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MEMORANDUM

TO: South Dakota Investment Council

FROM: Samantha Rains, CPA
Senior Investment Accountant

Matthew L. Clark, CFA
State Investment Officer

DATE: March 22, 2022

RE: Iran Scrutinized Companies List

The Iran divestment law (SDCL 4-5-48 to 4-5-60) went into effect on July 1, 2010. The Council utilizes a public list provided by Florida to determine the South Dakota list of Iran scrutinized companies.

Florida has not updated their Iran scrutinized companies list since December 20, 2021. The Council included the changes noted in the last Florida report during the February 3, 2022 Council meeting.

SDCL 4-5-57 allows SDRS to invest indirectly in companies on the list through pooled funds. SDRS has about 0.5% of total fund assets invested in a pooled fund managed by Dimensional Fund Advisors (DFA) which at times has held companies on the list. DFA has been informed of the law and their response is on file. SDRS is less than 1% of the DFA pooled fund.

Staff continues to monitor changes to the Federal sanctions law, or its application, to determine the effect on the South Dakota Iran scrutinized companies list.

STAFF RECOMMENDATION: *Staff recommends no changes to the South Dakota Iran scrutinized companies list during the April 7, 2022 Council meeting.*