



Preliminary Estimate FY25 Investment Performance

SOUTH DAKOTA RETIREMENT SYSTEM

SOUTH DAKOTA INVESTMENT COUNCIL

AUGUST 12, 2025

Capital Markets Benchmark

Return and Market Index Components

		<u>1st qtr</u>	<u>2nd qtr</u>	<u>3rd qtr</u>	<u>4th qtr</u>	<u>FY 2025</u>
Capital Markets Benchmark		7.1%	-1.4%	-0.5%	7.0%	12.5%
<u>Benchmark Components</u>	<u>Weights</u>					
<u>Public Equity</u>	56%					
Public Equity Benchmark*		6.5%	0.1%	-2.5%	11.8%	16.2%
<u>Real Estate</u>	12%					
MSCI US REIT Index		16.1%	-6.1%	1.1%	-1.1%	8.9%
<u>High Yield Debt</u>	7%					
FTSE US High Yield Market Index		5.3%	0.2%	0.9%	3.6%	10.4%
<u>Investment Grade Debt</u>	23%					
FTSE USBIG Bond Index		5.2%	-3.1%	2.8%	1.2%	6.1%
<u>Cash</u>	2%					
FTSE US 3-mo Treasury bills		1.4%	1.2%	1.1%	1.1%	4.9%

* 3/4 custom MSCI ACWI IMI ex Real Estate + 1/4 custom MSCI USA IMI ex Real Estate

Actual to Benchmark Allocation Comparison

Estimated June 30, 2025

	<u>Actual Asset Allocation</u>	<u>Benchmark Asset Allocation</u>	<u>Difference</u>	<u>Permissible Range</u>
Public Equity	21%	56%	-35%	20% to 75%
Real Estate - Core/REITS	0%	12%	-12%	0% to 20%
High Yield Corporate Debt	4%	7%	-3%	0% to 15%
Investment Grade Debt	13%	23%	-10%	13% to 60%
Cash	38%	2%	36%	0% to 45%
Private Equity	10%	0%	10%	0% to 12%
Opportunistic Real Estate	13%	0%	13%	0% to 15%
High Yield Real Estate Debt	0%	0%	0%	0% to 10%
Hedge Fund	1%	0%	1%	0% to 5%
Other Categories	0%	0%	0%	0% to 5%
Equity Like Risk	49.6%	70%	-20.4%	40% to 85%

Performance Attribution

Preliminary Estimate FY 2025

SDRS Total Fund Return	4.61%
Capital Markets Benchmark Return	<u>12.51%</u>
Difference	<u>-7.90%</u>

Primary Asset Allocation	
Equity-Like Risk	-3.12%
Bond-Like Risk	-0.67%
Cash-Like Risk	<u>1.46%</u>
Total Primary Asset Allocation	-2.34%

Secondary Asset Allocation	
High Yield Debt	0.02%
Real Estate	<u>-0.24%</u>
Total Secondary Asset Allocation	-0.22%

Total Asset Allocation	-2.56%
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Portfolio Added Value (Alpha)	
Public Equity	-1.88%
Investment Grade Debt	0.04%
Cash	-0.05%
High Yield Debt	-0.16%
Real Estate	-1.68%
Private Equity	-1.54%
Hedge Fund	0.05%
Short S&P 500 Futures	0.30%
Total Portfolio Added Value (Alpha)	-4.92%

Total Explained Difference	-7.47%
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Other - interperiod trading/rounding	<u>-0.43%</u>
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Total Difference	<u>-7.90%</u>
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Performance Attribution History

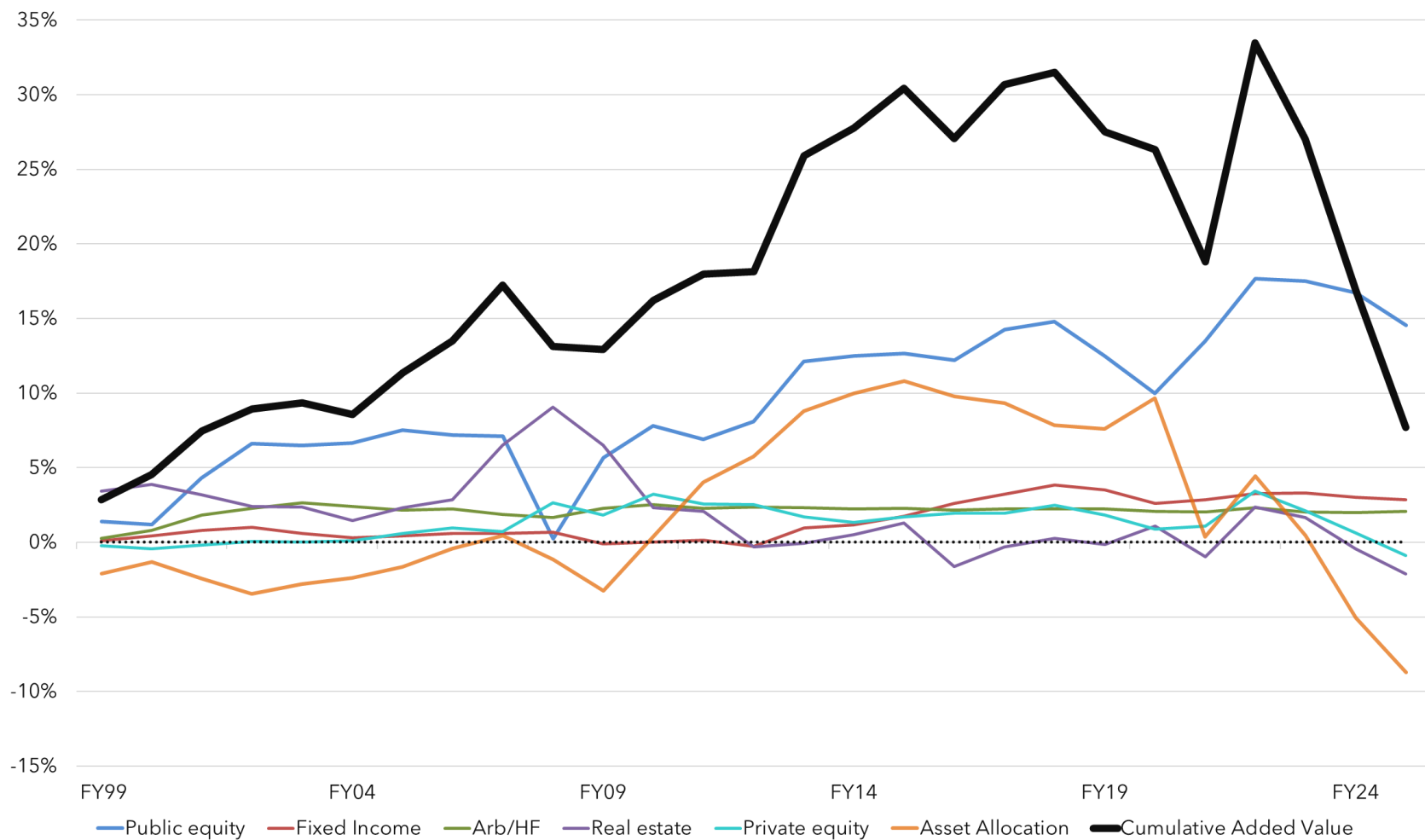
Preliminary Estimate for FY2025

	<u>FY 2025</u>	<u>FY 2024</u>	<u>FY 2023</u>	<u>FY 2022</u>	<u>FY 2021</u>	<u>5 yr Ann</u>	<u>10 yr Ann</u>	<u>20 yr Ann</u>	<u>27 yr Ann</u>
SDRS Total Return*	4.61%	6.02%	5.84%	-0.69%	22.03%	7.30%	6.44%	7.45%	7.68%
Capital Markets Return	12.51%	13.81%	10.65%	-13.02%	27.97%	9.54%	7.89%	7.30%	7.17%
Difference	-7.90%	-7.79%	-4.82%	12.33%	-5.94%	-2.24%	-1.45%	0.15%	0.50%
SDRS Total Return (Net)	4.61%	6.02%	5.84%	-0.69%	22.03%	7.30%	6.44%	7.25%	7.46%
Capital Markets Return**	12.51%	13.81%	10.65%	-13.02%	27.97%	9.54%	7.89%	7.27%	7.04%
Difference	-7.90%	-7.79%	-4.82%	12.33%	-5.94%	-2.24%	-1.45%	-0.01%	0.42%
Primary Asset Allocation									
Equity Like Risk	-3.12%	-3.74%	-3.35%	2.52%	-6.90%	-2.97%	-1.56%	-0.53%	-0.36%
Bond Like Risk	-0.67%	-0.33%	0.04%	1.19%	0.02%	0.05%	-0.16%	-0.20%	-0.20%
Cash Like Risk	1.46%	1.64%	1.04%	0.05%	0.02%	0.84%	0.55%	0.28%	0.20%
Total Primary Asset Alloc	-2.34%	-2.43%	-2.27%	3.76%	-6.86%	-2.09%	-1.15%	-0.45%	-0.35%
Secondary Asset Allocation									
High Yield Debt	0.02%	0.03%	0.00%	0.02%	-0.02%	0.01%	0.04%	0.12%	0.11%
Real Estate	-0.24%	-0.36%	-0.62%	0.24%	-0.01%	-0.20%	-0.08%	-0.06%	-0.10%
Total Secondary Asset Alloc	-0.22%	-0.34%	-0.63%	0.26%	-0.03%	-0.20%	-0.06%	0.09%	-0.02%
Total Asset Allocation	-2.56%	-2.77%	-2.90%	4.02%	-6.89%	-2.29%	-1.21%	-0.36%	-0.37%
Portfolio Added Value									
Public Equity	-1.88%	-0.66%	-0.13%	3.68%	3.17%	0.81%	0.17%	0.32%	0.52%
Investment Grade Debt	0.04%	0.01%	-0.08%	0.08%	-0.17%	-0.02%	0.00%	0.03%	0.05%
Cash	-0.05%	-0.07%	0.10%	0.02%	-0.01%	0.00%	-0.01%	0.00%	0.00%
High Yield Debt	-0.16%	-0.19%	0.00%	0.32%	0.42%	0.08%	0.12%	0.09%	0.05%
Real Estate	-1.68%	-2.06%	-0.69%	3.35%	-2.02%	-0.64%	-0.34%	-0.22%	-0.21%
Private Equity	-1.54%	-1.42%	-1.28%	2.32%	0.18%	-0.36%	-0.26%	-0.08%	-0.03%
Hedge Fund	0.05%	-0.03%	-0.27%	0.29%	-0.05%	0.00%	-0.02%	0.01%	0.00%
Short S & P 500 Futures	0.30%	-0.41%	-0.15%	-1.50%	0.16%	-0.32%	-0.38%	-0.23%	-0.20%
Total Portfolio Alpha difference	-4.92%	-4.82%	-2.49%	8.56%	1.68%	-0.46%	-0.72%	-0.10%	0.26%
Other	-0.42%	-0.19%	0.57%	-0.25%	-0.73%	0.51%	0.48%	0.44%	0.53%
Total Difference	-7.90%	-7.79%	-4.82%	12.33%	-5.94%	-2.24%	-1.45%	-0.01%	0.42%

* Net FY 2014-25, Gross pre-FY 2014

** Net applies current benchmark methodology to pre-FY 2014

Many Pistons Contribute Cumulative Added Value by Source (Est for FY25)



Comparison to Peer Universes

Preliminary Estimate for FY25

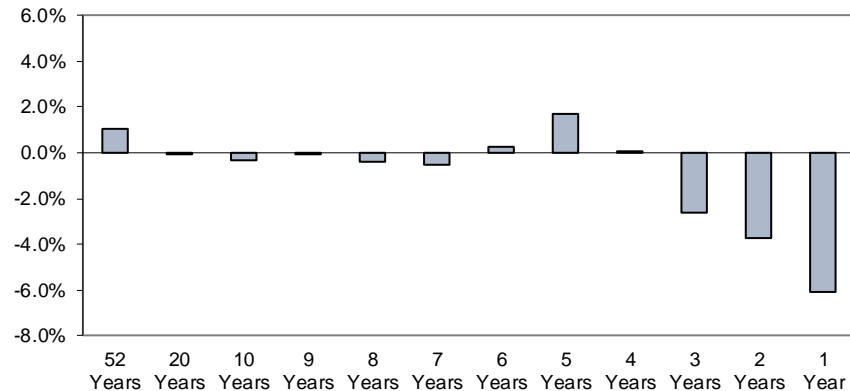
Annualized Returns

	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>30 Year</u>
SDRS (gross)	4.96%	5.71%	7.72%	6.85%	8.66%
Wilshire TUCS (gross)	N/A	N/A	N/A	N/A	N/A
SDRS (net)	4.61%	5.31%	7.30%	6.44%	8.29%
State Pension Peers (net)	N/A	N/A	N/A	N/A	N/A

Internal Large-Cap Equity Return Comparison (unaudited)

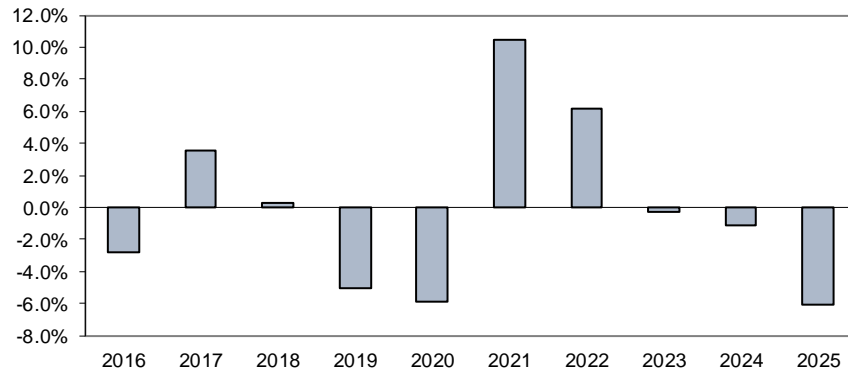
Annualized Returns

	<u>SDRS Internal Large-Cap Equity</u>	<u>Benchmark</u>	<u>Over/Under Performance</u>
52 Years	11.65%	10.62%	1.03%
20 Years	9.50%	9.55%	-0.05%
10 Years	11.47%	11.81%	-0.33%
9 Years	13.20%	13.21%	-0.01%
8 Years	12.08%	12.51%	-0.43%
7 Years	11.99%	12.51%	-0.52%
6 Years	13.54%	13.26%	0.28%
5 Years	17.12%	15.40%	1.72%
4 Years	10.15%	10.11%	0.05%
3 Years	16.34%	18.93%	-2.59%
2 Years	14.69%	18.41%	-3.72%
1 Year	9.80%	15.92%	-6.12%



Yearly Returns

	<u>SDRS Internal Large-Cap Equity</u>	<u>Benchmark</u>	<u>Over/Under Performance</u>
2016	-2.89%	-0.08%	-2.81%
2017	22.50%	18.96%	3.54%
2018	12.75%	12.50%	0.25%
2019	3.10%	8.11%	-5.01%
2020	-2.76%	3.18%	-5.94%
2021	49.66%	39.21%	10.45%
2022	-6.50%	-12.63%	6.13%
2023	19.70%	19.98%	-0.28%
2024	19.80%	20.95%	-1.15%
2025	9.80%	15.92%	-6.12%



Equity Composite History

1973 - 1991 is domestic equity only

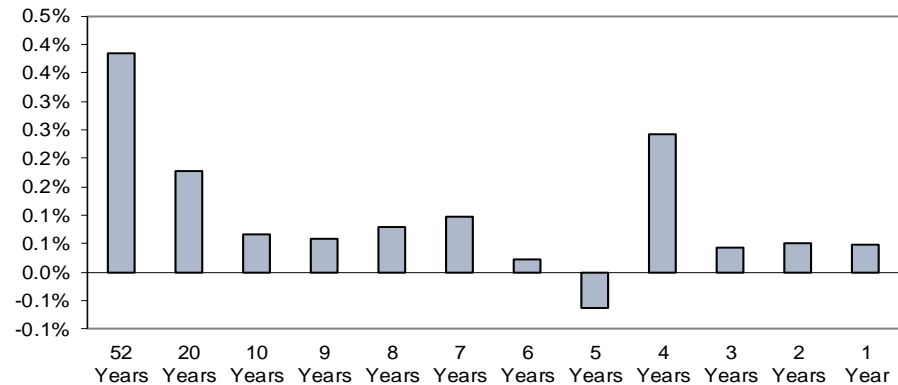
1992 - 2005 is a combined domestic and international composite

2005 - 2025 internal public global equity (small/mid, gem and high quality not included)

Internal Investment Grade Debt Return Comparison (unaudited)

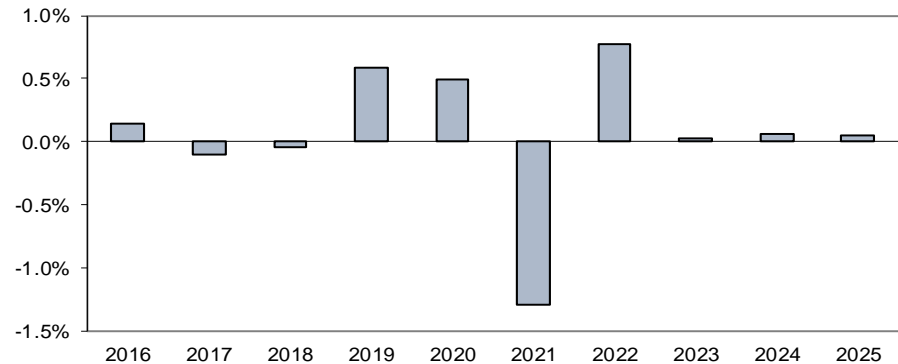
	<u>SDRS</u> <u>IG Debt</u>	<u>Benchmark</u>	<u>Over/Under</u> <u>Performance</u>
52 Years	7.02%	6.63%	0.39%
20 Years	3.40%	3.22%	0.18%
10 Years	1.83%	1.76%	0.07%
9 Years	1.36%	1.30%	0.06%
8 Years	1.58%	1.50%	0.08%
7 Years	1.88%	1.79%	0.10%
6 Years	0.82%	0.80%	0.02%
5 Years	-0.82%	-0.76%	-0.06%
4 Years	-0.65%	-0.90%	0.24%
3 Years	2.59%	2.55%	0.04%
2 Years	4.41%	4.36%	0.05%
1 Year	6.14%	6.09%	0.05%

Annualized Returns



	<u>SDRS</u> <u>IG Debt</u>	<u>Benchmark</u>	<u>Over/Under</u> <u>Performance</u>
2016	6.12%	5.98%	0.14%
2017	-0.39%	-0.28%	-0.11%
2018	-0.49%	-0.45%	-0.05%
2019	8.49%	7.91%	0.58%
2020	9.46%	8.96%	0.49%
2021	-1.50%	-0.21%	-1.29%
2022	-9.78%	-10.55%	0.77%
2023	-0.95%	-0.97%	0.02%
2024	2.71%	2.66%	0.05%
2025	6.14%	6.09%	0.05%

Yearly Returns



Fixed Income - History

1973 - 2006 is investment grade & high yield managed together

2007 - 2010 is 80% investment grade portfolio + 20% high yield portfolio

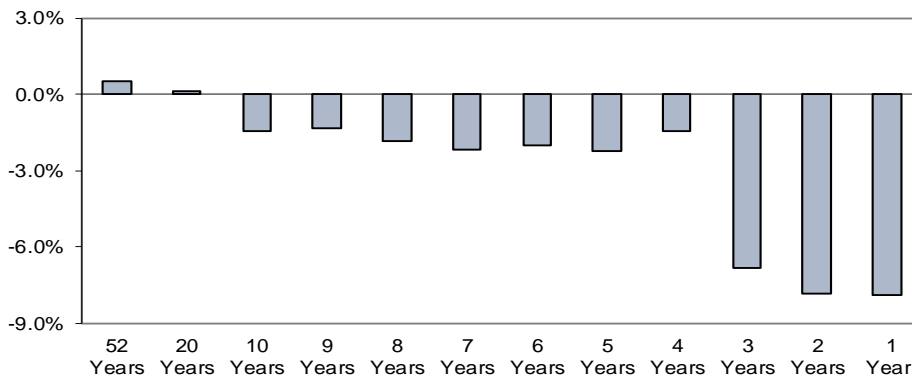
2011 - 2025 is investment grade portfolio only

Total Fund Return Comparison

Preliminary Estimate for FY 2025

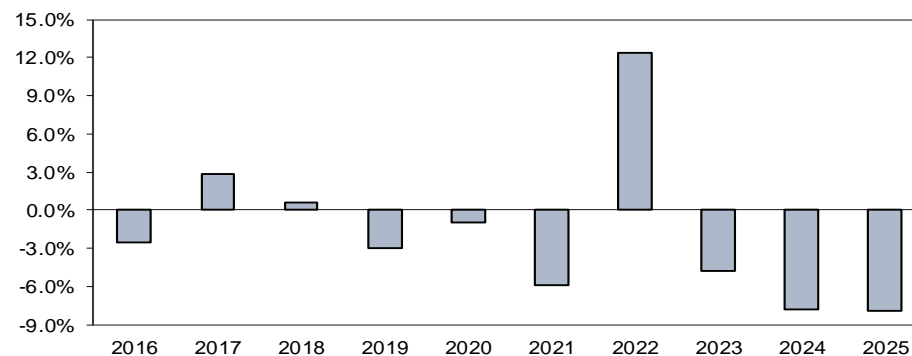
Annualized Returns

	SDRS <u>Total Fund</u>	SDRS Capital Markets <u>Benchmark</u>	<u>Over/Under</u> <u>Performance</u>
52 Years	9.78%	9.24%	0.55%
20 Years	7.45%	7.30%	0.15%
10 Years	6.44%	7.89%	-1.45%
9 Years	7.15%	8.47%	-1.32%
8 Years	6.35%	8.16%	-1.81%
7 Years	6.12%	8.28%	-2.16%
6 Years	6.33%	8.34%	-2.01%
5 Years	7.30%	9.54%	-2.24%
4 Years	3.91%	5.36%	-1.46%
3 Years	5.49%	12.31%	-6.83%
2 Years	5.31%	13.16%	-7.84%
1 Year	4.61%	12.51%	-7.90%



Yearly Returns

	SDRS <u>Total Fund</u>	SDRS Capital Markets <u>Benchmark</u>	<u>Over/Under</u> <u>Performance</u>
2016	0.30%	2.88%	-2.59%
2017	13.81%	10.96%	2.85%
2018	7.94%	7.33%	0.61%
2019	4.88%	7.91%	-3.03%
2020	1.59%	2.52%	-0.93%
2021	22.03%	27.97%	-5.94%
2022	-0.69%	-13.02%	12.33%
2023	5.84%	10.65%	-4.82%
2024	6.02%	13.81%	-7.79%
2025	4.61%	12.51%	-7.90%



Total Fund Return History

1973 - 2013 is gross-of-fees

2014 - 2025 is net-of-fees

NOTE: 2025 annual and all annualized SDRS Total Fund returns are preliminary estimates.