

South Dakota Investment Council Staff

Personal Investing Guidelines

A. Transactions subject to Code of Ethics and Conduct

All personal transactions are subject to the South Dakota Investment Council (SDIC) Staff Code of Ethics and Conduct.

B. Transactions exempt from the Personal Investing Guidelines

Transactions in the following categories are exempt from the personal investing guidelines and are not subject to preapproval or reporting requirements. These exemptions take precedence over all other sections of the Personal Investing Guidelines.

- (1) Certificates of deposit and traditional savings accounts.
- (2) Treasuries, broadly diversified mutual funds, and broadly diversified ETFs, except in the event of an imminent asset allocation (AA) move about which the employee is aware, as described in section E.(1). Some examples of broadly diversified mutual funds include multi-industry US stock funds, multi-industry stock funds focused on multiple countries, high yield bond funds, and municipal bond funds.
- (3) Regularly scheduled deposits into or withdrawals from mutual funds, 457s, 401Ks, 529s, or similar options are exempt, as well as withdrawals from college saving programs used to pay for college expenses. This exemption does not apply to larger than the regularly scheduled amounts, such as a larger initial deposit amount or a later additional lump sum amount, but such deposits or withdrawals may be exempt under another exemption provision.
- (4) Involuntary receipt of securities, including initial public offerings, such as by inheritance or in relation to a spouse employee stock plan or spouse employer going public.
- (5) Transactions in relation to volunteer activities, subject to section J.

C. Prohibited transactions

- (1) Initial public offerings are prohibited.
- (2) Investment in a security or related derivative is prohibited if the company is designated by the State Investment Officer as prohibited due to an SDIC relationship that may be material to such company. The list of prohibited companies may be obtained from the Business Manager and is posted on OneNote. The prohibition does not apply to mutual funds or ETFs that may include an investment in the designated company.

D. Temporarily prohibited transactions

- (1) Transaction in a security or related derivative is prohibited on the day of an SDIC transaction in the security or within seven calendar days before it is reasonably anticipated that the SDIC is likely to trade the security. Reasonable good faith efforts must be made to ascertain actual and potential SDIC activity by following the "Procedures for Requesting Prior Approval for a Personal Transaction" as posted on OneNote.

- (2) Sale of a security or related derivative is prohibited within 60 calendar days of purchase if the SDIC transacted in the security during the time the security was held by the individual within the sixty-day period. Tender of securities due to a corporate action, sale of involuntarily received securities as defined in section B.(4), or donation of securities to charity are exempt from this restriction, however, preapproval and reporting requirements still apply.

E. Transactions subject to prior approval by State Investment Officer (or designee)

- (1) Preapproval is required for transactions in any security or fund, such as bonds, stocks, derivatives, mutual funds, ETFs, etc., including 457s, 529s, 401Ks, or similar options, which could benefit from an expected imminent SDIC AA move about which the staff member is aware. An imminent AA move is defined as being within 1% of a predetermined price level where an AA move is anticipated, or if discussion of an imminent AA move is underway, including rebalancing trades. Consideration of approval will be principally based on the reasons for the timing of the personal transaction, the expected likelihood of an SDIC AA move, and whether the individual is involved in the SDIC allocation decision. Any such approved transactions shall be reported.
- (2) Preapproval is required for transactions in individual stocks or derivatives on an individual stock and private placement investments. Industry specific or non-U.S. country specific focused mutual funds and ETFs do not require preapproval unless they are listed on the restricted list maintained by the Business Manager and posted on OneNote, but they are subject to the reporting requirements. Donation of securities to charity or tender of securities in relation to a merger do not require preapproval but are subject to reporting requirements as described in section H.(1).
- (3) Request for prior approval shall be submitted to the State Investment Officer or an appointed designee. The request shall be submitted by email with a cc to the Business Manager and to the State Investment Officer if the request was submitted to a designee. Approval or denial shall be provided by email by the State Investment Officer or designee with a cc to the Business Manager and to the State Investment Officer if the response was provided by a designee. The Business Manager will maintain a record of the emails for documentation of preapproval of any reported transactions and will cross reference with transaction confirmations as a check that transaction confirmations are provided.

F. Transactions in which you have a beneficial interest but not significant influence

If the employee has a known beneficial interest or benefits from the profits from an account which has transactions, but does not have significant influence regarding transaction decisions, the employee must either:

- (1) Obtain cooperation of the decision-maker over the account to comply via the employee with the prohibited and temporarily prohibited transaction requirements and the approval and reporting requirements; or
- (2) Follow alternative procedure whereby they, (a) report to the extent known the existence of the account, value, and nature of transactions in the account; (b) assert in the report that they will avoid potential conflicts by abstaining from influencing account decision-maker on transaction decisions, including but not limited to, abstaining from discussing with account decision-maker any transactions in the account and any SDIC actual or anticipated investment activity; and (c) comply

with transactions reporting requirement to the extent the information is known by the employee, and respond in good faith to questions of the Investment Officer to facilitate assessment of the effectiveness and reasonableness of procedures in avoiding conflicts. Preapproval is not required for alternative procedure F.(2).

G. Transactions of others that you encourage or influence

- (1) Encouragement of, or intent to influence, transactions of others (such as friends or relatives), except in the case of volunteer involvement as described in section J., is prohibited if the transaction would be a prohibited or temporarily prohibited transaction were the transaction by the employee.
- (2) If the degree of influence relating to the transaction of another is sufficiently significant that the employee would substantially direct the transaction, the employee must abide by the prohibited and temporarily prohibited transaction requirements and follow the approval and reporting requirements as if the transaction was by the employee.

H. Transactions reporting requirements

- (1) All transactions, except exempt transactions described in section B., must be reported within five business days, or as soon as practical, to the Business Manager.
- (2) Transaction reports shall include whether the transaction was a purchase or sale, the name of the security or fund, date, price, shares or units, dollar amount of the transaction, brokerage firm used, amount of commission, and whether preapproval was received.
- (3) All personnel will direct their brokers to supply to the Business Manager, on a timely basis, duplicate copies of confirmations for reportable transactions. If duplicate confirmations cannot be provided by the broker, the employee is responsible for providing a copy.
- (4) At the initiation of employment and anytime thereafter if requested, all personnel will disclose to the State Investment Officer any investments in individual securities, industry focused ETFs, and industry focused mutual funds, as well as any other investment vehicles that could reasonably be envisioned to involve potential conflicts with the SDIC Staff Code of Ethics and Conduct.
- (5) The Business Manager will review reported transactions with the State Investment Officer and will compile into an annual personal transactions report to the SDIC Audit Committee Chair. The report will also delineate any violations and the remedial actions taken. The report will be made available to the auditors who may also request information about personal transactions during the year. The report shall otherwise remain confidential due to the inclusion of personal employee information.

I. Family member/significant other employed in investment industry

If any family member/significant other living in your household is employed in the investment industry, written disclosure to the State Investment Officer of such employment is required.

J. Volunteer involvement with other organizations' investment activities

Prior approval from the State Investment Officer is required for involvement on a volunteer basis in the investment activities of non-profit or local government entities to ensure the interests of the SDIC

are not compromised. On-going communication with the State Investment Officer on the volunteer involvement is required. The employee shall make a good-faith effort to apply a standard of fairness to any conflicts between such volunteer activities and the interests of the SDIC.

K. Unusual or hardship circumstances

Unusual or hardship circumstances should be discussed with the State Investment Officer to determine the proper application of the SDIC Staff Personal Investing Guidelines or whether any exceptions are appropriate. In the event of any granted exceptions, the Chair of the SDIC Audit Committee will be promptly notified.

L. Reporting of violations

Any suspected violation of these Personal Investing Guidelines should be promptly reported to the State Investment Officer and the Business Manager or the Chair of the SDIC Audit Committee, if the State Investment Officer is involved. If the transaction violates any laws or state policies, refer to the reporting guidelines in the "Code of Ethics and Conduct".

M. Disgorgement of profits from violations

Any profit from transactions in violation of these Personal Investing Guidelines shall be disgorged to the Feeding South Dakota charity or another charity as mutually agreed with the State Investment Officer. A confirmation must be provided.

N. Annual certification

All personnel will be required to annually certify their understanding of and compliance with the SDIC Staff Personal Investing Guidelines. The Business Manager will report to the State Investment Officer, the Chair of the Audit Committee, and the Department of Legislative Audit as to the receipt of such employee certifications.

O. Questions about the Personal Investing Guidelines

Any questions about the SDIC Staff Personal Investing Guidelines or unusual circumstances that could potentially violate the guidelines should be directed to the State Investment Officer. If the State Investment Officer is unavailable and immediate attention is warranted, questions should be directed to a designee authorized to preapprove transactions.