 - June 2001.
- 26 The Private Equity Benchmark consists of the $\frac{3}{4}$ MSCI ACWI IMI + $\frac{1}{4}$ MSCI USA IMI Index in fiscal years 2020-2022, $\frac{2}{3}$ MSCI ACWI + $\frac{1}{3}$ 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 The South Dakota Cement Plant Retirement Fund (CPRF) was consolidated into the South Dakota Retirement System (SDRS) on April 1, 2014, per SDCL 3-12C-1642. For fiscal years 1973-2013, CPRF assets are included with SDRS.
- 28 The South Dakota Cash Flow Fund assets as of June 30, 2020, June 30, 2021 and June 30, 2022 include the Coronavirus Relief Fund.
- 29 New fund with manager accruing fees and/or expenses but no capital called as of June 30, 2022.

.....



SOUTH DAKOTA INVESTMENT COUNCIL

4009 West 49th Street, Suite 300

Sioux Falls, SD 57106-3784

(605) 362-2820

<http://sdic.sd.gov>