



# Final Fiscal Year 2025 Investment Performance (unaudited)

**SOUTH DAKOTA RETIREMENT SYSTEM**

**SOUTH DAKOTA INVESTMENT COUNCIL**

AUGUST 25, 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>
<b>Capital Markets Benchmark</b>		7.1%	-1.4%	-0.5%	7.0%	12.5%
<b><u>Benchmark Components</u></b>	<b><u>Weights</u></b>					
<b><u>Public Equity</u></b>	<b>56%</b>					
Public Equity Benchmark*		6.5%	0.1%	-2.5%	11.8%	16.2%
<b><u>Real Estate</u></b>	<b>12%</b>					
MSCI US REIT Index		16.1%	-6.1%	1.1%	-1.1%	8.9%
<b><u>High Yield Debt</u></b>	<b>7%</b>					
FTSE US High Yield Market Index		5.3%	0.2%	0.9%	3.6%	10.4%
<b><u>Investment Grade Debt</u></b>	<b>23%</b>					
FTSE USBIG Bond Index		5.2%	-3.1%	2.8%	1.2%	6.1%
<b><u>Cash</u></b>	<b>2%</b>					
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

## June 30, 2025

	<b><u>Actual Asset Allocation</u></b>	<b><u>Benchmark Asset Allocation</u></b>	<b><u>Difference</u></b>	<b><u>Permissible Range</u></b>
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	37%	2%	35%	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	50.1%	70%	-19.9%	40% to 85%

# Performance Attribution

Fiscal Year 2025

<b>SDRS Total Fund Return</b>	<b>5.45%</b>
Capital Markets Benchmark Return	<u>12.51%</u>
Difference	<u><b>-7.06%</b></u>

## Primary Asset Allocation

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

## Secondary Asset Allocation

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

<b>Total Asset Allocation</b>	<b>-2.56%</b>
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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	-1.44%
Private Equity	-0.96%
Hedge Fund	0.05%
Short S&P 500 Futures	0.30%

<b>Total Portfolio Added Value (Alpha)</b>	<b>-4.10%</b>
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<b>Total Explained Difference</b>	<b>-6.66%</b>
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Other - interperiod trading/rounding	<u>-0.40%</u>
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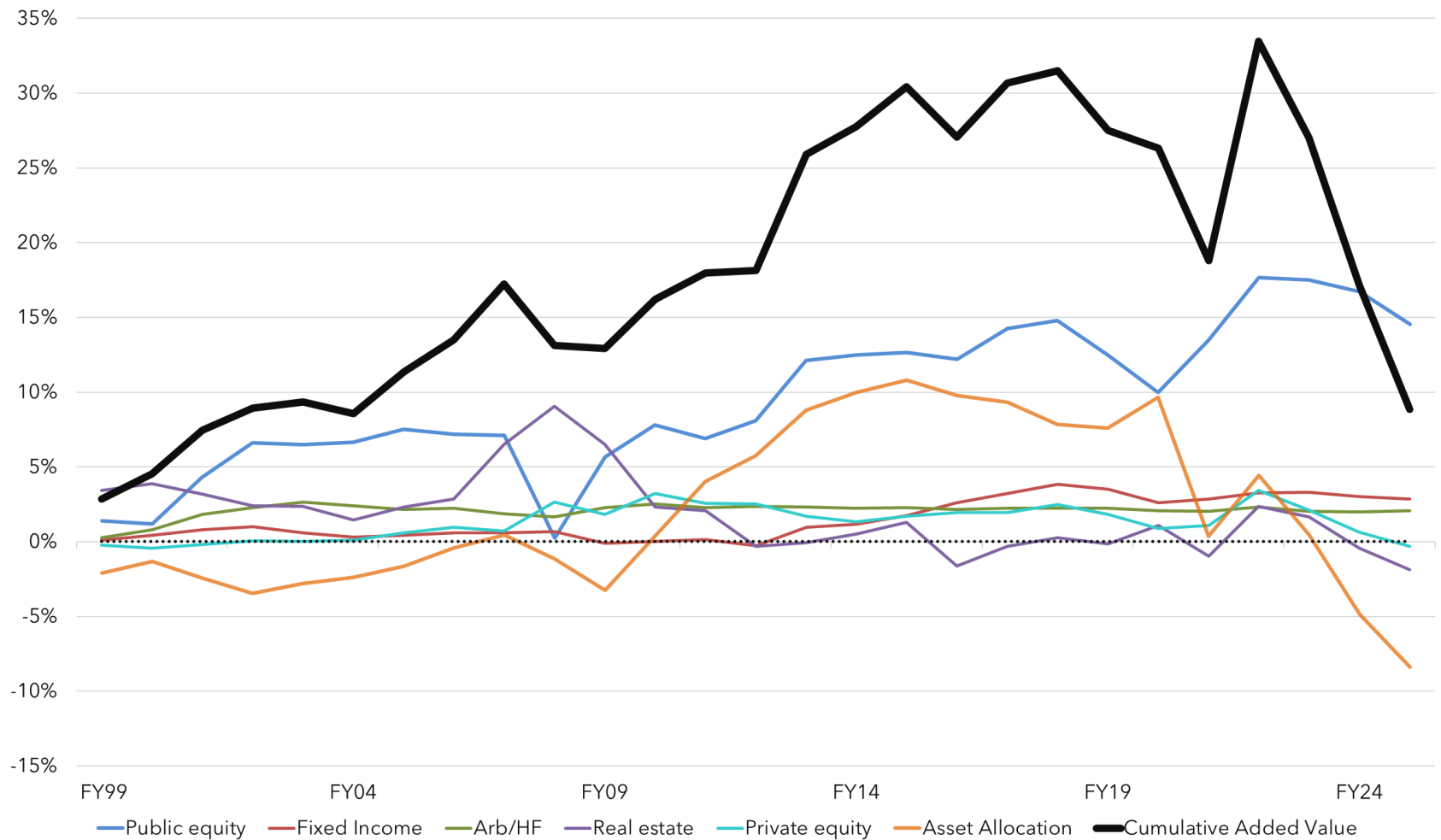
<b>Total Difference</b>	<b>-7.06%</b>
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# Performance Attribution History

	<u>FY25</u>	<u>FY24</u>	<u>FY23</u>	<u>FY22</u>	<u>FY21</u>	<u>5 yr Ann</u>	<u>10 yr Ann</u>	<u>15 yr Ann</u>	<u>20 yr Ann</u>	<u>27 yr Ann</u>
<b>SDRS Total Return*</b>	5.45%	6.02%	5.84%	-0.69%	22.03%	7.47%	6.53%	8.86%	7.49%	7.41%
Capital Markets Return	<u>12.51%</u>	<u>13.81%</u>	<u>10.65%</u>	<u>-13.02%</u>	<u>27.97%</u>	<u>9.54%</u>	<u>7.89%</u>	<u>8.91%</u>	<u>7.30%</u>	<u>6.90%</u>
Difference	<b>-7.06%</b>	<b>-7.79%</b>	<b>-4.82%</b>	<b>12.33%</b>	<b>-5.94%</b>	<b>-2.06%</b>	<b>-1.36%</b>	<b>-0.05%</b>	<b>0.19%</b>	<b>0.51%</b>
<b>Primary Asset Allocation</b>										
Equity Like Risk	-3.12%	-3.74%	-3.35%	2.52%	-6.90%	-2.97%	-1.56%	-0.65%	-0.53%	-0.36%
Bond Like Risk	-0.67%	-0.33%	0.04%	1.19%	0.02%	0.05%	-0.16%	-0.16%	-0.20%	-0.20%
Cash Like Risk	<u>1.46%</u>	<u>1.64%</u>	<u>1.04%</u>	<u>0.05%</u>	<u>0.02%</u>	<u>0.84%</u>	<u>0.55%</u>	<u>0.37%</u>	<u>0.28%</u>	<u>0.20%</u>
Total Primary Asset Alloc	-2.34%	-2.43%	-2.27%	3.76%	-6.86%	-2.09%	-1.15%	-0.93%	-0.45%	-0.35%
<b>Secondary Asset Allocation</b>										
High Yield Debt	0.02%	0.03%	0.00%	0.02%	-0.02%	0.01%	0.04%	0.05%	0.12%	0.09%
Real Estate	<u>-0.24%</u>	<u>-0.36%</u>	<u>-0.62%</u>	<u>0.24%</u>	<u>-0.01%</u>	<u>-0.20%</u>	<u>-0.08%</u>	<u>0.05%</u>	<u>-0.06%</u>	<u>-0.10%</u>
Total Secondary Asset Alloc	-0.22%	-0.34%	-0.63%	0.26%	-0.03%	-0.20%	-0.06%	0.07%	0.09%	-0.02%
<b>Total Asset Allocation</b>	<b>-2.56%</b>	<b>-2.77%</b>	<b>-2.90%</b>	<b>4.02%</b>	<b>-6.89%</b>	<b>-2.29%</b>	<b>-1.21%</b>	<b>-0.86%</b>	<b>-0.36%</b>	<b>-0.37%</b>
<b>Portfolio Added Value</b>										
Public Equity	-1.88%	-0.66%	-0.13%	3.68%	3.17%	0.81%	0.17%	0.40%	0.32%	0.52%
Investment Grade Debt	0.04%	0.01%	-0.08%	0.08%	-0.17%	-0.02%	0.00%	0.01%	0.03%	0.05%
Cash	-0.05%	-0.07%	0.10%	0.02%	-0.01%	0.00%	-0.01%	-0.01%	0.00%	0.00%
High Yield Debt	-0.16%	-0.19%	0.00%	0.32%	0.42%	0.08%	0.12%	0.18%	0.09%	0.05%
Real Estate	-1.44%	-2.06%	-0.69%	3.35%	-2.02%	-0.59%	-0.32%	-0.28%	-0.21%	-0.20%
Private Equity	-0.96%	-1.42%	-1.28%	2.32%	0.18%	-0.24%	-0.20%	-0.23%	-0.05%	-0.01%
Hedge Fund	0.05%	-0.03%	-0.27%	0.29%	-0.05%	0.00%	-0.02%	0.00%	0.01%	0.00%
Short S & P 500 Futures	<u>0.30%</u>	<u>-0.41%</u>	<u>-0.15%</u>	<u>-1.50%</u>	<u>0.16%</u>	<u>-0.32%</u>	<u>-0.38%</u>	<u>-0.31%</u>	<u>-0.23%</u>	<u>-0.20%</u>
Total Portfolio Alpha difference	<b>-4.10%</b>	<b>-4.82%</b>	<b>-2.49%</b>	<b>8.56%</b>	<b>1.68%</b>	<b>-0.29%</b>	<b>-0.64%</b>	<b>-0.26%</b>	<b>-0.05%</b>	<b>0.29%</b>
Other	-0.40%	-0.19%	0.57%	-0.25%	-0.73%	0.51%	0.49%	1.07%	0.60%	0.59%
<b>Total Difference</b>	<b>-7.06%</b>	<b>-7.79%</b>	<b>-4.82%</b>	<b>12.33%</b>	<b>-5.94%</b>	<b>-2.06%</b>	<b>-1.36%</b>	<b>-0.05%</b>	<b>0.19%</b>	<b>0.51%</b>

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

# Many Pistons Contribute Cumulative Added Value by Source



# Comparison to Peer Universes

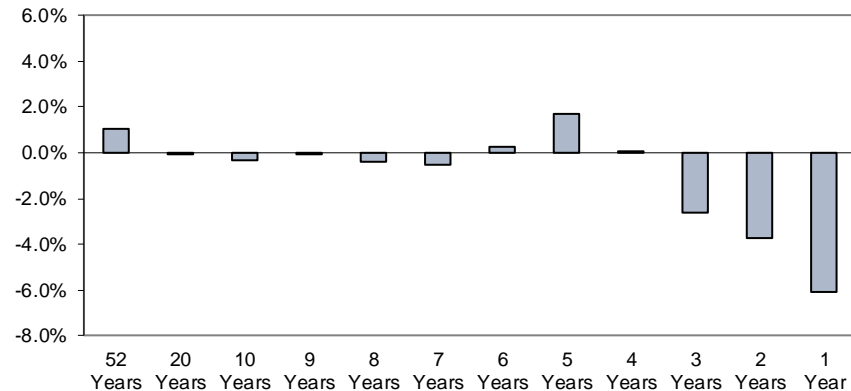
## Annualized Returns

	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>30 Year</u>
<b>SDRS (gross)</b>	<b>5.82%</b>	<b>6.20%</b>	<b>7.89%</b>	<b>6.93%</b>	<b>8.69%</b>
Wilshire TUCS (gross)	10.48%	9.65%	9.05%	7.68%	N/A
<b>SDRS (net)</b>	<b>5.45%</b>	<b>5.77%</b>	<b>7.47%</b>	<b>6.53%</b>	<b>8.32%</b>
State Pension Peers (net)	10.58%	9.31%	9.92%	8.12%	7.83%

# Internal Large-Cap Equity Return Comparison

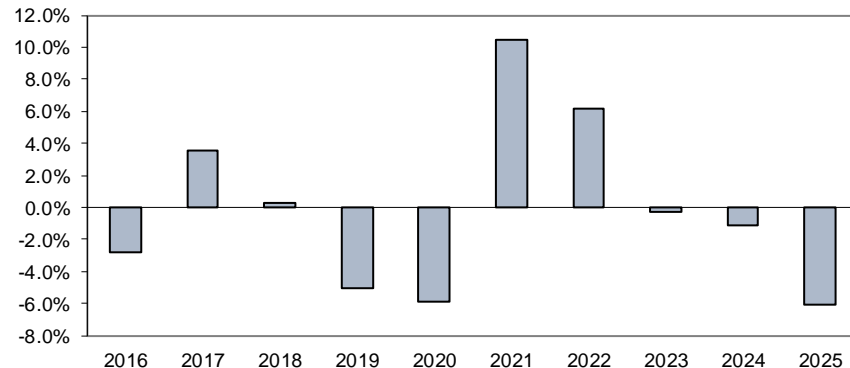
## Annualized Returns

	<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

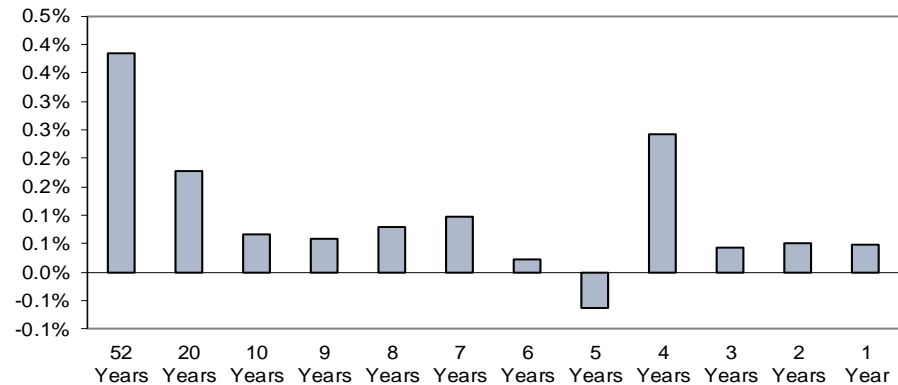
2005 - 2025 internal public global equity (small/mid, gem and high quality not included)



# Internal Investment Grade Debt Return Comparison

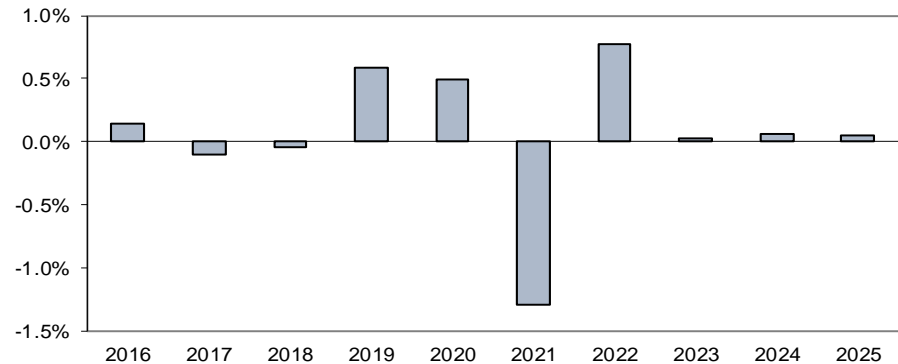
	<u>SDRS IG Debt</u>	<u>Benchmark</u>	<u>Over/Under Performance</u>
52 Years	7.02%	6.63%	0.39%
20 Years	3.40%	3.22%	0.18%
10 Years	1.83%	1.76%	0.07%
9 Years	1.36%	1.30%	0.06%
8 Years	1.58%	1.50%	0.08%
7 Years	1.88%	1.79%	0.10%
6 Years	0.82%	0.80%	0.02%
5 Years	-0.82%	-0.76%	-0.06%
4 Years	-0.65%	-0.90%	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 IG Debt</u>	<u>Benchmark</u>	<u>Over/Under 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

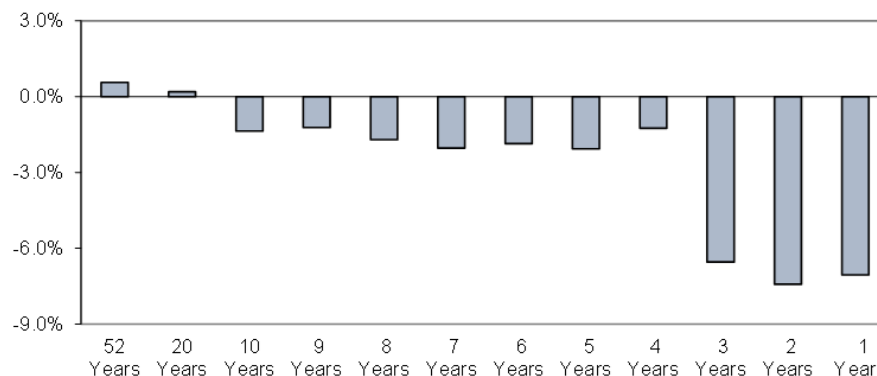
2007 - 2010 is 80% investment grade portfolio + 20% high yield portfolio

2011 - 2025 is investment grade portfolio only

# Total Fund Return Comparison

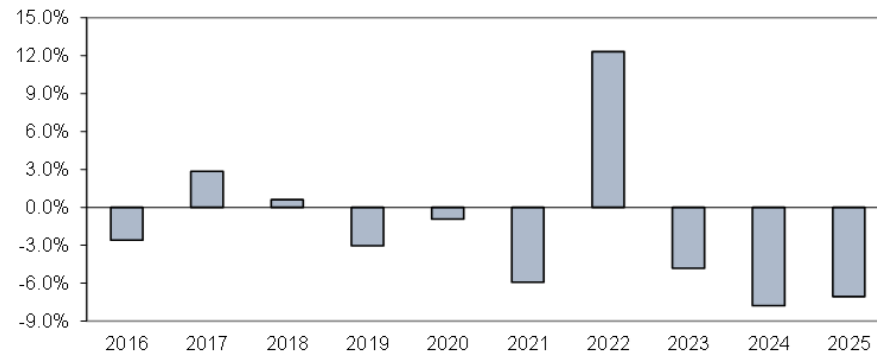
## Annualized Returns

	SDRS Total Fund	SDRS Capital Markets Benchmark	Over/Under Performance
52 Years	9.80%	9.24%	0.56%
20 Years	7.49%	7.30%	0.19%
10 Years	6.53%	7.89%	-1.36%
9 Years	7.25%	8.47%	-1.22%
8 Years	6.45%	8.16%	-1.71%
7 Years	6.24%	8.28%	-2.03%
6 Years	6.47%	8.34%	-1.87%
5 Years	7.47%	9.54%	-2.06%
4 Years	4.12%	5.36%	-1.25%
3 Years	5.77%	12.31%	-6.55%
2 Years	5.74%	13.16%	-7.42%
1 Year	5.45%	12.51%	-7.06%



## Yearly Returns

	SDRS Total Fund	SDRS Capital Markets Benchmark	Over/Under Performance
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	5.45%	12.51%	-7.06%



Total Fund Return History  
1973 - 2013 is gross-of-fees  
2014 - 2025 is net-of-fees