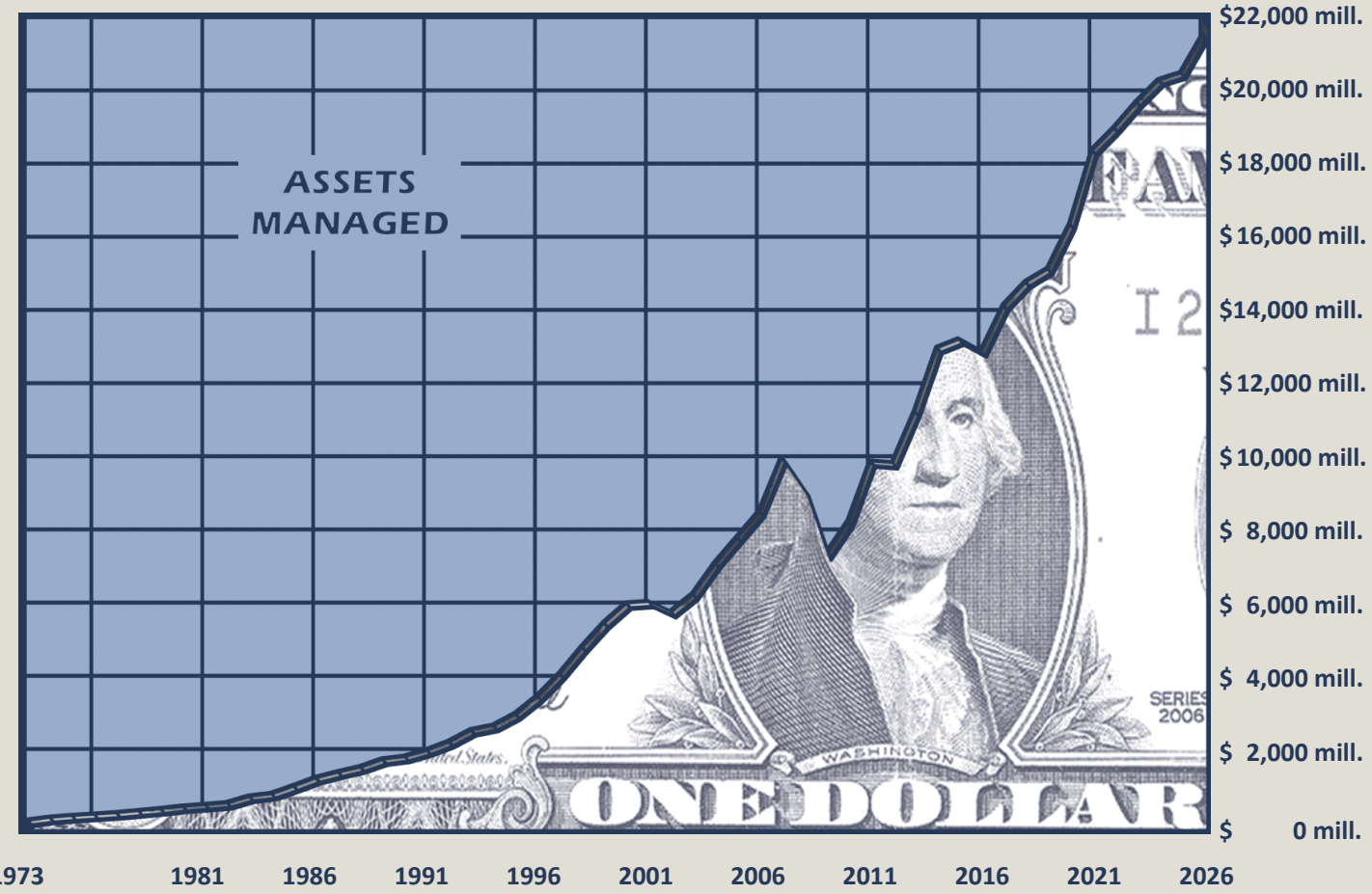
THE SOUTH DAKOTA INVESTMENT COUNCIL



Annual Report
Fiscal Year 2026

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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 the South Dakota Investment Council Audit Reports.

The Financial Statements with Auditor's Report for South Dakota Retirement System can be found at the South Dakota Retirement System Audit Reports.

All financial values in this report are expressed in US Dollars ($) unless otherwise noted.

Past performance is no guarantee of future results.

Transmittal Letter

TO THE GOVERNOR, LEGISLATURE, AND PEOPLE OF SOUTH DAKOTA:

The Annual Report of the South Dakota Investment Council (Council) 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 2026 performance and discusses the Council's long-term approach, future return expectations, importance of low costs, and productive working relationships with the Legislature, Executive Branch, and others.

FISCAL YEAR 2026 PERFORMANCE

The time-weighted rate of return net-of-fees for the South Dakota Retirement System (SDRS) was 10.6% for fiscal year 2026. This was less than the Council's Capital Markets Benchmark (CMB) return of 17.7%. Overall results were materially impacted by less exposure to equities and underperformance of real estate and private equity limited partnerships. Internal public equities were a meaningful positive contributor.

The time-weighted rates of return net-of-fees for the trust funds were: School and Public Lands 9.0%, Dakota Cement Trust 8.2%, Education Enhancement Trust 8.7%, and Health Care Trust 9.3%. The South Dakota Cash Flow Fund proration rate was 4.17%.

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 over 107,000 members. Added value for the trust funds and Cash Flow Fund can provide additional revenue 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 result is favorable or unfavorable, it is important to be mindful that the Council invests for the long term. Decisions made in one year may impact performance several years down the road.

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.

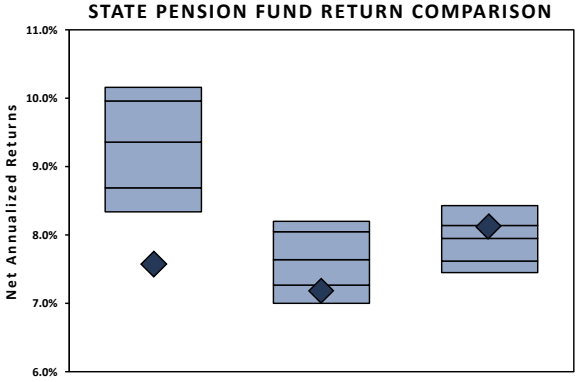
Disciplined adherence to the long-term value approach is essential. This is most difficult following underperforming periods. Performing the research function internally and using a sensible valuation process can strengthen conviction. Experience in prior difficult periods adds confidence. Contingency planning also makes it easier to adhere 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. These measures can be useful for understanding risk in normal times but tend to understate real-world frequency and magnitude of severe market declines. Since 2007, 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 53 years. As shown on the following exhibit, the most recent 10 and 20-year performance has lagged most state pension funds. This is primarily due to the underperformance in the four most recent fiscal years. Results are in the top 27th percentile for the most recent 30-year period.

The SDRS annualized net return over its entire 53-year history is 9.7%. While a single universe comparison is unavailable for the full history, a state fund comparison can be constructed. Linking the most recent 30-year median return with the prior 23-year median return results in a 9.0% net return. SDRS performance ranked in the 9th percentile during the fund's first 23 years.

STATE PENSION FUND RETURN COMPARISON



	10 Years 2017 to 2026	20 Years 2007 to 2026	30 Years 1997 to 2026
10th percentile	10.2%	8.2%	8.4%
25th percentile	10.0%	8.1%	8.1%
Median	9.4%	7.6%	8.0%
75th percentile	8.7%	7.3%	7.6%
90th percentile	8.3%	7.0%	7.5%
SDRS Fund	7.6%	7.2%	8.1%
SDRS percentile rank	96	81	27

As shown on page 6, results have exceeded the state pension fund linked median return for more than 90% of rolling 10 and 20-year periods. Performance has also exceeded the linked median for all rolling 30-year periods and the full 53-year period.

SDRS Total Fund and CMB returns for every fiscal year since inception and various rolling time periods can be found on page 8. 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 developed a process for estimating long-term expected returns for bonds and stocks in the early 1980s. The table at the end of this section shows the estimates for expected returns and stock dividend yields as of June 30, 2026, as well as a summary of the historical estimates compared to subsequent actual returns.

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 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 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 and 20-year returns were 5.8% and 3.6% for bonds and 5.3% and 9.1%

for stocks. As of June 30, 2012, expected returns were 1.6% for bonds and 8.0% for stocks. Subsequent actual 10 and 14-year returns were 1.5% and 1.9% for bonds and 13.0% and 15.0% for stocks.

As of June 30, 2026, expected returns were 4.5% for bonds and 6.4% for stocks. Current expected bond returns are higher than in recent years as interest rates have risen somewhat from prior historic lows. The expected return for stocks is meaningfully lower than earned on average historically.

History has shown that following large market increases, opportunities may be sparse for a time. Chasing overvalued opportunities tended to backfire when markets reverted to more reasonable prices. The lesson learned is to wait for worthwhile opportunities and, when absent, be satisfied with modest results until better opportunities come along.

UPDATE ON ANNUALIZED RETURN EXPECTATIONS

	Bonds	S&P 500	S&P 500 Yield
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 6/30/12	1.6%	8.0%	2.1%
Actual 10-year Returns - 7/1/12 to 6/30/22	1.5%	13.0%	
Actual 14-year Returns - 7/1/12 to 6/30/26	1.9%	15.0%	
Expected Long-Term Returns as of 6/30/26	4.5%	6.4%	1.1%

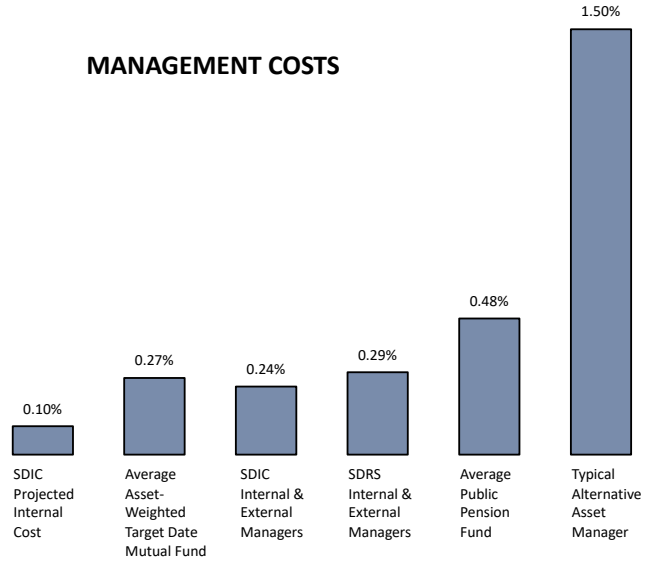
Notes
Expected bond returns are the 10-year Treasury yield.
Actual bond returns are the FTSE US Broad Investment-Grade (USBIG) Bond Index.
Expected long-term returns as of 6/30/26 reflect SDRS' 2.5% inflation assumption.

IMPORTANCE OF LOW COSTS

The Council manages most assets internally to minimize investment management fees and to try to earn higher returns. Managing assets internally is more cost effective than using external managers, especially for high-cost categories such as global and small/mid-cap equity and high yield bonds. Index funds are another low-cost alternative but preclude any opportunity to add value above index returns. As shown in this report, most internal management efforts have added value over the long term relative to their respective indexes. The Council believes past success of internal management is due to greater focus on long-term value and increased conviction from performing in-house research.

The Council began investing in externally-managed real estate and private equity limited partnerships in the mid-1990s. Partnership management fees are typically 1% to 2% of investment commitments. Additionally, the general partner retains a share of the profits, typically 20%. These investments are more expensive than traditional external managers and much more expensive than the Council's internal costs. Unlike traditional managers that buy and sell individual securities, real estate managers buy and manage physical properties, and private equity managers buy and operate entire companies, which complicates cost comparisons. Partnership returns are net of management fees and allocation of profits retained by the general partner.

Internal management cost is projected to average 0.10% of SDIC managed assets, compared to 0.27% for the average asset-weighted target date mutual fund. Including external management, the fiscal year 2026 total management cost is 0.24%; however, this can fluctuate from year to year primarily due to variation in amounts invested in partnerships. The total management cost for SDRS assets is 0.29%, compared to 0.48% for the average public pension fund.



A TEAM EFFORT

The Council's long-term success has been a team effort. Consistent support from the Legislature, Executive Branch, and other stakeholders and supporters over multiple decades has allowed the Council to pursue a disciplined, long-term investment approach. This support has enabled the development of a high-quality internal investment team and the implementation of a long-term business plan. The Council recognizes the unique challenges involved in supporting an internal investment management organization and the patience required for a long-term approach. The Council is very appreciative of the significant efforts by Legislators, the Governor and his team, and their predecessors, to provide the Council with the opportunity to succeed.

The Council benefits from collaborative relationships with the South Dakota Retirement System, the Office of the State Treasurer, the Office of School and Public Lands, and the Bureau of Finance and Management. The Council also benefits from important contributions by the Legislative Research Council, the Office of the Attorney General, the Department of Legislative Audit, the Bureau of Information and Technology, and other agencies.

The Council believes a disciplined focus on long-term investment value, continued support by state leaders, and a stable internal investment team will serve us well in the decades to come.

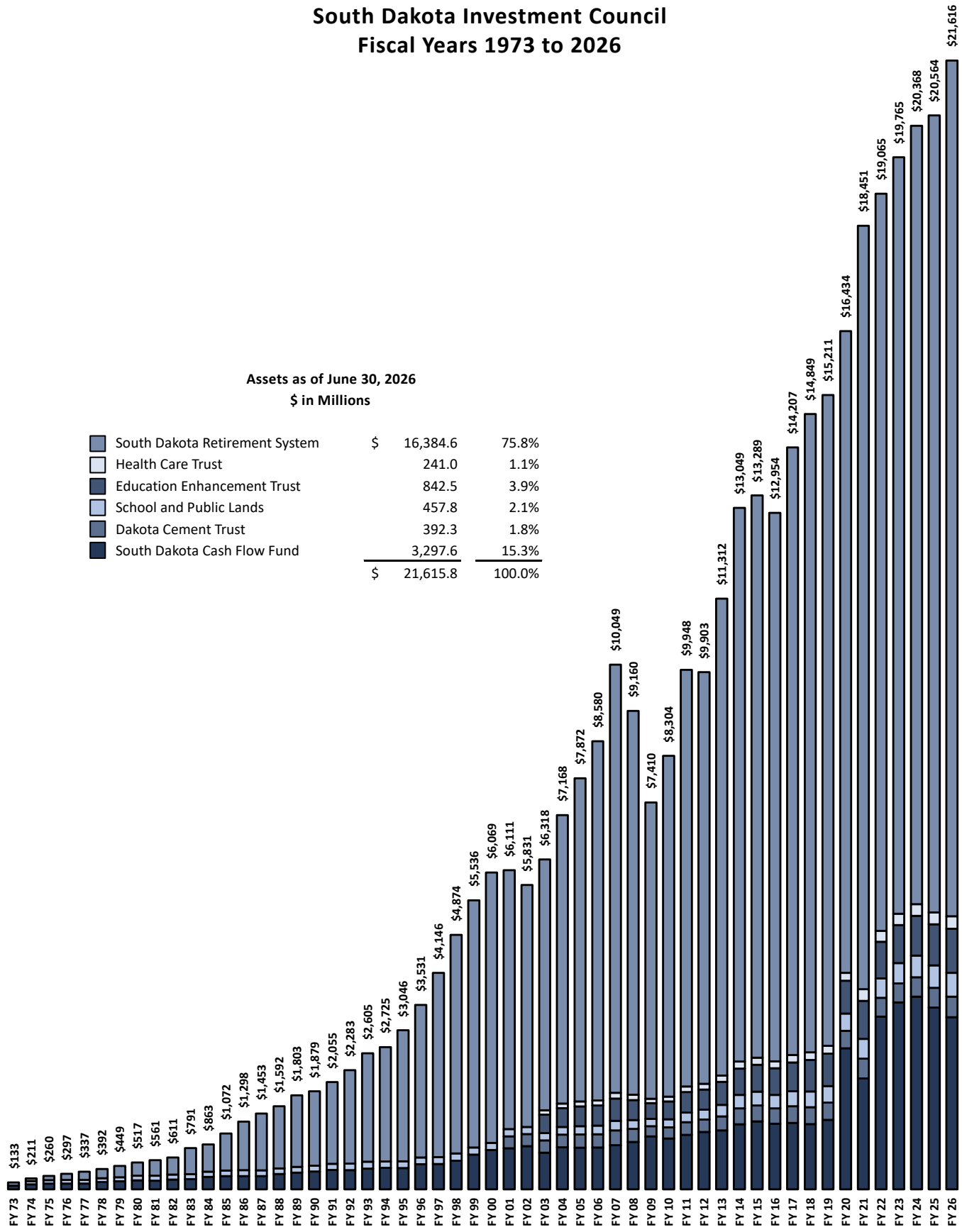
Respectfully submitted by:

Steve Pietila, Chair
South Dakota Investment Council

Matthew L. Clark, CFA
State Investment Officer

Assets Managed

South Dakota Investment Council
Fiscal Years 1973 to 2026



Assets as of June 30, 2026
$ in Millions

South Dakota Retirement System	$ 16,384.6	75.8%
Health Care Trust	241.0	1.1%
Education Enhancement Trust	842.5	3.9%
School and Public Lands	457.8	2.1%
Dakota Cement Trust	392.3	1.8%
South Dakota Cash Flow Fund	3,297.6	15.3%
	$ 21,615.8	100.0%

Refer to the endnotes section for further details on the consolidation of the South Dakota Cement Plant Retirement Fund into the South Dakota Retirement System[1].

South Dakota Investment Council

South Dakota Investment Council Members as of June 30, 2026

Steve Pietila, Chair **
Vice President Wealth & Trust Officer
First Dakota National Bank
Yankton

Kelly Meiners, Vice-Chair **
Senior Vice President & Manager
First Fidelity Bank
Winner

Taylor Thompson* **
Financial Advisor
Thompson & Co. Wealth Management
Rapid City

Cathy Clark*
Retired Banker, Consultant
Sioux Falls

Michael Anderson
President/Chief Investment Officer
Hi-Line Capital Management, LLC
Watertown

Brock Greenfield
Commissioner of School and 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
- The South Dakota Investment Council was established by the South Dakota Legislature in 1971. Operations began on July 1, 1972.

Appointment and Terms
- Consists of eight voting members
- South Dakota Codified Law 4-5-14 mandates 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 appointed 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 and Public Lands, and the Executive Director of the South Dakota Retirement System.

Council Member Responsibilities
- Appoint and oversee the State Investment Officer
- Approve investment policies and performance benchmarks
- Monitor implementation of the investment process
- Oversee the audit process through the Investment Council Audit Committee
- Comply with and monitor Code of Ethics and Personal Investing Guidelines
- Approve annual budget and long-term plan

Prudent-Person Standard
- Abide by the Prudent-Person Standard as defined by South Dakota Codified Law (SDCL) 4-5-27:

  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.

South Dakota Investment Council Staff
- The staff, led by the State Investment Officer, recommends investment policies and manage implementation.
- Staff includes twenty-eight investment positions across a variety of asset categories, a Chief Financial Officer (CFO), four investment accounting positions, two administrative positions including a business manager, and two part-time legal counsel positions. Of the investment staff, twenty-three hold the Chartered Financial Analyst® designation. The CFO and the investment accounting staff hold the Certified Public Accountant designation.

South Dakota Retirement System

THE FUND

The South Dakota Retirement System (SDRS) provides retirement, disability, and survivor benefits to over 107,000 members. SDRS is a cost-sharing, multiple-employer public employee retirement system. The benefits are funded by contributions from members and employers and investment income. SDRS is a qualified defined benefit retirement plan under 401(a) of the Internal Revenue Code and is exempt from federal income taxes. Per South Dakota Codified Law 3-12C-223, 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 can be found on the South Dakota Retirement System website.

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 Capital Markets 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 weights 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 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 transaction costs.

This objective has been achieved for the majority of rolling 5, 10 and 20-year periods and all 30-year periods. The following table summarizes SDRS Total Fund performance compared to 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

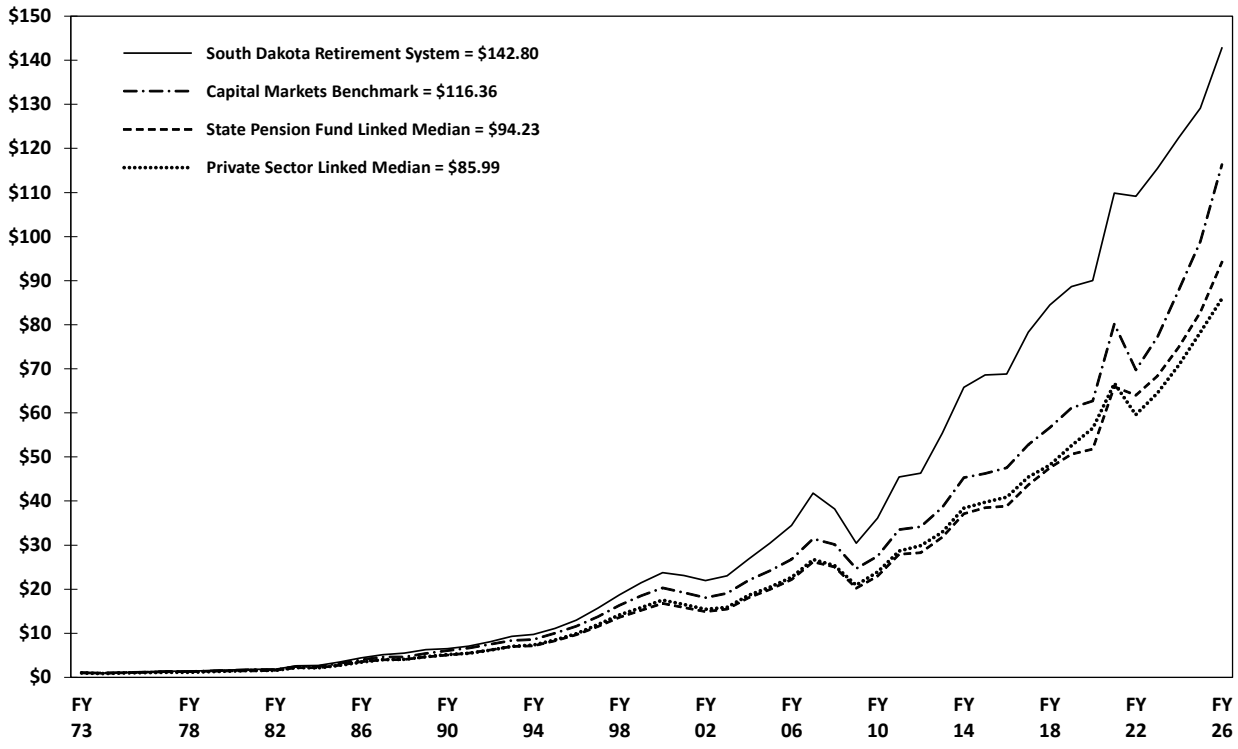
	5 Years	10 Years	20 Years	30 Years
Number of Successes	37	38	33	24
Number of Periods	49	44	34	24
Success Percentage	76%	86%	97%	100%

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 state pension fund linked median results for the majority of rolling 5, 10 and 20-year periods and all 30-year periods.

SDRS Total Fund versus State Pension Fund Linked Median

	5 Years	10 Years	20 Years	30 Years
Number of Successes	39	40	33	24
Number of Periods	49	44	34	24
Success Percentage	80%	91%	97%	100%

Growth of a Dollar



The chart above shows that compounding superior returns over the long term can really add up. A dollar invested in the South Dakota Retirement System fund starting in 1973 would have increased to $142.80 by June 30, 2026. A dollar invested in the Capital Markets Benchmark would have grown to $116.36. A dollar invested in the state pension fund median and the private sector fund median each year would have grown to $94.23 and $85.99, respectively.

Refer to the endnotes section for further details on audit fees[2], performance reporting[3], management fees[4], and the SDRS Capital Markets Benchmark[5].

Asset Allocation Focus

Allocation of assets to categories is typically the most impactful investment decision. Each year, 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 (CMB) is based on the benchmark asset allocation and is intended to represent what is achievable through index funds without requiring exceptional skill. The CMB 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 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 1970s, 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 expected long-term return for the benchmark allocation as of June 30, 2026, was 5.9%, incorporating the SDRS inflation assumption of 2.5%. 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% 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 and the impact of timing of withdrawals to pay benefits. Standard deviation was estimated to be 15.0% after adjustments to capture real-world frequency of adverse events. These statistics indicate a 68% chance the return for any year would be between –9.1% and 20.8% and a 95% chance the return would be between –24.1% and 35.8%.

The equity-like risk of the SDRS fund was near 50% for fiscal year 2026 compared to the CMB level of 70% due to expensive valuations.

The principal risk to global markets and economies may stem from the unsustainable growth of sovereign and private debt. Prolonged periods of near-zero interest rates and expansive fiscal policies since the global financial crisis in 2008/2009 fueled asset valuations to elevated levels. Over the past four years, as interest rates have risen, fiscal deficits have widened further to their highest levels in more than a century outside of World War II and the financial crisis. Elevated debt burdens typically constrain long-term growth potential, as government borrowing tends to crowd out private sector investment. Inflation risk may increase if the Federal Reserve attempts to boost growth through lower interest rates or balance sheet expansion.

At present, substantial capital expenditures on data centers, semiconductors, and related infrastructure to support advances in artificial intelligence (AI) are driving growth. However, both markets and the economy may be vulnerable if AI-related investment slows, if persistent inflation limits the Federal Reserve's ability to provide monetary stimulus, or if there are increased concerns about the federal government's capacity for even larger fiscal deficits.

Fiscal Year 2026
Asset Allocation Policy Summary

Asset Category	CMB Allocation	Min to Max Range
Public Equity	56.3%	20% to 75%
Real Estate (REIT/Core)	12.0%	0% to 20%
High Yield Debt (Corporate)	7.0%	0% to 15%
Investment Grade Debt	22.8%	13% to 60%
Cash	1.9%	0% to 45%
Private Equity	0.0%	0% to 12%
Opportunistic Real Estate	0.0%	0% to 15%
High Yield Debt (Real Estate)	0.0%	0% to 10%
Aggressive Absolute Return	0.0%	0% to 5%
Other Categories	0.0%	0% to 5%

Note
Other categories may include TIPS, Commodities, and Arbitrage.

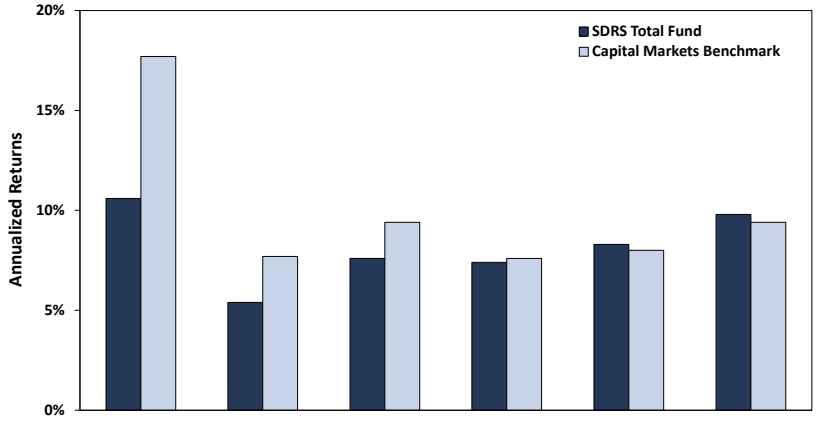
SDRS Total Fund Performance

Fiscal Year	1 Year		5 Years		10 Years		20 Years		30 Years		53 Years	
	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench
2026	10.6%	17.7%	5.4%	7.7%	7.6%	9.4%	7.4%	7.6%	8.3%	8.0%	9.8%	9.4%
2025	5.5%	12.5%	7.5%	9.5%	6.5%	7.9%	7.5%	7.3%	8.5%	7.9%		
2024	6.0%	13.8%	6.7%	7.5%	6.4%	6.9%	7.9%	7.2%	8.8%	8.1%		
2023	5.8%	10.7%	6.4%	6.4%	7.6%	7.2%	8.4%	7.2%	8.8%	7.7%		
2022	–0.7%	–13.0%	6.9%	5.7%	8.9%	7.4%	8.3%	7.0%	9.1%	7.7%		
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 table to the left shows the annualized returns for 1, 5, 10, 20, 30, and 53 years through fiscal year 2026 for the SDRS Total Fund. The Capital Markets Benchmark is provided for comparison.

The one-year SDRS returns above the solid demarcation line are net-of-fees, the returns below are gross-of-fees.

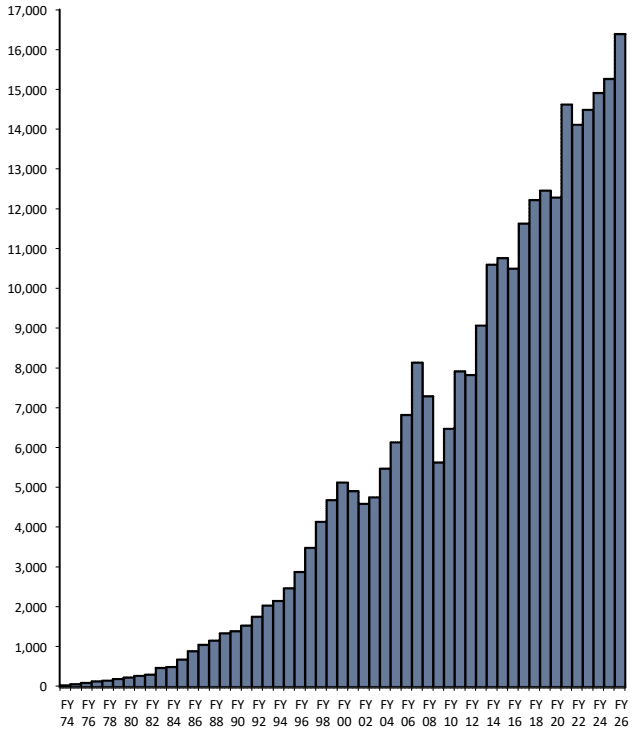
SDRS Total Fund vs. Benchmark



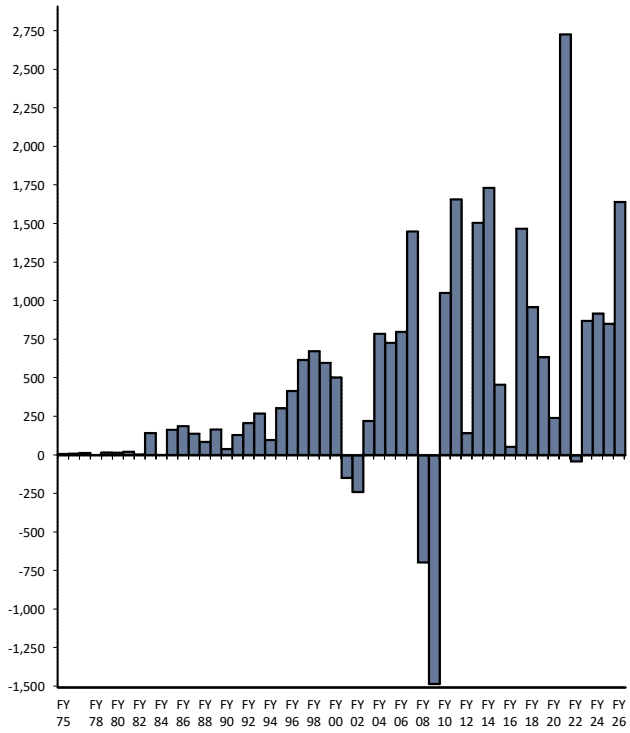
	1 Year	5 Years	10 Years	20 Years	30 Years	53 Years
SDRS	10.6%	5.4%	7.6%	7.4%	8.3%	9.8%
Benchmark	17.7%	7.7%	9.4%	7.6%	8.0%	9.4%
Difference	-7.1%	-2.3%	-1.8%	-0.2%	0.3%	0.4%

Refer to the endnotes section for further details on the SDRS Capital Markets Benchmark[5].

Asset Growth ($ in millions)



Investment Income ($ in millions)



Cash Flows and Fair Value Changes

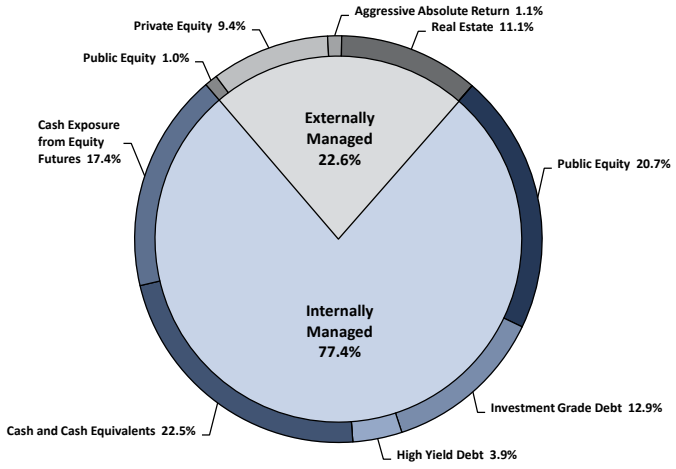
Beginning Fair Value as of June 30, 2025			15,259,616,623
Increases or Decreases			
Net Withdrawals		–466,455,121	
Internal Management Fees		–11,690,018	
External Management Fees		–34,053,300	
Total Decreases			–512,198,439
Investment Income			
Securities Income			
Interest Income	224,413,411		
Dividend Income	129,723,072		
Securities Lending Income	536,608		
Real Estate Income	28,493,952		
Change in Accrued Income	–1,661,622		
Total Securities Income		381,505,421	
Total Capital Gain		1,255,660,640	
Total Investment Income			1,637,166,061
Ending Fair Value as of June 30, 2026			16,384,584,245

Refer to the endnotes section for further details on asset growth[6] and investment income[7].

Asset Allocation

The broad asset categories and managers are listed below. The Capital Markets Benchmark weights are also provided for comparison. The chart at the bottom shows the asset allocation of the broad asset categories broken out by internally and externally managed.

	Fair Value	% of Fund	Futures Exposure	Fair Value with Futures	% of Fund with Futures	Capital Markets Benchmark %
Public Equity						
Internal Global Large-Cap Equity	4,776,258,401	29.2%				
Emerging Markets ETF	580,984,061	3.5%				
Internal Small/Mid-Cap Equity	889,152,538	5.4%				
Sanders Capital	167,648,526	1.0%				
Total Public Equity	6,414,043,526	39.1%	–2,853,131,512	3,560,912,014	21.7%	56.3%
Private Equity						
Blackstone	73,675,135	0.5%				
Blackstone (Energy)	199,243,199	1.2%				
Capital Group	1,246,673	0.0%				
Carlyle Group	11,319,193	0.1%				
Cinven Limited	159,986,927	1.0%				
CVC Capital Partners	291,076,573	1.7%				
EnCap Energy Partners	31,788,706	0.2%				
PineBridge/BFG Investments	2,951,113	0.0%				
Riverstone Energy Limited	14,594,254	0.1%				
Silver Lake Partners	752,811,517	4.6%				
Total Private Equity	1,538,693,290	9.4%		1,538,693,290	9.4%	0.0%
Aggressive Absolute Return						
Bridgewater Associates	162,061,691	1.0%				
Telsey Consumer Fund Management	19,324,233	0.1%				
Total Aggressive Absolute Return	181,385,924	1.1%		181,385,924	1.1%	0.0%
Real Estate						
Blackstone	1,016,726,943	6.2%				
Brookfield Asset Management	322,541,785	2.0%				
Lone Star Funds	113,370,302	0.6%				
Rockpoint Group	116,373,225	0.7%				
Starwood Capital Group	254,159,182	1.6%				
Total Real Estate	1,823,171,437	11.1%		1,823,171,437	11.1%	12.0%
Investment Grade Debt						
Internal Investment Grade	2,011,235,930	12.3%				
Investment Grade Bond ETF	95,817,490	0.6%				
Total Investment Grade Debt	2,107,053,420	12.9%		2,107,053,420	12.9%	22.8%
High Yield Debt						
Internal High Yield	641,049,448	3.9%				
Total High Yield Debt	641,049,448	3.9%		641,049,448	3.9%	7.0%
Cash and Cash Equivalents						
Cash and Cash Collateral	91,345,800	0.6%				
Internal Treasury Bills	2,934,714,139	17.9%				
Money Market Funds	653,127,261	4.0%				
Total Cash and Cash Equivalents	3,679,187,200	22.5%	2,853,131,512	6,532,318,712	39.9%	1.9%
Total	16,384,584,245	100.0%	0	16,384,584,245	100.0%	100.0%



Refer to the endnotes section for further details on the SDRS Capital Markets Benchmark[5] and valuation cutoff[8].

SDRS Internal Bond Portfolio Performance

Fiscal Year	1 Year SDRS	1 Year Bench	5 Years SDRS	5 Years Bench	10 Years SDRS	10 Years Bench	20 Years SDRS	20 Years Bench	30 Years SDRS	30 Years Bench	53 Years SDRS	53 Years Bench
2026	4.0%	3.9%	0.3%	0.0%	1.6%	1.6%	3.7%	3.4%	4.7%	4.5%	7.0%	6.6%
2025	6.1%	6.1%	–0.8%	–0.8%	1.8%	1.8%	3.5%	3.2%	4.8%	4.6%		
2024	2.7%	2.7%	–0.2%	–0.2%	1.5%	1.4%	3.6%	3.3%	5.0%	4.8%		
2023	–0.9%	–1.0%	0.9%	0.8%	1.6%	1.5%	3.5%	3.2%	4.9%	4.6%		
2022	–9.8%	–10.6%	1.0%	0.9%	1.7%	1.5%	4.3%	3.9%	5.5%	5.1%		
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 table to the left shows the annualized returns for 1, 5, 10, 20, 30, and 53 years through fiscal year 2026 for the SDRS Internal Bond portfolio. The Fixed Income Benchmark is provided for comparison.

The one-year SDRS 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 SDRS 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 following page.

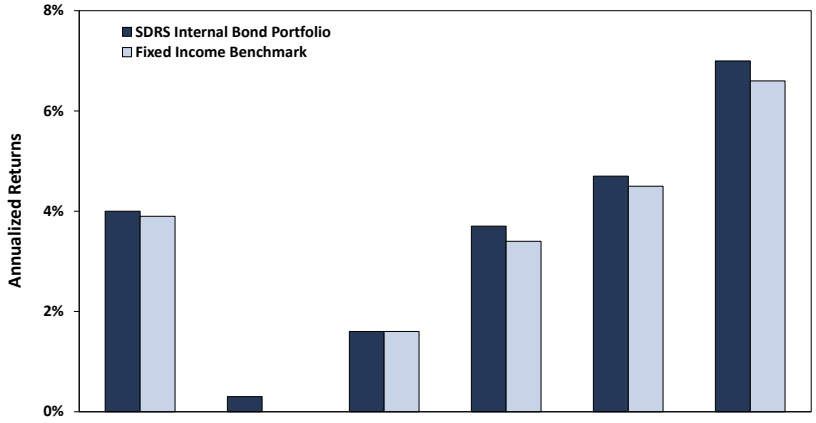
The total investment grade composite return for fiscal year 2026 was 3.6%, which includes the actively-managed portfolio shown in the table, an additional allocation to US Treasuries, and an investment grade bond ETF.

SDRS Internal Bond Portfolio Characteristics as of June 30, 2026

Characteristic	SDRS	Bond Index
Yield to Maturity	4.66%	4.77%
Average Maturity	5.41 yrs	8.69 yrs
Duration	5.45 yrs	5.84 yrs

The Bond Index is presented for comparative purposes.

SDRS Internal Bond vs. Benchmark



	1 Year	5 Years	10 Years	20 Years	30 Years	53 Years
SDRS	4.0%	0.3%	1.6%	3.7%	4.7%	7.0%
Benchmark	3.9%	0.0%	1.6%	3.4%	4.5%	6.6%
Difference	0.1%	0.3%	0.0%	0.3%	0.2%	0.4%

Refer to the endnotes section for further details on the Bond Index[9] and Fixed Income Benchmark[10].

SDRS Internal High Yield Bond Portfolio Performance

Fiscal Year	1 Year		2 Years		3 Years		5 Years		10 Years		20 Years	
	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench
2026	9.4%	5.8%	8.7%	8.2%	9.0%	8.8%	5.7%	4.4%	6.2%	5.6%	5.5%	6.0%
2025	8.0%	10.7%	8.8%	10.4%	9.5%	9.9%	9.3%	6.2%	4.2%	4.7%		
2024	9.6%	10.1%	10.3%	9.6%	3.7%	1.9%	2.8%	3.6%	2.2%	3.1%		
2023	11.0%	9.1%	0.9%	–2.0%	9.7%	3.5%	0.8%	2.9%	2.2%	3.2%		
2022	–8.3%	–12.0%	9.0%	0.8%	–2.0%	–0.2%	0.7%	1.7%	2.3%	3.2%		
2021	29.6%	15.5%	1.3%	6.2%	0.8%	6.4%	6.7%	6.8%	4.1%	5.3%		
2020	–20.8%	–2.3%	–11.2%	2.1%	-4.5%	2.3%	–0.7%	3.2%	2.9%	5.3%		
2019	–0.4%	6.7%	4.8%	4.7%	10.5%	7.2%	1.7%	2.7%	7.1%	7.4%		
2018	10.2%	2.6%	16.3%	7.5%	7.0%	4.0%	3.7%	3.5%	7.2%	6.9%		
2017	22.7%	12.6%	5.4%	4.6%	–0.2%	1.4%	3.9%	4.8%	6.2%	6.8%		
2016	–9.6%	–2.7%	–10.1%	-3.8%	–4.0%	1.0%	1.5%	3.9%	4.8%	6.4%		
2015	–10.6%	–4.8%	–1.1%	2.9%	3.0%	4.8%	6.7%	7.4%				
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 table to the left shows the annualized returns for 1, 2, 3, 5, 10, and 20 years through fiscal year 2026 for the SDRS Internal High Yield Bond portfolio. The High Yield Benchmark 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

SDRS Internal Investment Grade (IG) and High Yield (HY) bond portfolio characteristics as of June 30, 2026, are presented below.

Distribution by Bond Duration	IG	HY
0 to 2 years	17.5%	30.6%
2 to 3 years	10.9%	20.9%
3 to 4 years	12.0%	18.6%
4 to 5 years	18.0%	13.5%
5 to 6 years	11.0%	13.8%
6 to 8 years	11.8%	2.0%
Above 8 years	18.8%	0.6%
Total	100.0%	100.0%

Distribution by Bond Rating	IG	HY
US Government Guaranteed	53.1%	0.0%
AAA	0.5%	0.0%
AA	25.4%	0.0%
A	13.7%	0.0%
BBB	7.3%	3.8%
BB	0.0%	58.6%
B	0.0%	31.1%
CCC and lower	0.0%	6.5%
Total	100.0%	100.0%

Distribution by Bond Coupon	IG	HY
0.00% to 2.00%	53.2%	0.0%
2.01% to 3.00%	19.1%	0.2%
3.01% to 4.00%	13.3%	8.8%
4.01% to 5.00%	10.5%	24.8%
5.01% to 6.00%	3.9%	18.4%
6.01% to 7.00%	0.0%	27.2%
7.01% and over	0.0%	20.6%
Total	100.0%	100.0%

Distribution by Sector	IG	HY
Agency Debentures	1.3%	0.0%
Agency Mortgage-Backed Securities	23.5%	0.0%
High Yield Securities	0.0%	93.1%
Investment Grade Corporates	28.9%	3.2%
US Treasuries	46.0%	0.0%
Cash and Cash Equivalents	0.3%	3.7%
Total	100.0%	100.0%

Investment Grade Bond Portfolio 10 Largest Corporates by Issuer	Percent of Total
Ontario (Province Of)	2.2%
Bank of America Corp.	1.7%
Starbucks Corp.	1.4%
JPMorgan Chase & Co.	1.3%
Morgan Stanley	1.1%
Alphabet, Inc.	1.1%
Amazon.com, Inc.	1.0%
BlackRock, Inc.	1.0%
Verizon Communications, Inc.	0.9%
ConocoPhillips Co.	0.9%
Sum	12.6%

High Yield Bond Portfolio 10 Largest Holdings by Issuer	Percent of Total
Bristow Group, Inc *	10.3%
CCO Holdings LLC	2.0%
TransDigm Group, Inc.	1.8%
Tenet Healthcare Corp.	1.7%
ZipRecruiter, Inc.	1.4%
Iron Mountain, Inc.	1.4%
Sunoco LP	1.4%
Sirius XM Holdings, Inc.	1.2%
DISH Network Corp.	1.2%
CSC Holdings LLC	1.2%
Sum	23.6%

*Equity received through bankruptcy reorganization

Refer to the endnotes section for further details on the High Yield Benchmark[11].

SDRS Combined Internal Large-Cap Equity Portfolio Performance

Fiscal	1 Year		5 Years		10 Years		20 Years		30 Years		53 Years	
Year	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench	SDRS	Bench
2026	28.9%	24.8%	13.7%	12.9%	14.7%	14.3%	10.2%	10.0%	10.1%	9.6%	11.9%	10.9%
2025	9.8%	15.9%	17.1%	15.4%	11.5%	11.8%	9.5%	9.5%	10.0%	9.5%		
2024	19.8%	21.0%	14.3%	12.7%	10.8%	10.6%	9.5%	9.2%	10.3%	9.7%		
2023	19.7%	20.0%	10.9%	10.2%	11.1%	10.9%	9.6%	9.3%	9.9%	9.1%		
2022	–6.5%	–12.6%	9.6%	8.8%	11.8%	10.8%	8.6%	8.3%	9.7%	8.9%		
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%										

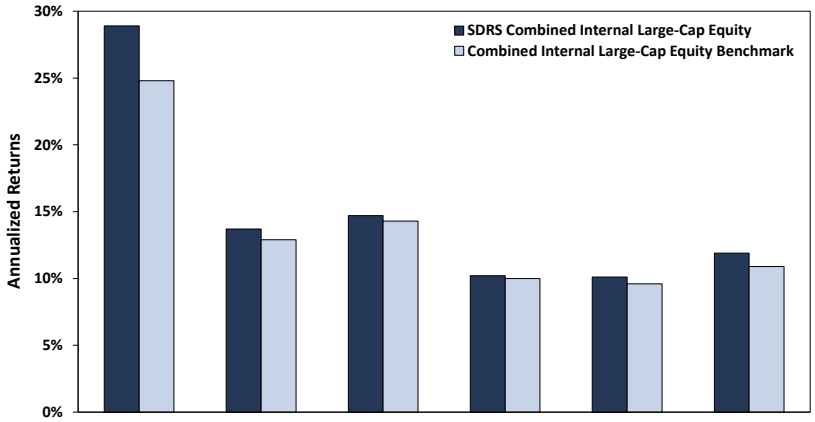
The table to the left shows the annualized returns for 1, 5, 10, 20, 30, and 53 years through fiscal year 2026 for the SDRS Combined Internal Large-Cap Equity portfolio. The SDRS Combined Internal Large-Cap Equity Benchmark is provided for comparison.

The one-year SDRS 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 SDRS 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 17.

SDRS Combined Internal Large-Cap Equity vs. Benchmark



	1 Year	5 Years	10 Years	20 Years	30 Years	53 Years
SDRS	28.9%	13.7%	14.7%	10.2%	10.1%	11.9%
Benchmark	24.8%	12.9%	14.3%	10.0%	9.6%	10.9%
Difference	4.1%	0.8%	0.4%	0.2%	0.5%	1.0%

Refer to the endnotes section for further details on the Combined Internal Large-Cap Equity Benchmark[12].

Internal Global Large-Cap Equity Profile

SDRS Internal Global Large-Cap Equity portfolio characteristics as of June 30, 2026, are presented below. The SDRS Internal Global Large-Cap Equity portfolio is compared to its custom benchmark, the S&P Global 1200 Ex-Emerging Markets, Ex-Real Estate Index. A listing of the thirty largest global equity company holdings is also provided.

Weights by Sector	SDRS	Benchmark
Information Technology	28.6%	32.7%
Health Care	14.1%	8.9%
Financials	12.4%	15.9%
Industrials	9.3%	11.3%
Consumer Discretionary	8.9%	9.0%
Communication Services	7.9%	8.0%
Consumer Staples	6.8%	5.0%
Energy	6.1%	3.5%
Materials	3.3%	3.2%
Utilities	1.6%	2.5%
Cash and Accruals	1.0%	0.0%
Total	100.0%	100.0%

10 Largest Country Weights	SDRS	Benchmark
United States	70.5%	70.9%
France	5.2%	2.3%
Japan	4.0%	5.8%
Great Britain	3.7%	3.5%
Netherlands	3.0%	1.4%
Germany	2.9%	2.0%
South Korea	2.9%	2.7%
Switzerland	2.5%	2.3%
Canada	1.8%	3.1%
Belgium	0.5%	0.3%
Sum	97.0%	94.3%

30 Largest Company Holdings	Percent of Total
NVIDIA Corp.	5.3%
Apple, Inc.	4.2%
Alphabet, Inc.	4.0%
Microsoft Corp.	3.4%
Amazon.com, Inc.	2.7%
Samsung Electronics Co., Ltd.	2.2%
Meta Platforms, Inc.	1.3%
ASML Holdings NV	1.2%
Broadcom, Inc.	1.2%
Berkshire Hathaway, Inc.	1.2%
Advanced Micro Devices, Inc.	1.1%
Applied Materials, Inc.	1.0%
Eli Lilly & Co.	1.0%
Zoetis, Inc.	0.8%
U.S. Bancorp	0.8%
UnitedHealth Group, Inc.	0.8%
Elevance Health, Inc.	0.8%
Roche Holding AG	0.8%
Schneider Electric SA	0.8%
Micron Technology, Inc.	0.7%
Nestle SA	0.7%
Texas Instruments, Inc.	0.7%
Visa, Inc.	0.6%
DSM-Firmenich AG	0.6%
ConocoPhillips	0.6%
Lam Research Corp.	0.6%
Bath & Body Works, Inc.	0.6%
United Parcel Service, Inc.	0.6%
Intel Corp.	0.6%
SAP SE	0.6%
Sum	41.5%

Emerging Markets Equity Exposure

The SDRS Internal Global Large-Cap Equity portfolio's custom benchmark does not include emerging markets. Emerging markets exposure is currently obtained through an exchange-traded fund (ETF). The following provides information on the ETF held as of June 30, 2026.

	Percent of SDRS Total Fund
Vanguard FTSE Emerging Markets ETF	3.5%

Public Equity Composite

The SDRS Public Equity composite is comprised of the following internal equity portfolios: Global Large-Cap, Emerging Markets, and Small/Mid-Cap along with one external portfolio as of June 30, 2026. The composite is compared to its custom benchmark, the ¾ MSCI ACWI IMI ex Real Estate Index plus ¼ MSCI USA IMI ex Real Estate Index.

Performance Results for the Fiscal Year Ended June 30, 2026	
SDRS Public Equity Composite	29.5%
Benchmark	24.8%
Difference	4.7%

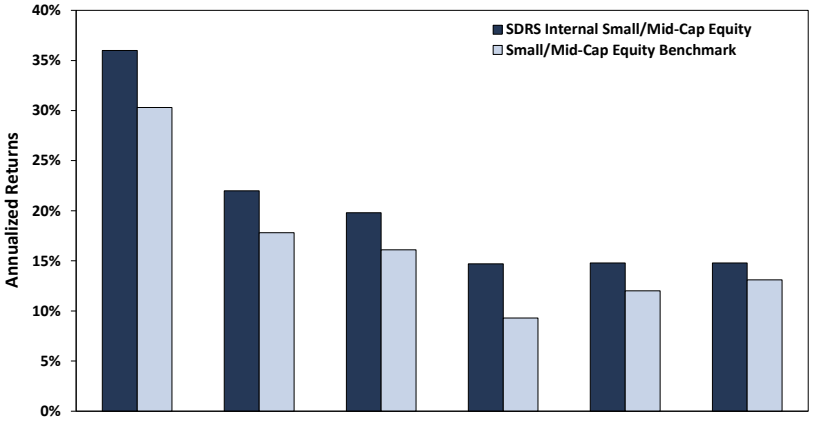
Refer to the endnotes section for further details on the composite[13].

SDRS Internal Small/Mid-Cap Equity 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
2026	36.0%	30.3%	22.0%	17.8%	19.8%	16.1%	14.7%	9.3%	14.8%	12.0%	14.8%	13.1%
2025	9.4%	6.6%	12.5%	9.6%	15.5%	12.1%	18.9%	13.5%	11.0%	9.2%		
2024	15.7%	12.7%	18.6%	14.9%	10.0%	3.9%	13.8%	10.2%	10.4%	9.2%		
2023	21.7%	17.2%	7.3%	–0.2%	23.3%	16.2%	9.6%	7.5%	11.6%	10.3%		
2022	–5.4%	–15.0%	24.1%	15.7%	10.6%	7.1%	8.8%	7.2%	12.4%	11.1%		
2021	62.8%	57.3%	19.6%	20.3%	11.1%	12.9%	14.9%	14.8%	12.8%	12.7%		
2020	–12.1%	–8.0%	–8.2%	–4.4%	–0.3%	1.9%	3.6%	5.0%	10.9%	11.3%		
2019	–4.1%	–0.6%	6.2%	7.2%	11.8%	11.2%	7.2%	8.1%				
2018	17.6%	15.6%	20.8%	17.7%	12.2%	11.8%	13.7%	13.3%				
2017	24.0%	19.7%	9.7%	9.9%	7.9%	8.8%	16.1%	15.1%				
2016	–3.0%	0.9%	0.6%	3.7%	9.2%	10.5%	10.8%	10.8%				
2015	4.3%	6.5%	15.9%	15.6%	20.6%	18.7%	18.7%	18.0%				
2014	28.7%	25.4%	29.7%	25.3%	18.2%	15.7%						
2013	30.7%	25.2%	13.3%	11.2%	20.7%	19.7%						
2012	–1.8%	–1.2%	16.0%	17.0%								
2011	37.0%	38.7%										

The table to the left shows the annualized returns for 1, 2, 3, 5, 10, and 16 years through fiscal year 2026 for the SDRS Internal Small/Mid-Cap Equity portfolio. The SDRS Small/Mid-Cap Equity Benchmark is provided for comparison.

SDRS Internal Small/Mid-Cap Equity vs. Benchmark



	1 Year	2 Years	3 Years	5 Years	10 Years	16 Years
SDRS	36.0%	22.0%	19.8%	14.7%	14.8%	14.8%
Benchmark	30.3%	17.8%	16.1%	9.3%	12.0%	13.1%
Difference	5.7%	4.2%	3.7%	5.4%	2.8%	1.7%

Internal Small/Mid-Cap Equity Profile

SDRS Internal Small/Mid-Cap Equity portfolio characteristics as of June 30, 2026, are presented below. The SDRS Internal Small/Mid-Cap Equity portfolio is compared to its custom benchmark, the S&P 1000 Ex-Real Estate Index. A listing of the ten largest company holdings is also provided.

Weights by Sector	SDRS	Benchmark
Financials	22.4%	17.0%
Industrials	20.9%	25.0%
Information Technology	14.6%	16.0%
Consumer Discretionary	13.2%	12.3%
Energy	9.4%	4.9%
Health Care	6.2%	10.6%
Consumer Staples	4.4%	3.5%
Materials	4.1%	5.5%
Utilities	3.6%	2.9%
Communication Services	0.9%	2.3%
Cash and Accruals	0.3%	0.0%
Total	100.0%	100.0%

10 Largest Company Holdings	Percent of Total
RenaissanceRe Holdings, Ltd.	2.4%
Reinsurance Group of America, Inc.	2.3%
Annaly Capital Management, Inc.	1.7%
Equitable Holdings, Inc.	1.6%
Arrow Electronics, Inc.	1.6%
Liberty Energy, Inc.	1.6%
WESCO International, Inc.	1.5%
Everest Group, Ltd.	1.5%
Matador Resources Co.	1.5%
Chord Energy Corp.	1.4%
Sum	17.1%

Refer to the endnotes section for further details on the Small/Mid-Cap Equity Benchmark[14].

Real Estate and Private Equity 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 opportunity for added value over public market investments. These investments are funded 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.

Partnership returns are compared to a public market equivalent (PME). An outperformance or underperformance can be calculated which when added to the PME, equates the amounts and timing of the partnership cash flows. The partnership return measures are calculated net of fees and carried interest.

The net SI-IRR as of June 30, 2026 for the composite RE limited partnerships was 19.6%. This is an annualized outperformance compared to the MSCI US REIT Index PME of 10.1% on a dollar-weighted basis for the same period. The net SI-IRR as of June 30, 2026 for the composite PE limited partnership investments was 9.9%. This is an annualized outperformance compared to the S&P 500 Index PME of 1.7% on a dollar-weighted basis for the same period.

The Council will continue its ongoing evaluation of RE and PE limited partnerships. See page 34 for a listing of the partnership investments.

SDRS Real Estate Limited Partnerships Performance

Fiscal Year	SDRS	Benchmark	Difference	Fiscal Year	SDRS	Benchmark	Difference
2026	–3.8%	21.2%	–25.0%	2010	11.7%	–9.6%	21.3%
2025	–0.9%	8.9%	–9.8%	2009	–52.5%	–14.7%	–37.8%
2024	–5.9%	7.6%	–13.5%	2008	3.2%	13.6%	–10.4%
2023	–3.2%	–0.1%	–3.1%	2007	60.0%	16.6%	43.4%
2022	24.3%	–6.4%	30.7%	2006	36.7%	20.2%	16.5%
2021	23.9%	38.1%	–14.2%	2005	66.4%	15.5%	50.9%
2020	–2.4%	–12.9%	10.5%	2004	19.4%	9.7%	9.7%
2019	9.4%	11.1%	–1.7%	2003	5.7%	7.1%	–1.4%
2018	14.1%	3.6%	10.5%	2002	6.4%	6.6%	–0.2%
2017	16.8%	–1.8%	18.6%	2001	20.1%	12.4%	7.7%
2016	3.2%	24.1%	–20.9%	2000	13.4%	11.6%	1.8%
2015	18.9%	3.9%	15.0%	1999	28.5%	13.2%	15.3%
2014	24.3%	13.4%	10.9%	1998	37.2%	17.9%	19.3%
2013	15.4%	11.9%	3.5%	1997	30.9%	11.4%	19.5%
2012	3.7%	14.8%	–11.1%	1996	38.3%	9.5%	28.8%
2011	40.9%	17.5%	23.4%	1995	16.4%	4.6%	11.8%

The table shows the yearly net internal rate of return for the composite of the Real Estate limited partnerships. The time-weighted Real Estate Benchmark return is provided for comparison.

Inception Period Disclosure
1995: Represents a partial year return for the Real Estate limited partnership composite and benchmark. The initial real estate investment was funded in December 1994.

SDRS Private Equity Limited Partnerships Performance

Fiscal Year	SDRS	Benchmark	Difference	Fiscal Year	SDRS	Benchmark	Difference
2026	15.6%	24.8%	–9.2%	2012	–1.0%	7.3%	–8.3%
2025	8.7%	16.2%	–7.5%	2011	32.3%	32.8%	–0.5%
2024	9.7%	20.5%	–10.8%	2010	32.7%	18.4%	14.3%
2023	10.9%	18.2%	–7.3%	2009	–35.4%	–23.4%	–12.0%
2022	0.9%	–15.9%	16.8%	2008	9.9%	–9.9%	19.8%
2021	55.3%	41.7%	13.6%	2007	22.6%	24.7%	–2.1%
2020	–6.9%	2.4%	–9.3%	2006	26.5%	12.4%	14.1%
2019	2.3%	7.0%	–4.7%	2005	25.9%	10.0%	15.9%
2018	21.6%	11.8%	9.8%	2004	30.0%	23.5%	6.5%
2017	22.6%	18.3%	4.3%	2003	4.2%	4.6%	–0.4%
2016	2.6%	–1.7%	4.3%	2002	–9.7%	–14.8%	5.1%
2015	7.8%	2.8%	5.0%	2001	–16.4%	–10.4%	–6.0%
2014	24.8%	24.6%	0.2%	2000	9.5%	14.7%	–5.2%
2013	13.9%	22.6%	–8.7%	1999	5.9%	27.9%	–22.0%

The table shows the yearly net internal rate of return for the composite of the Private Equity limited partnerships. The time-weighted Private Equity Benchmark return is provided for comparison.

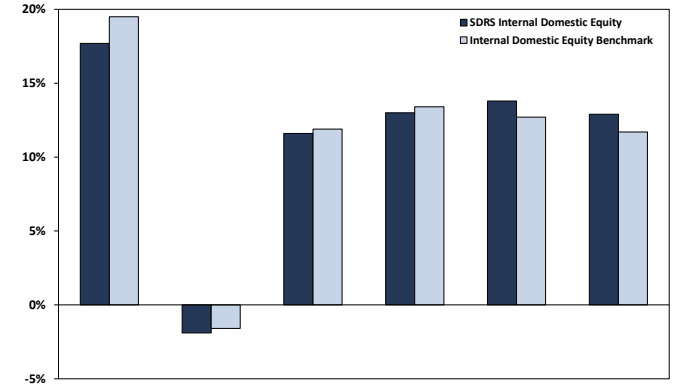
Inception Period Disclosure
1999: Represents a full year for the Private Equity limited partnership composite and benchmark. The initial private equity Investment was funded in November 1995. Private Equity was included in the Capital Markets Benchmark from fiscal year 1999 through fiscal year 2014.

Refer to the endnotes section for further details on the Real Estate[15] and Private Equity[16] benchmarks.

SDRS Historical Performance

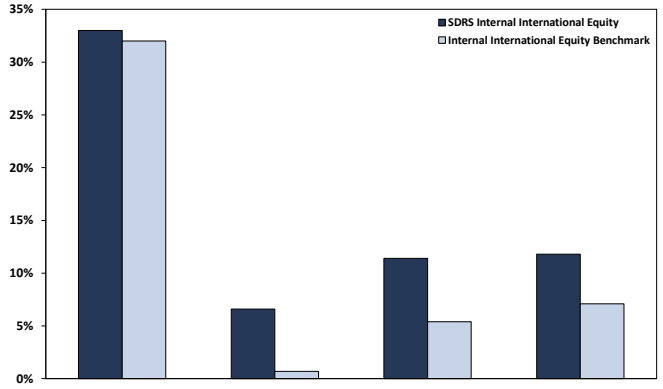
SDRS Internal Domestic and International Equity Portfolio Performance

SDRS Internal Domestic Equity versus Benchmark
Annualized Returns as of 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%

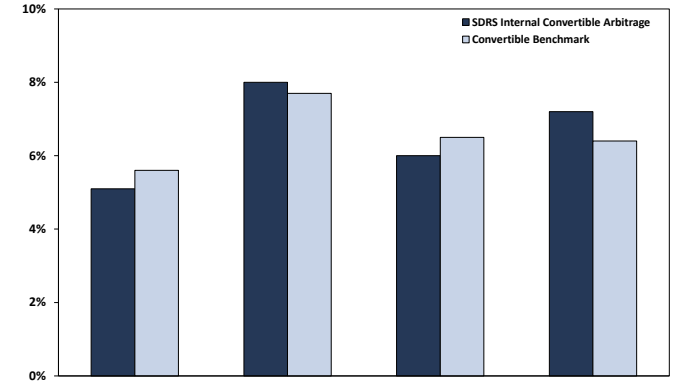
SDRS Internal International Equity versus Benchmark
Annualized Returns as of Fiscal Year ended June 30, 2004



	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%

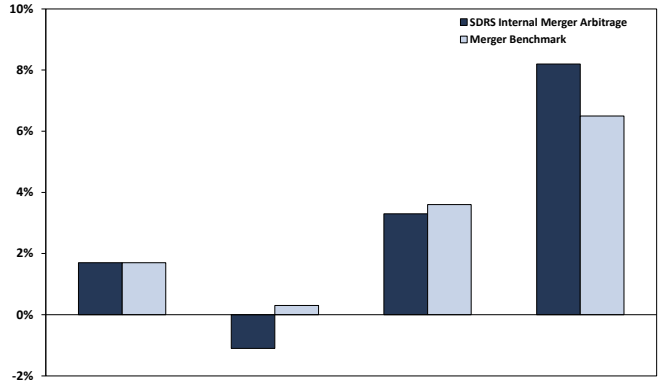
SDRS Internal Convertible and Merger Arbitrage Portfolio Performance

SDRS Internal Convertible Arbitrage versus Benchmark
Annualized Returns as of 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 versus Benchmark
Annualized Returns as of 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%

Refer to the endnotes section for further details on the historical details of the Internal Domestic Equity[17], Internal International Equity[18], Convertible[19], and Merger[20] benchmarks.

School and Public Lands Fund

THE FUND

The School and Public Lands Fund (SPL), sometimes referred to as the Permanent Trust Fund, was established by the South Dakota Constitution. Under S.D. Const. art. VIII, § 3, all interest and income the fund generates must be faithfully used and applied each year to benefit the state's public schools. The principal is constitutionally protected and may not be diverted by legislative action for any purpose. Income from the fund is distributed annually to support South Dakota's public schools, universities, and other endowed institutions. The fund's principal was built primarily through the sale of land over many decades.

In November 2000, voters approved Constitutional Amendment E, which expanded the fund's investment authority to include stocks, bonds, mutual funds, and other financial instruments. South Dakota Codified Law (SDCL) 5-10-18 provides that the South Dakota Investment Council (Council) shall invest the monies of the common school permanent fund and other educational funds in accordance with the prudent-person standard set forth in SDCL 4-5-27. The amendment also requires that sufficient income be retained to offset the effect of inflation ensuring the fund will grow at least at the rate of inflation. Realized capital gains may be used to meet this inflation-protection requirement. While the shift from a focus solely on current income initially reduced distributions to schools, it has supported increased payouts over time. The transition to the asset allocation policy was phased in over several fiscal years following the amendment's adoption.

OBJECTIVES AND COMPONENTS

The objectives of SPL are: 1) to provide a distribution of income to support education, and 2) to promote long-term, inflation-adjusted growth of the fund to support a steadily growing distribution amount.

SPL assets were invested in diversified portfolios during the fiscal year, as detailed on the following page. Before adopting Constitutional Amendment E in 2000, the fund was invested primarily in U.S. Treasury and mortgage-backed securities. Since then, the Council has gradually shifted the fund's asset allocation to be more like that of the South Dakota Retirement System.

As of June 30, 2026, SPL's long-term expected return was 5.8%, with a volatility of 13.6%. This means that, with 68% confidence, the fund's annual return is expected to fall within a range of –7.8% to 19.3%, and, with 95% confidence, within a broader range of –21.4% to 32.9%.

INVESTMENT PERFORMANCE

At the end of fiscal year 2026, SPL had a fair value of $457,808,556. Per the constitutional amendment, the fund's principal is adjusted annually by an inflation factor. For the fiscal year, the fund achieved a total return of 9.0% net-of-fees. This performance is compared to the Capital Markets Benchmark return of 16.2%. The underperformance was primarily due to the fund's lower exposure to equities and underperformance of real estate and private equity limited partnerships. Internal public equity was a modest positive contributor.

Over the ten-year period ending June 30, 2026, SPL's annualized total return was 7.3% compared to 8.7% for the Capital Markets Benchmark. In fiscal year 2026, the fund distributed $15,707,693 to the common schools in February 2026 and $4,064,408 to the schools of higher education in June 2026.

The Office of School and Public Lands' annual report provides additional information regarding all forms of distributable income.

Cash Flows and Fair Value Changes

Beginning Fair Value as of June 30, 2025			430,690,564
Increases or Decreases			
Net Withdrawals		–11,703,021	
External Management Fees		–838,937	
Total Decreases			–12,541,958
Investment Income			
Securities Income			
Interest Income	10,913,013		
Dividend Income	2,093,771		
Securities Lending Income	10,700		
Real Estate Income	462,246		
Change in Accrued Income	–175,256		
Total Securities Income		13,304,474	
Capital Gain or Loss			
Change in Unrealized Gain/Loss	6,633,052		
Realized Gain	19,722,424		
Total Capital Gain		26,355,476	
Total Investment Income			39,659,950
Ending Fair Value as of June 30, 2026			457,808,556

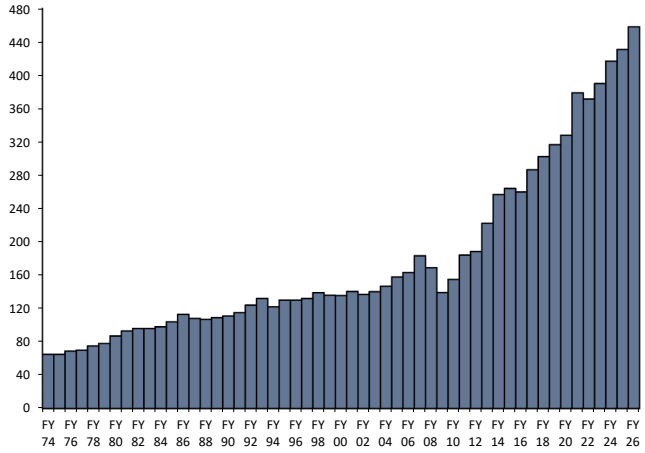
Refer to the endnotes section for further details on audit fees[2], performance reporting[3], management fees[4], the inflation measure (CPI-U)[21], and the SPL Capital Markets Benchmark[22].

Asset Allocation

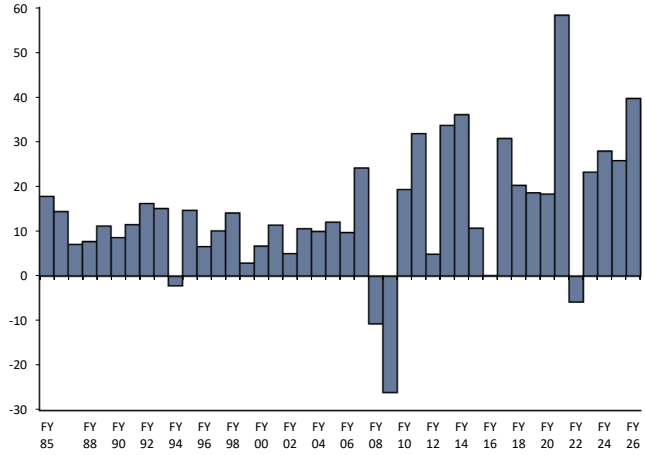
The broad asset categories and managers are listed below. The Capital Markets Benchmark (CMB) weights are also provided for comparison.

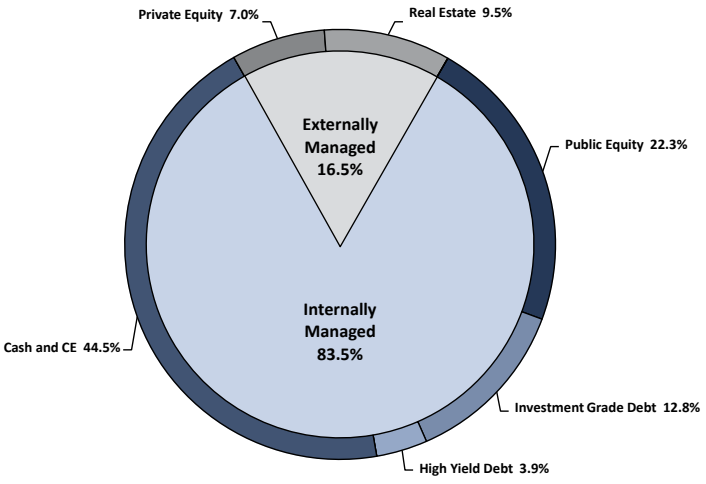
	Fair Value	% of Fund	CMB %
Public Equity			
Internal Public Equity	92,676,822	20.2%	
Emerging Markets ETF	9,511,960	2.1%	
Total Public Equity	102,188,782	22.3%	50.1%
Private Equity			
Blackstone	1,203,218	0.2%	
Carlyle Group	268,169	0.1%	
Cinven Limited	3,559,647	0.8%	
CVC Capital Partners	7,582,400	1.7%	
Riverstone Energy Limited	463,815	0.1%	
Silver Lake Partners	19,155,720	4.1%	
Total Private Equity	32,232,969	7.0%	0.0%
Real Estate			
Blackstone	26,190,184	5.7%	
Brookfield Asset Management	6,005,854	1.3%	
Lone Star Funds	1,637,960	0.3%	
Rockpoint Group	2,949,647	0.7%	
Starwood Capital Group	6,718,590	1.5%	
Total Real Estate	43,502,235	9.5%	11.0%
Investment Grade Debt			
Investment Grade Bond ETF	58,507,246	12.8%	
Total Investment Grade Debt	58,507,246	12.8%	30.0%
High Yield Debt			
High Yield Bond ETF	17,599,472	3.9%	
Total High Yield Debt	17,599,472	3.9%	7.0%
Cash and Cash Equivalents (CE)			
Cash and Money Market Fund	203,777,852	44.5%	
Total Cash and Cash Equivalents (CE)	203,777,852	44.5%	1.9%
Total	457,808,556	100.0%	100.0%

Asset Growth ($ in millions)

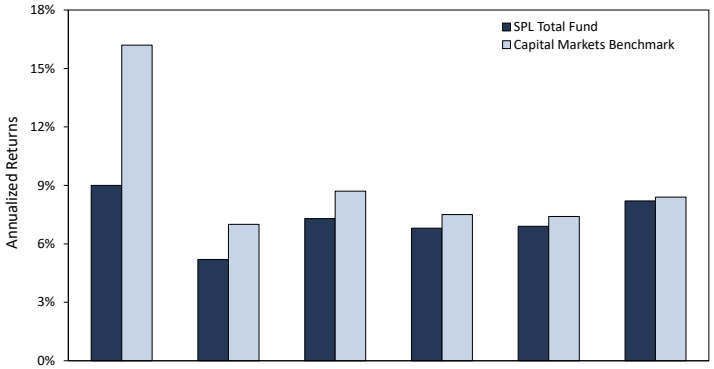


Investment Income ($ in millions)





SPL Total Fund vs. Benchmark



	1 Year	5 Years	10 Years	20 Years	30 Years	42 Years
SPL	9.0%	5.2%	7.3%	6.8%	6.9%	8.2%
Benchmark	16.2%	7.0%	8.7%	7.5%	7.4%	8.4%
Difference	-7.2%	-1.8%	-1.4%	-0.7%	-0.5%	-0.2%

Refer to the endnotes section for further details on asset growth[6], investment income[7], and valuation cutoff[8].

Dakota Cement Trust Fund

THE FUND

The Dakota Cement Trust Fund (DCT) was established by the South Dakota Constitution in 2001. Under S.D. Const. art. XIII, § 20, the net proceeds from the sale of state cement enterprises were deposited into the fund to benefit South Dakota citizens. That section also directed the South Dakota Investment Council (Council) to invest the fund in stocks, bonds, mutual funds, and other financial instruments as authorized by law. South Dakota Codified Law (SDCL) 4-5-47 provides that the monies in the trust fund must be invested in accordance with the prudent-person standard set forth in SDCL 4-5-27.

In November 2012, voters approved an amendment to S.D. Const. art. XIII, § 21, which revised the method for calculating annual distributions from the fund. Under the amendment, the distribution to the state general fund shall be an amount equal to four percent of the lesser of: 1) the average market value of the trust fund at the end of the sixteen most recent calendar quarters as of December 31, or 2) the market value of the trust fund at the end of that calendar year. These distributions are designated to support education in South Dakota.

OBJECTIVES AND COMPONENTS

The objectives of DCT are: 1) to provide an annual distribution equal to 4% of the fund's market value, and 2) to promote long-term, inflation-adjusted growth of the fund to support a steadily growing distribution amount.

During the fiscal year, DCT assets were invested in diversified portfolios, as detailed on the following page. Since the fund's inception, the Council has gradually shifted the asset allocation to be more like that of the South Dakota Retirement System.

As of June 30, 2026, DCT's long-term expected return was 5.8%, with a volatility of 13.6%. This means that, with 68% confidence, the fund's annual return is expected to fall within a range of –7.8% to 19.3%, and, with 95% confidence, within a broader range of –21.4% to 32.9%.

INVESTMENT PERFORMANCE

At the end of fiscal year 2026, DCT had a fair value of $392,330,711, with a principal value of $238,000,000, and an inflation-adjusted principal of $447,687,692. For the fiscal year, the fund achieved a total return of 8.2% net-of-fees. This performance is compared to the Capital Markets Benchmark return of 16.2%. The underperformance was primarily due to the fund's lower exposure to equities and underperformance of real estate and private equity limited partnerships. Internal public equity was a modest positive contributor.

Over the ten-year period ending June 30, 2026, DCT's annualized total return was 6.9% compared to 8.7% for the Capital Markets Benchmark. In fiscal year 2026, the fund distributed $15,079,721 to the general fund. Since its inception, the fund has distributed $327.48 million to the general fund.

Cash Flows and Fair Value Changes

Beginning Fair Value as of June 30, 2025			376,704,719
Increases or Decreases			
Net Withdrawals		–15,079,721	
Internal Management Fees		–294,588	
External Management Fees		–744,524	
Total Decreases			–16,118,833
Investment Income			
Securities Income			
Interest Income	9,625,827		
Dividend Income	1,613,953		
Securities Lending Income	7,406		
Real Estate Income	437,486		
Change in Accrued Income	–171,030		
Total Securities Income		11,513,642	
Total Capital Gain		20,231,183	
Total Investment Income			31,744,825
Ending Fair Value as of June 30, 2026			392,330,711

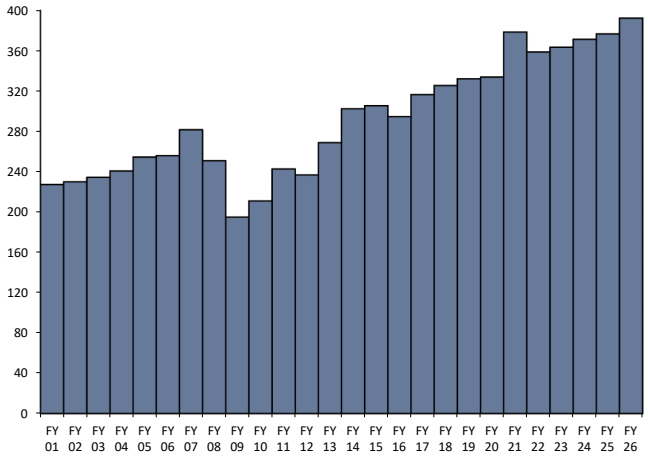
Refer to the endnotes section for further details on audit fees[2], performance reporting[3], management fees[4], and the DCT Capital Markets Benchmark[23].

Asset Allocation

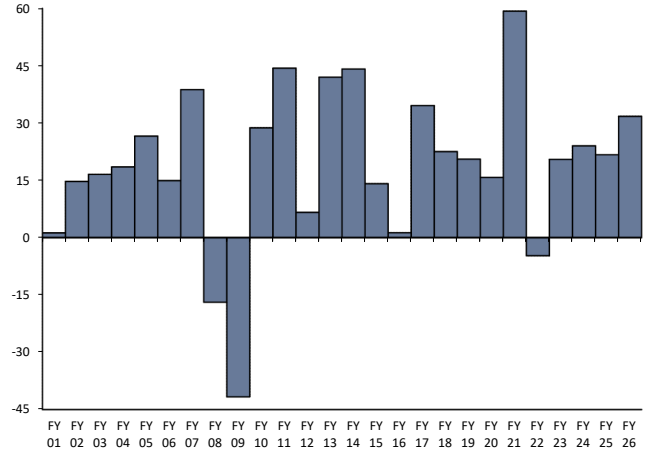
The broad asset categories and managers are listed below. The Capital Markets Benchmark (CMB) weights are also provided for comparison.

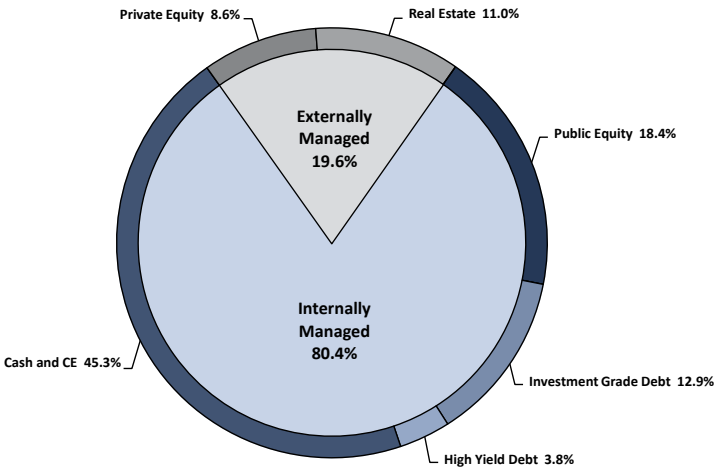
	Fair Value	% of Fund	CMB %
Public Equity			
Internal Public Equity	65,394,255	16.7%	
Emerging Markets ETF	6,711,663	1.7%	
Total Public Equity	72,105,918	18.4%	50.1%
Private Equity			
Blackstone	1,366,954	0.3%	
Carlyle Group	321,580	0.1%	
Cinven Limited	3,855,798	1.0%	
CVC Capital Partners	7,571,590	1.9%	
Riverstone Energy Limited	531,445	0.1%	
Silver Lake Partners	20,283,523	5.2%	
Total Private Equity	33,930,890	8.6%	0.0%
Real Estate			
Blackstone	26,301,442	6.7%	
Brookfield Asset Management	5,147,872	1.3%	
Lone Star Funds	1,827,645	0.5%	
Rockpoint Group	2,944,582	0.8%	
Starwood Capital Group	6,651,452	1.7%	
Total Real Estate	42,872,993	11.0%	11.0%
Investment Grade Debt			
Investment Grade Bond ETF	50,481,024	12.9%	
Total Investment Grade Debt	50,481,024	12.9%	30.0%
High Yield Debt			
High Yield Bond ETF	15,152,473	3.8%	
Total High Yield Debt	15,152,473	3.8%	7.0%
Cash and Cash Equivalents (CE)			
Cash and Money Market Fund	177,787,413	45.3%	
Total Cash and Cash Equivalents (CE)	177,787,413	45.3%	1.9%
Total	392,330,711	100.0%	100.0%

Asset Growth ($ in millions)

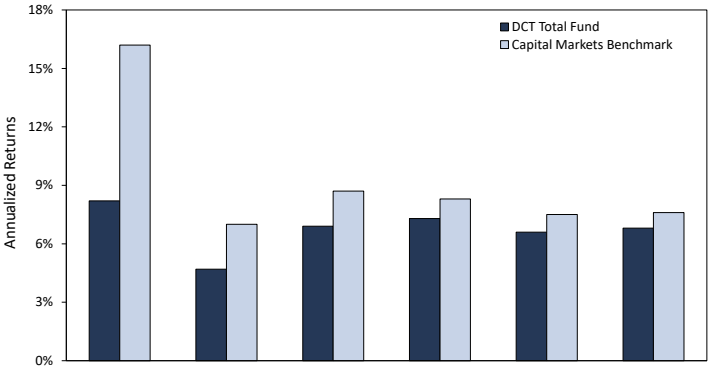


Investment Income ($ in millions)





DCT Total Fund vs. Benchmark



	1 Year	5 Years	10 Years	15 Years	20 Years	25 Years
DCT	8.2%	4.7%	6.9%	7.3%	6.6%	6.8%
Benchmark	16.2%	7.0%	8.7%	8.3%	7.5%	7.6%
Difference	-8.0%	-2.3%	-1.8%	-1.0%	-0.9%	-0.8%

Refer to the endnotes section for further details on asset growth[6], investment income[7], and valuation cutoff[8].

Education Enhancement Trust Fund

THE FUND

The Education Enhancement Trust Fund (EET) was established by the South Dakota Constitution through a joint resolution approved by voters at a special election on April 10, 2001. S.D. Const. art. XII, § 6, provides that any funds received as of July 1, 2001 or thereafter, pursuant to the Master Settlement Agreement (MSA) entered into on November 23, 1998, between the State of South Dakota and major U.S. tobacco product manufacturers, as well as the net proceeds from any sale or securitization of rights to receive MSA payments, are to be deposited in the EET. Additionally, any funds from the youth-at-risk trust fund and any future appropriations to EET are also included.

The South Dakota Constitution directs the South Dakota Investment Council (Council) to invest the fund in stocks, bonds, mutual funds, and other financial instruments as authorized by law. South Dakota Codified Law (SDCL) 10-50B-11.1 provides that the monies in the trust fund must be invested in accordance with the prudent-person standard set forth in SDCL 4-5-27. In fiscal year 2013, the Legislature appropriated $3 million to the fund for scholarship purposes through Senate Bills 233 and 237. An additional $3.5 million was added for scholarship purposes in fiscal year 2016 through Senate Bill 67.

Each year, the state treasurer is directed to distribute an amount appropriated by law for education enhancement programs from the trust fund to the state general fund. SDCL 4-5-29.2 requires the state investment officer to determine the sixteen-quarter average market value of the fund as of December 31 and calculate four percent, without invading principal. This amount becomes eligible for distribution at the beginning of the next fiscal year. The fund's principal may not be diverted for other purposes unless authorized by a three-fourths vote of all members-elect of each house of the Legislature.

SECURITIZATION

On September 24, 2002, the fund was increased through net proceeds of $243,596,553 from the issuance of Tobacco Settlement Asset-Backed Bonds. These bonds have been refunded over time under more favorable terms. The most recent bond refunding, completed in 2023, was issued entirely in taxable bonds, unlike previous refunds that included taxable and tax-exempt municipal bonds.

OBJECTIVES AND COMPONENTS

The objectives of EET are: 1) to provide an annual distribution equal to 4% of the fund's market value, and 2) to promote long-term, inflation-adjusted growth of the fund to support a steadily growing distribution amount.

During the fiscal year, EET assets were invested in diversified portfolios, as detailed on the following page. Since the fund's inception, the Council has gradually shifted the asset allocation to be more like that of the South Dakota Retirement System.

As of June 30, 2026, EET's long-term expected return was 5.8%, with a volatility of 13.6%. This means that, with 68% confidence, the fund's annual return is expected to fall within a range of –7.8% to 19.3%, and, with 95% confidence, within a broader range of –21.4% to 32.9%.

INVESTMENT PERFORMANCE

At the end of fiscal year 2026, EET had a fair value of $842,453,083, with a principal value of $483,906,635, and an inflation-adjusted principal of $795,532,413. For the fiscal year, the fund achieved a total return of 8.7% net-of-fees. This performance is compared to the Capital Markets Benchmark return of 16.2%. The underperformance was primarily due to the fund's lower exposure to equities and underperformance of real estate and private equity limited partnerships. Internal public equity was a modest positive contributor.

Over the ten-year period ending June 30, 2026, EET's annualized total return was 7.0% compared to 8.7% for the Capital Markets Benchmark. The fund's past performance had been impacted by a requirement to invest a portion of fixed income in tax-exempt securities; however, this restriction is no longer applicable. In July 2026, the fund distributed $29,294,783, representing 4% of the sixteen-quarter average market value as of December 31, 2025, to the general fund for education-related expenditures. Since its inception, the fund has distributed $445.16 million to the general fund.

Cash Flows and Fair Value Changes

Beginning Fair Value as of June 30, 2025			785,919,294
Increases or Decreases			
Net Withdrawals		–9,894,339	
Internal Management Fees		–585,806	
External Management Fees		–1,525,495	
Total Decreases			–12,005,640
Investment Income			
Securities Income			
Interest Income	19,385,589		
Dividend Income	3,572,585		
Securities Lending Income	9,382		
Real Estate Income	862,546		
Change in Accrued Income	–311,328		
Total Securities Income		23,518,774	
Total Capital Gain		45,020,655	
Total Investment Income			68,539,429
Ending Fair Value as of June 30, 2026			842,453,083

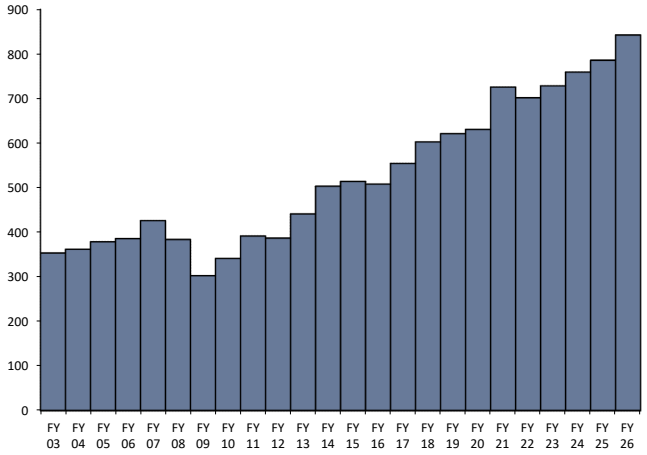
Refer to the endnotes section for further details on audit fees[2], performance reporting[3], management fees[4], and the EET Capital Markets Benchmark[24].

Asset Allocation

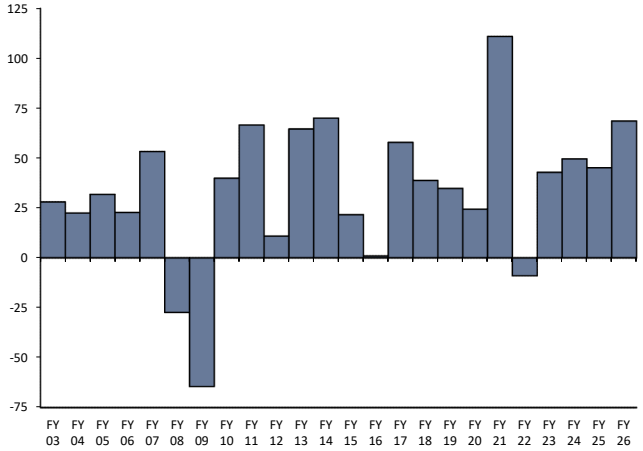
The broad asset categories and managers are listed below. The Capital Markets Benchmark (CMB) weights are also provided for comparison.

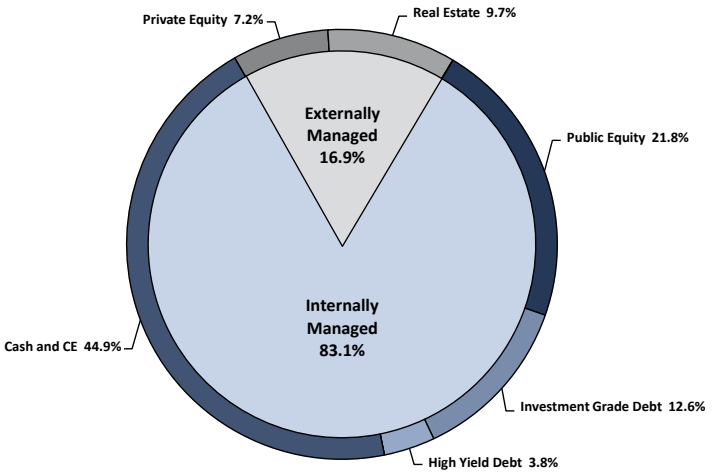
	Fair Value	% of Fund	CMB %
Public Equity			
Internal Public Equity	167,287,425	19.9%	
Emerging Markets ETF	15,837,428	1.9%	
Total Public Equity	183,124,853	21.8%	50.1%
Private Equity			
Blackstone	2,202,568	0.2%	
Carlyle Group	504,157	0.1%	
Cinven Limited	6,836,119	0.8%	
CVC Capital Partners	14,198,073	1.7%	
Riverstone Energy Limited	888,981	0.1%	
Silver Lake Partners	36,333,070	4.3%	
Total Private Equity	60,962,968	7.2%	0.0%
Real Estate			
Blackstone	49,103,455	5.8%	
Brookfield Asset Management	11,153,725	1.3%	
Lone Star Funds	3,059,521	0.4%	
Rockpoint Group	5,669,822	0.7%	
Starwood Capital Group	12,379,929	1.5%	
Total Real Estate	81,366,452	9.7%	11.0%
Investment Grade Debt			
Investment Grade Bond ETF	106,516,017	12.6%	
Total Investment Grade Debt	106,516,017	12.6%	30.0%
High Yield Debt			
High Yield Bond ETF	32,417,386	3.8%	
Total High Yield Debt	32,417,386	3.8%	7.0%
Cash and Cash Equivalents (CE)			
Cash and Money Market Fund	378,065,407	44.9%	
Total Cash and Cash Equivalents (CE)	378,065,407	44.9%	1.9%
Total	842,453,083	100.0%	100.0%

Asset Growth ($ in millions)

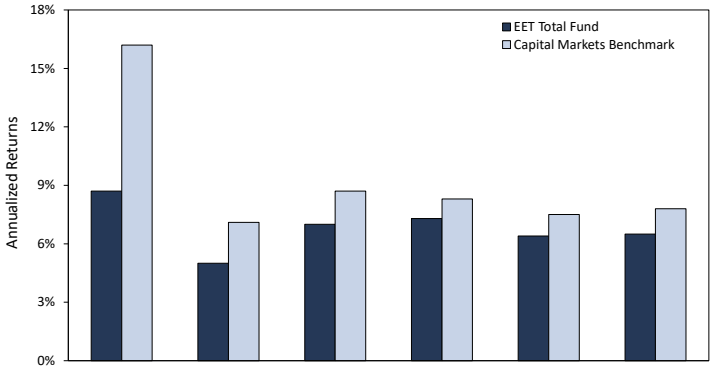


Investment Income ($ in millions)





EET Total Fund vs. Benchmark



	1 Year	5 Years	10 Years	15 Years	20 Years	24 Years
EET	8.7%	5.0%	7.0%	7.3%	6.4%	6.5%
Benchmark	16.2%	7.1%	8.7%	8.3%	7.5%	7.8%
Difference	-7.5%	-2.1%	-1.7%	-1.0%	-1.1%	-1.3%

Refer to the endnotes section for further details on asset growth[6], investment income[7], and valuation cutoff[8].

Health Care Trust Fund

THE FUND

The Health Care Trust Fund (HCT) was established by the South Dakota Constitution through a joint resolution approved by voters at a special election on April 10, 2001. S.D. Const. art. XII, § 5 provides that any funds on deposit in the intergovernmental transfer fund as of July 1, 2001, along with future appropriations to HCT, are to be deposited into the trust. The South Dakota Constitution directs the South Dakota Investment Council (Council) to invest the fund in stocks, bonds, mutual funds, and other financial instruments as authorized by law. South Dakota Codified Law (SDCL) 28-6-33 provides that the monies in the trust fund must be invested in accordance with the prudent-person standard set forth in SDCL 4-5-27. In fiscal year 2021, the Legislature transferred $50 million from the general fund to HCT through House Bill 1273.

Each year, the state treasurer is directed to distribute an amount appropriated by law for health care-related programs from the trust fund to the state general fund. SDCL 4-5-29.1 requires the state investment officer to determine the sixteen-quarter average market value of the fund as of December 31 and calculate four percent, without invading principal. This amount becomes eligible for distribution at the beginning of the next fiscal year. The fund's principal may not be diverted for other purposes unless authorized by a three-fourths vote of all members-elect of each house of the Legislature.

OBJECTIVES AND COMPONENTS

The objectives of HCT are: 1) to provide an annual distribution equal to 4% of the fund's market value, and 2) to promote long-term, inflation adjusted growth of the fund to support a steadily growing distribution amount.

During the fiscal year, HCT assets were invested in diversified portfolios, as detailed on the following page. Since the fund's inception, the Council has gradually shifted the asset allocation to be more like that of the South Dakota Retirement System.

As of June 30, 2026, HCT's long-term expected return was 5.8%, with a volatility of 13.6%. This means that, with 68% confidence, the fund's annual return is expected to fall within a range of –7.8% to 19.3%, and, with 95% confidence, within a broader range of –21.4% to 32.9%.

INVESTMENT PERFORMANCE

At the end of fiscal year 2026, HCT had a fair value of $240,957,191, with a principal value of $135,631,024, and an inflation-adjusted principal of $220,013,405. For the fiscal year, the fund achieved a total return of 9.3% net-of-fees. This performance is compared to the Capital Markets Benchmark return of 16.2%. The underperformance was primarily due to the fund's lower exposure to equities and underperformance of real estate and private equity limited partnerships. Internal public equity was a modest positive contributor.

Over the ten-year period ending June 30, 2026, HCT's annualized total return was 7.0% compared to 8.7% for the Capital Markets Benchmark. In July 2026, the fund distributed $8,727,324, representing 4% of the sixteen-quarter average market value as of December 31, 2025, to the general fund for health care-related expenditures. Since its inception, the fund has distributed $120.98 million to the general fund.

Cash Flows and Fair Value Changes

Beginning Fair Value as of June 30, 2025			229,102,731
Increases or Decreases			
Net Withdrawals		–8,655,091	
Internal Management Fees		–173,026	
External Management Fees		–423,919	
Total Decreases			–9,252,036
Investment Income			
Securities Income			
Interest Income	5,596,434		
Dividend Income	1,222,482		
Securities Lending Income	5,746		
Real Estate Income	241,835		
Change in Accrued Income	–103,545		
Total Securities Income		6,962,952	
Total Capital Gain		14,143,544	
Total Investment Income			21,106,496
Ending Fair Value as of June 30, 2026			240,957,191

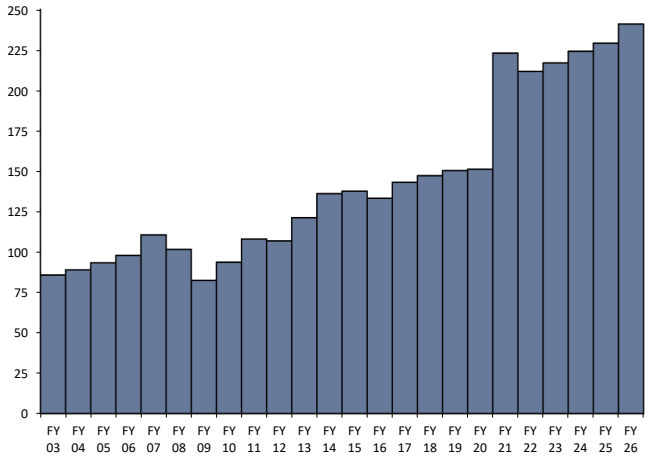
Refer to the endnotes section for further details on audit fees[2], performance reporting[3], management fees[4], and the HCT Capital Markets Benchmark[25].

Asset Allocation

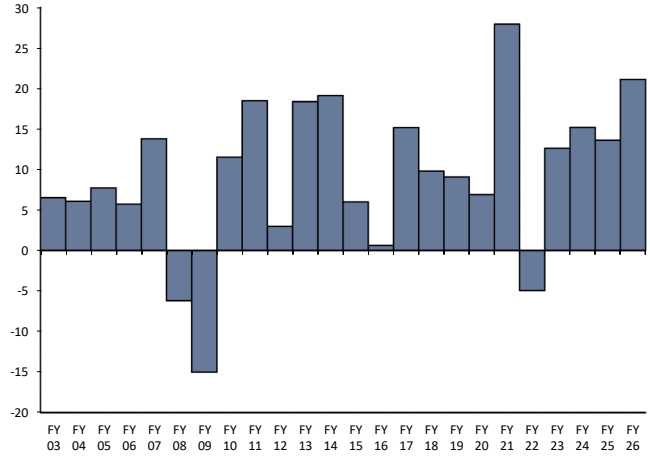
The broad asset categories and managers are listed below. The Capital Markets Benchmark (CMB) weights are also provided for comparison.

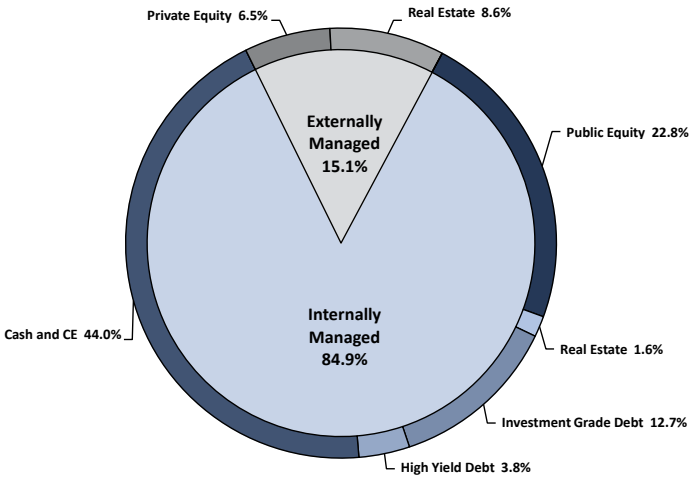
	Fair Value	% of Fund	CMB %
Public Equity			
Internal Public Equity	50,212,944	20.9%	
Emerging Markets ETF	4,689,963	1.9%	
Total Public Equity	54,902,907	22.8%	50.1%
Private Equity			
Blackstone	639,466	0.2%	
Carlyle Group	139,449	0.1%	
Cinven Limited	1,748,047	0.8%	
CVC Capital Partners	3,461,806	1.4%	
Riverstone Energy Limited	241,562	0.1%	
Silver Lake Partners	9,332,148	3.9%	
Total Private Equity	15,562,478	6.5%	0.0%
Real Estate			
Blackstone	12,271,570	5.1%	
Brookfield Asset Management	3,431,916	1.4%	
Lone Star Funds	780,380	0.3%	
Rockpoint Group	1,312,946	0.6%	
Starwood Capital Group	2,928,355	1.2%	
Real Estate ETF	3,773,417	1.6%	
Total Real Estate	24,498,584	10.2%	11.0%
Investment Grade Debt			
Investment Grade Bond ETF	30,658,090	12.7%	
Total Investment Grade Debt	30,658,090	12.7%	30.0%
High Yield Debt			
High Yield Bond ETF	9,209,037	3.8%	
Total High Yield Debt	9,209,037	3.8%	7.0%
Cash and Cash Equivalents (CE)			
Cash and Money Market Fund	106,126,095	44.0%	
Total Cash and Cash Equivalents (CE)	106,126,095	44.0%	1.9%
Total	240,957,191	100.0%	100.0%

Asset Growth ($ in millions)

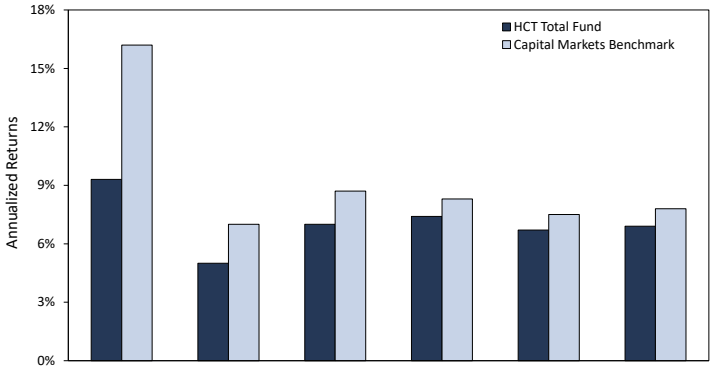


Investment Income ($ in millions)





HCT Total Fund vs. Benchmark



	1 Year	5 Years	10 Years	15 Years	20 Years	24 Years
HCT	9.3%	5.0%	7.0%	7.4%	6.7%	6.9%
Benchmark	16.2%	7.0%	8.7%	8.3%	7.5%	7.8%
Difference	-6.9%	-2.0%	-1.7%	-0.9%	-0.8%	-0.9%

Refer to the endnotes section for further details on asset growth[6], investment income[7], and valuation cutoff[8].

Trust Funds Internal Management Summary

The following is an aggregated summary of the internally-managed assets of the School and Public Lands, Dakota Cement Trust, Education Enhancement Trust, and Health Care Trust funds as of June 30, 2026.

Internal Public Equity Profile

The Internal Public Equity holdings are very similar across the four trust funds with respect to sector and individual company weightings. The portfolio characteristics are presented below in aggregate. This summary does not include exposure from exchange-traded funds (ETFs).

Weights by Sector	Percent of Total
Information Technology	26.0%
Financials	14.0%
Health Care	13.1%
Industrials	11.2%
Consumer Discretionary	9.6%
Communication Services	6.7%
Energy	6.5%
Consumer Staples	6.4%
Materials	3.4%
Utilities	2.0%
Cash and Accruals	1.1%
Total	100.0%

30 Largest Company Holdings	Percent of Total
NVIDIA Corp.	4.4%
Apple, Inc.	3.6%
Alphabet, Inc.	3.3%
Microsoft Corp.	2.8%
Amazon.com, Inc.	2.2%
Samsung Electronics Co., Ltd.	1.9%
Meta Platforms, Inc.	1.1%
ASML Holdings NV	1.0%
Broadcom, Inc.	1.0%
Berkshire Hathaway, Inc.	0.9%
Advanced Micro Devices, Inc.	0.9%
Applied Materials, Inc.	0.9%
Eli Lilly & Co.	0.8%
Bath & Body Works, Inc.	0.7%
U.S. Bancorp	0.7%
Humana, Inc.	0.7%
Elevance Health, Inc.	0.7%
UnitedHealth Group, Inc.	0.6%
Zoetis, Inc.	0.6%
Roche Holding AG	0.6%
Schneider Electric SA	0.6%
Everest Group, Ltd.	0.6%
Micron Technology, Inc.	0.6%
Nestle SA	0.6%
Texas Instruments, Inc.	0.6%
Molina Healthcare, Inc.	0.6%
DSM-Firmenich AG	0.5%
Visa, Inc.	0.5%
ConocoPhillips	0.5%
Lam Research Corp.	0.5%
Sum	35.0%

10 Largest Country Weights	Percent of Total
United States	74.4%
France	4.4%
Japan	3.4%
Great Britain	3.2%
South Korea	2.6%
Netherlands	2.5%
Germany	2.5%
Switzerland	2.1%
Canada	1.6%
Belgium	0.5%
Sum	97.2%

Emerging Markets Equity Exposure

The four trust funds obtain emerging markets exposure through an exchange-traded fund (ETF). The range of the weights for the trust funds are shown below.

	Trust Funds Weight Range
Vanguard FTSE Emerging Markets ETF	1.7% to 2.1%

Investment Grade Debt Exposure

The four trust funds obtain investment grade exposure through an exchange-traded fund (ETF). The range of the weights for the trust funds are shown below.

	Trust Funds Weight Range
BlackRock iShares Core US Aggregate Bond ETF	12.6% to 12.9%

High Yield Debt Exposure

The four trust funds obtain high yield exposure through an exchange-traded fund (ETF). The range of the weights for the trust funds are shown below.

	Trust Funds Weight Range
BlackRock iShares Broad USD High Yield Corporate Bond ETF	3.8% to 3.9%

South Dakota Cash Flow Fund

THE FUND

The South Dakota Investment Council (Council) has managed the South Dakota Cash Flow Fund (SDCFF) since fiscal year 1973. The fund serves as the state's checking account and is comprised of more than 500 separately identified accounts, including various reserves and contingency funds. During fiscal year 2026, the fund's balance ranged from $3.215 to $3.432 billion, with an average balance of $3.356 billion. In fiscal years 2020 and 2022, the SDCFF received federal Coronavirus relief and other stimulus funds. The fund balance may decline as those funds and the Incarceration Construction fund are expended.

South Dakota Codified Law (SDCL) 4-5-26 sets forth a list of permissible investments for the SDCFF. Some examples include U.S. government and agency debt, mortgage-backed securities, investment grade corporate debt, certificates of deposit (CDs), commercial paper, and exchange traded funds (ETFs) that are predominantly invested in these types of securities. The fund is managed within Council-established portfolio guidelines that set ranges and limits on position size, security maturity, portfolio duration, credit quality, and fixed income sector exposure.

OBJECTIVES AND COMPONENTS

The objectives of SDCFF are: 1) to preserve the safety of principal, 2) to maintain sufficient liquidity to meet the state's needs, and 3) to generate income. To achieve these objectives, the fund is comprised of four portfolios, each designed to serve a specific purpose.

As of June 30, 2026, the SDCFF Money Market (MM) portfolio represented 44.7% of the fund. Its purpose is to meet the state's daily cash flow needs with minimal risk of loss of principal and to generate income, especially when short-term interest rates are attractive. This portfolio invests in highly liquid, short-term assets like money market funds and treasury bills. There is very little fluctuation in value of the MM portfolio, but short-term interest rates can be volatile.

As of June 30, 2026, the actively managed SDCFF Short-Term Fixed Income (ST) portfolio represented 43.8% of the fund. Its purpose is to enhance and stabilize income by investing in investment grade corporate debt and U.S. government agency and treasury debt. This portfolio typically has more stable income than the MM portfolio by locking in interest rates generally for two to three years, but may have moderate market value fluctuation.

As of June 30, 2026, the actively managed SDCFF Intermediate-Term Fixed Income (IT) portfolio represented 10.8% of the fund. Its purpose is to further enhance and stabilize income for the fund by investing in investment grade corporate debt, U.S. government agency and treasury debt, and mortgage-backed securities from U.S. government-sponsored enterprises. The IT portfolio's value is subject to more volatility than the ST portfolio, but it provides more stable income as interest rates are generally locked in for three to ten years.

As of June 30, 2026, the South Dakota Certificate of Deposit Program represented 0.7% of the fund. The program was designed to benefit economic development in South Dakota by making funds available to local financial institutions for loans. The one-year CDs issued in September 2025 had a rate of 3.89%, based on a one-year Treasury note yield plus 0.15%. As of June 30, 2026, the program issued $21.316 million in CDs, distributed among 29 banks and four credit unions.

PRORATION

Each fiscal year, receipted income is distributed to state agencies based on their share of the total average daily cash balance. For fiscal year 2026, the proration rate was 4.17%, resulting in a $136.8 million distribution to the general fund and state agencies. The proration rate does not include accrued income or unrealized gains or losses. Since its inception, the fund has distributed over $1.77 billion in earnings.

INVESTMENT PERFORMANCE

For fiscal year 2026, the MM portfolio's average yield was 3.9%.

The time-weighted rate of return for the ST portfolio was 3.2% for the fiscal year. This portfolio is compared to the ST Benchmark return of 3.4%. Since inception of the ST portfolio in fiscal year 1986, the annualized return was 4.5% compared to 4.2% for the ST Benchmark.

The time-weighted rate of return for the IT portfolio was 4.0% for the fiscal year. This portfolio is compared to the FTSE USBIG Bond Index return of 3.9%. Since inception of the IT portfolio in fiscal year 2016, the annualized return was 1.9% compared to 1.9% for the FTSE USBIG Bond Index.

Cash Flows and Fair Value Changes

Beginning Fair Value as of June 30, 2025			3,481,497,268
Increases or Decreases			
Net Withdrawals		–304,881,467	
Internal Management Fees		–1,056,258	
Total Decreases			–305,937,725
Investment Income			
Securities Income			
Interest Income - Managed	132,518,093		
Interest Income - CDs	1,015,833		
Change in Accrued Income	–5,686,734		
Total Securities Income		127,847,192	
Total Capital Loss		–5,761,814	
Total Investment Income			122,085,378
Ending Fair Value as of June 30, 2026			3,297,644,921

Refer to the endnotes section for further details on audit fees[2] and the ST benchmark[26].

Historical Results

The historical proration amounts and rates are provided in the table below. For reference, the 3-month T-bill and institutional prime money market rates are included. Also shown are the annual historical total rates of return for the SDCFF Short-Term (ST) Fixed Income and Intermediate-Term (IT) Fixed Income portfolios.

	Proration Amount	Proration Rate	3-month Treasury Bill Rate	Institutional Prime Money Market Rate	Total Return ST	Total Return IT
2026	136,756,660	4.17%	4.05%	3.91%	3.21%	3.97%
2025	150,606,278	4.28%	4.88%	4.66%	6.00%	5.98%
2024	148,011,821	4.05%	5.64%	4.88%	5.00%	2.57%
2023	76,172,463	2.16%	3.75%	3.65%	1.22%	–0.89%
2022	22,854,849	0.84%	0.19%	0.21%	–4.20%	–9.51%
2021	33,352,907	1.40%	0.08%	0.10%	0.68%	–1.84%
2020	37,624,155	2.30%	1.56%	1.51%	5.04%	9.34%
2019	27,957,976	2.08%	2.30%	2.35%	5.25%	8.48%
2018	15,914,986	1.19%	1.33%	1.47%	0.31%	–0.60%
2017	16,116,484	1.25%	0.46%	0.73%	0.53%	–1.32%
2016	18,018,069	1.35%	0.14%	0.26%	2.32%	4.72%
2015	16,728,885	1.25%	0.02%	0.06%	1.03%	
2014	12,516,162	0.99%	0.04%	0.04%	1.65%	
2013	17,429,182	1.47%	0.08%	0.12%	0.98%	
2012	25,829,546	2.33%	0.04%	0.12%	1.88%	
2011	35,573,830	3.37%	0.14%	0.17%	2.71%	
2010	50,155,778	4.94%	0.12%	0.17%	5.10%	
2009	43,568,535	4.59%	0.78%	1.63%	6.58%	
2008	44,431,241	5.07%	3.32%	4.25%	6.59%	
2007	34,578,213	4.23%	5.07%	5.19%	5.56%	
2006	25,450,147	3.07%	3.95%	4.10%	2.36%	
2005	21,652,806	2.66%	2.04%	2.08%	2.62%	
2004	22,888,860	2.95%	0.96%	0.94%	0.59%	
2003	29,876,507	4.22%	1.41%	1.39%	5.45%	
2002	41,972,001	5.54%	2.45%	2.44%	5.55%	
2001	50,729,249	6.54%	5.64%	5.88%	9.57%	
2000	36,459,873	5.18%	5.30%	5.71%	4.94%	
1999	36,122,881	6.02%	4.71%	5.07%	4.90%	
1998	31,533,466	6.11%	5.25%	5.50%	7.11%	
1997	28,961,501	6.03%	5.26%	5.33%	6.81%	
1996	27,987,169	6.18%	5.44%	5.55%	5.29%	
1995	20,145,287	4.87%	5.05%	5.36%	7.78%	
1994	15,309,074	3.73%	3.18%	3.27%	2.73%	
1993	20,908,872	5.34%	3.12%	3.19%	4.98%	
1992	26,680,663	7.23%	4.67%	4.98%	7.98%	
1991	30,595,214	8.48%	6.76%	7.20%	9.65%	
1990	30,876,016	8.81%	7.93%	8.39%	8.66%	
1989	24,741,382	7.35%	7.82%	8.64%	9.59%	
1988	19,634,393	6.52%	5.51%	6.78%	7.70%	
1987	19,763,489	7.11%	5.51%	5.98%	6.66%	
1986	22,702,888	8.69%	7.08%	7.43%	4.75%	
1985	24,805,620	9.91%	9.09%	9.47%		
1984	22,179,507	9.02%	9.42%	9.40%		
1983	25,178,343	12.11%	8.56%	9.49%		
1982	30,488,779	15.51%	13.53%	14.66%		
1981	26,148,927	11.50%	12.65%	13.37%		
1980	23,762,605	11.78%	11.24%	11.95%		
1979	14,661,310	7.82%	8.99%	9.02%		
1978	11,069,889	6.96%	6.03%	6.03%		
1977	9,853,216	8.37%	4.89%	4.71%		
1976	8,378,771	7.92%	5.51%	5.23%		
1975	11,490,970	11.00%	6.76%	8.15%		
1974	7,966,372	8.35%	8.03%	8.90%		
1973	1,674,845	4.90%	3.02%	3.43%		
	1,766,848,912					

Inception Period Disclosures

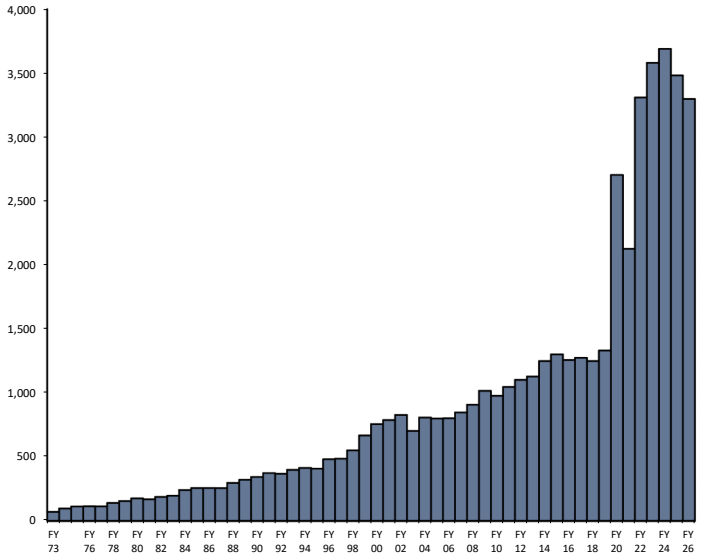
Returns and figures for historical inception years represent partial year periods rather than full fiscal years.

1973: Represents a partial year for Proration Amount, Proration Rate, 3-Month Treasury Bill Rate, and Institutional Prime Money Market Rate.

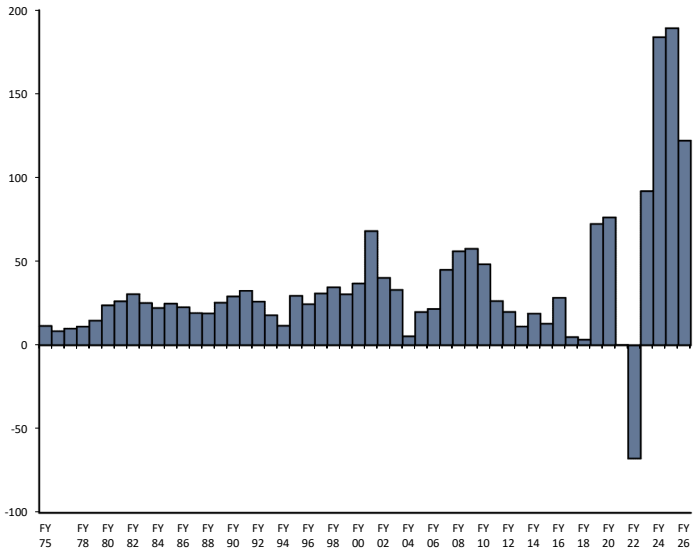
1986: Represents a partial year return for Short-Term Total Return.

2016: Represents a partial year return for Intermediate-Term Total Return.

Asset Growth ($ in millions)



Investment Income ($ in millions)



Distribution of Assets

South Dakota Cash Flow Fund characteristics as of June 30, 2026, are presented below.

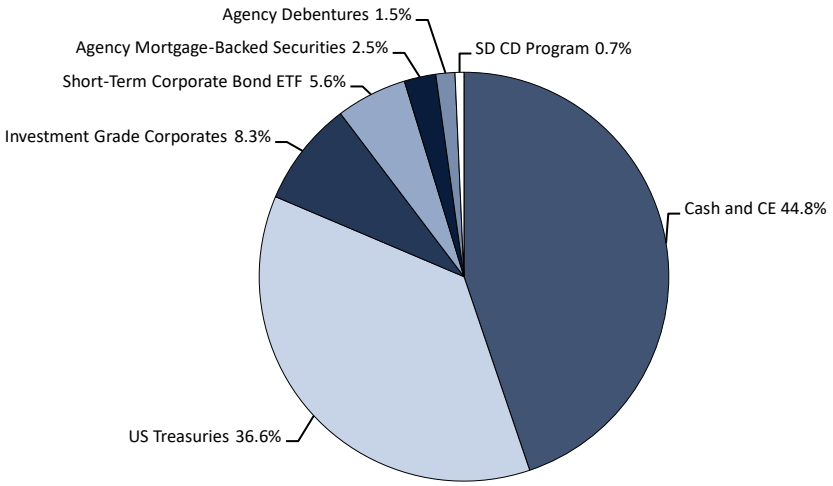
Distribution by Bond Duration	Percent of Total
0 to 1 years	5.9%
1 to 2 years	32.2%
2 to 3 years	27.4%
3 to 4 years	10.4%
4 to 5 years	14.2%
5 to 6 years	4.3%
Above 6 years	5.6%
Total	100.0%

Distribution by Bond Rating	Percent of Total
US Government Guaranteed	78.5%
AAA	0.4%
AA	5.7%
A	11.4%
BBB	4.0%
BB	0.0%
Total	100.0%

Distribution by Bond Coupon	Percent of Total
0.00% to 1.00%	9.3%
1.01% to 2.00%	3.2%
2.01% to 3.00%	5.0%
3.01% to 4.00%	46.7%
4.01% to 5.00%	32.3%
5.01% and over	3.5%
Total	100.0%

Distribution by Sector	Percent of Total
Agency Debentures	1.5%
Agency Mortgage-Backed Securities	2.5%
Investment Grade Corporates	8.3%
US Treasuries	36.6%
Short-Term Corporate Bond ETF	5.6%
South Dakota CD Program	0.7%
Cash and Cash Equivalents (CE)	44.8%
Total	100.0%

10 Largest Corporates by Issuer	Percent of Total
Morgan Stanley	1.2%
Honda Motor Co., Ltd.	0.9%
Deere & Co.	0.9%
Toyota Motor Corp.	0.8%
PepsiCo, Inc.	0.8%
Philip Morris International, Inc.	0.8%
American Express Co.	0.7%
Merck & Co., Inc.	0.7%
US Bancorp	0.6%
McDonald's Corp.	0.6%
Sum	8.0%



Refer to the endnotes section for further details on asset growth[6] and investment income[7].

Certificate of Deposit Program

PURPOSE

The South Dakota Investment Council, in partnership with the Office of the State Treasurer, administers the South Dakota Certificate of Deposit(CD) Program. Governed by South Dakota Codified Law (SDCL) 4-5-26(6) and Administrative Rules (ARSD) 6:01:02:01 and 6:01:02:02, this program supports economic development within the state by providing local financial institutions with access to funds for lending, while earning a market rate of return for the South Dakota Cash Flow Fund. Established for banks in 1974, the program expanded to include savings associations in 1980 and credit unions in 2001, providing a long-standing tool for local reinvestment.

ALLOCATION

The program offers $35,000,000 for one-year term CDs with an interest rate set under ARSD 6:01:02:01 based on the one-year Treasury bill rate, adjusted for liquidity and collateral risk. Pursuant to ARSD 6:01:02:02, these funds are allocated to banks and savings associations that indicate interest in participating in that year's program based on each institution's outstanding South Dakota loans and municipal bonds. Once the interest rate is set, each institution may choose to accept up to its allocated amount or opt out entirely. Any unclaimed allocations from banks and savings associations are subsequently reoffered to interested credit unions.

FY 2026 Program Highlights

$21,316,000	3.89%	September 30, 2026
Total CDs Outstanding	Interest Rate	Maturity Date

Participating Banks
Sorted by Balance

Institution	CD Amount
First National Bank (Sioux Falls)	3,420,000
First Dakota National Bank	3,000,000
CorTrust Bank	1,653,000
Pioneer Bank & Trust	1,377,000
First National Bank (Pierre)	1,376,000
Plains Commerce Bank	1,299,000
Liberty National Bank	643,000
BankStar Financial	617,000
Commercial State Bank	569,000
Security Bank	524,000
Frontier Bank	352,000
Merchants State Bank	337,000
First International Bank & Trust	325,000
Farmers & Merchants State Bank (Plankinton)	298,000
Premier Bank	277,000
Great Plains Bank	259,000
Bryant State Bank	250,000
Community Bank	250,000
Farmers & Merchants State Bank (Scotland)	250,000
Farmers State Bank (Hosmer)	250,000
Farmers State Bank (Turton)	250,000
First Financial Bank	250,000
First State Bank Of Roscoe	250,000
Ipswich State Bank	250,000
One American Bank	250,000
Pioneer Bank	250,000
Richland State Bank	250,000
Sunrise Bank Dakota	250,000
Heartland State Bank	240,000
Total Banks (29)	**19,566,000**

Participating Credit Unions
Sorted by Balance

Institution	CD Amount
Voyage Federal Credit Union	1,000,000
Healthcare Plus Federal Credit Union	250,000
Minuteman Federal Credit Union	250,000
Service First Federal Credit Union	250,000
Total Credit Unions (4)	**1,750,000**

HIGHER EDUCATION SAVINGS PLAN

In 2001, the Legislature tasked the South Dakota Investment Council (Council) with establishing South Dakota's Higher Education Savings Plan. This followed federal tax law changes in 1996, when amendments to Section 529 of the Internal Revenue Code created significant incentives for families to invest in tax-advantaged accounts to save for future higher education expenses.

In November 2001, the Council selected Allianz Global Investors Distributors (Allianz, formerly PIMCO Funds Distributors LLC) as the program manager for South Dakota's Section 529 plan, CollegeAccess 529, following a competitive process involving seven candidates. The contract with Allianz was subsequently renewed for two additional seven-year terms in 2007 and 2014. In July 2020, Allianz notified the Council that VP Distributors, LLC (VPD) would assume its distribution business as part of a long-term strategic partnership. After conducting due diligence and consulting with legal counsel, the Council approved VPD as the new program manager while retaining Allianz Global Investors Multi-Asset U.S. (AGI) as allocation advisor responsible for proposing asset allocation and investment options for the plan. On July 25, 2022, the AGI team serving as allocation advisor transitioned to Virtus Fund Advisors and has continued to serve in the same capacity. As of June 30, 2026, plan assets were $842 million, with participants in all 50 states.

The Council partnered with Virtus to create a flexible and cost-effective 529 plan that offers distinct advantages for South Dakota residents. This was accomplished by offering several investment choices for individuals investing directly (i.e., without the use of a financial advisor) at a maximum total annual cost of no more than 0.65%. Among these options are Age-Based Investment Portfolios, which use shifting asset allocations based on the beneficiary's age. These diversified investment portfolios are designed to prioritize total return and capital appreciation during the early years, moving toward preservation of capital and income generation as the beneficiary nears college age. For South Dakotans investing directly in the age-based portfolios, total annual operating expense ratios ranged from 0.37% to 0.57% last year.

South Dakota residents also have the option to invest directly in the Virtus Seix Core Bond Fund, which seeks to maximize long-term total return through a combination of current income and capital appreciation, consistent with capital preservation. For direct investors in South Dakota, the total annual operating expense ratio for the Virtus Seix Core Bond Fund was 0.36%. In addition, South Dakota residents can invest directly in two multi-fund portfolios: the Virtus Multi-Asset 60-40 Portfolio and the Diversified Bond Portfolio. The Virtus Multi-Asset 60-40 Portfolio seeks to deliver a favorable long-term total return through a combination of equity and bond funds, while the Diversified Bond Portfolio seeks to maximize total return through a mix of two or more core bond funds. The portfolios' total annual operating expense ratios were 0.17% and 0.39%, respectively, for South Dakota residents investing directly.

South Dakota investors, and investors nationwide, can invest in ten age-based portfolios, eleven individual or multi-manager mutual funds, and three customized investment portfolios through a financial advisor. While all advisor-assisted investments include associated fees, South Dakota residents receive two key cost advantages: They are exempt from the $20 annual account maintenance fee and the 0.25% annual program management fee.

SCHOLARSHIP PROGRAM

The original contract with Allianz included a commitment to fund a scholarship program for outstanding South Dakota high school seniors. During the first three years, Allianz guaranteed funding for 70 four-year $2,000 scholarships (totaling $8,000 each). In addition, over 500 one-time $1,500 scholarships were awarded.

Beginning in fiscal year 2005, the availability of scholarship funding became tied to the asset levels of South Dakota's CollegeAccess 529 Plan. Over the first six years, the Council administered the Allianz Scholarship Program and awarded a total of:

- 279 four-year scholarships of $2,000 per year
- 70 two-year scholarships of $2,000 per year
- 564 one-time scholarships of $1,500

As additional state-sponsored scholarships became available, the Council decided to redirect the Allianz scholarship funds to the Dakota Corps Scholarship program. Since fiscal year 2007, $22,219,051 has been directed to the Dakota Corps Scholarship fund. Based on the assets as of June 30, 2026, the contribution for 2026 was $842,025 under the scholarship funding formula.

Both the original Allianz Scholarship Program and the Dakota Corps Scholarship share a common goal: to retain talented young people in South Dakota to support the State's economic well-being. The Dakota Corps program is geared toward students who plan to work toward a degree in a critical need occupation within the State.

To be eligible, students must meet academic requirements and attend a participating South Dakota college as a post-secondary student in a program that will prepare the student to work in a critical need occupation. Each recipient then agrees, in writing, to enter a critical need occupation in South Dakota after completing the program of study. The number of years a recipient must work in a critical need occupation to fulfill the entire obligation is equal to the sum of the number of years of scholarship received, plus one year.

Recipients of the Dakota Corps Scholarship receive funding intended to fully cover tuition and generally applicable fees, with award amounts based on the type of institution they attend. South Dakota public university students receive coverage for up to 16 undergraduate credit hours per semester, while private college students receive the same amount, with the institution covering any remaining costs. Technical and tribal college students receive awards tailored to their institution, not exceeding the public university rate. A description of the program can be found at the Dakota Corps Scholarship Details section of the South Dakota Board of Regents website.

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 can be found on the following page.

MORE INFORMATION

Further information on the higher education savings program can be found on the CollegeAccess 529 Plan website. A section of the website has been custom-developed for South Dakota residents.

NOTICE: CollegeAccess 529 Plan accounts are not insured by any state, and neither the principal deposited nor any investment return is guaranteed by any state. Furthermore, the accounts are not insured, nor the principal or investment return guaranteed, by the federal government or any federal agency.



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

January 16, 2026

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

Hon. Jon Hansen, Speaker
South Dakota House of Representatives
500 E. Capitol Avenue
Pierre, SD 57501-5070

Hon. Chris Karr, President Pro Tempore
South Dakota Senate
500 E. Capitol Avenue
Pierre, SD 57501-5070

Dear Governor Rhoden, Speaker Hansen, and President Pro Tempore Karr:

The South Dakota Investment Council (Council) is pleased to submit our twenty-fifth 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 Dakotans, as well as others across the nation, to save and invest for post-secondary educational expenses with federal tax benefits.

VP Distributors, LLC (VPD) is the current program manager for CollegeAccess 529 and is responsible for managing marketing, investing, and administering the plan. Virtus Fund Advisors, an affiliate of VPD, is responsible for fund selection and asset allocation for the plan. Virtus Investment Partners (NYSE: VRTS), the parent company of VPD, operates through affiliated advisors, including well-recognized investment companies like Duff & Phelps and Kayne Anderson Rudnick. The $1.10 billion market-cap firm was formed in 1995 and has $159.5 billion in assets under management as of December 31, 2025.

Allianz Global Investors Distributors (originally known as PIMCO Fund Distributors), the previous program manager for CollegeAccess 529, transferred its program management duties to VPD as part of a strategic partnership between Allianz Global Investors (AGI) and Virtus Investment Partners, effective February 1, 2021 . Fund selection and asset allocation duties remained at AGI until July 25, 2022, after which those duties were transferred to Virtus Fund Advisors, an affiliate of VPD. This transfer was due to Allianz pleading guilty to a fraudulent scheme unrelated to CollegeAccess 529.

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 Virtus 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.

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

As of December 31, 2025, the plan had assets of $825,107,917, up 0.61% from last year. For calendar year 2025, returns for South Dakota direct investors ranged from 17.34% for the Age-Based 1 portfolio to 7.53% for the diversified bond portfolio.

Of the 21 mutual funds utilized by the plan and rated by Morningstar, 75% have an overall rating of 3, 4, or 5 stars, with 5 being the highest possible rating. Additionally, 6 of the funds were deemed Morningstar Medalists. Morningstar, a leading provider of independent investment research, provides strictly quantitative ratings that measure how well a mutual 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. Since 2001, over $23 million in scholarships has been awarded to South Dakota high school seniors 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.

Starting in 2007, with input from then Governor Rounds and approval by the LRC Executive Board, the Council began to direct scholarship monies generated through the program management agreement to the Dakota Corps Scholarship Program. The amount contributed to the Dakota Corps Scholarship Program since 2007 totals $20.5 million. The contribution for calendar year 2025 was $836,669. 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

Portfolio Summaries

South Dakota Retirement System

As of June 30, 2026; Values in US Dollars

Internally Managed	Shares	Cost Value	Fair Value
Global Large-Cap Equity			
NVIDIA Corp.	1,259,700	90,686,080	252,053,373
Apple, Inc.	700,520	16,736,073	202,702,467
Microsoft Corp.	431,720	35,745,603	161,040,194
Amazon.com, Inc.	531,320	59,278,342	126,634,809
Alphabet, Inc. - Cl. A	286,420	7,696,236	102,357,915
Alphabet, Inc. - Cl. C	246,940	8,020,169	87,251,310
Samsung Electronics Co., Ltd.	305,123	11,454,074	65,778,792
Meta Platforms, Inc.	114,060	25,670,713	64,248,857
ASML Holding NV	29,851	18,229,039	58,749,053
Broadcom, Inc.	153,425	26,623,697	57,956,294
Advanced Micro Devices, Inc.	90,250	6,181,005	52,427,128
Berkshire Hathaway, Inc.	101,319	17,608,298	50,699,014
Applied Materials, Inc.	64,940	3,705,425	46,951,620
Eli Lilly & Co.	38,834	5,584,797	46,578,665
Zoetis, Inc.	558,093	52,889,919	40,104,563
U.S. Bancorp	659,235	23,474,432	39,817,794
Samsung Electronics Co., Ltd. - Pfd.	271,362	10,073,375	37,132,088
UnitedHealth Group, Inc.	88,392	20,933,171	36,738,367
Elevance Health, Inc.	94,768	28,895,281	36,649,629
Roche Holding AG	87,615	23,032,649	36,147,365
Schneider Electric SE	110,278	28,357,021	35,983,470
Micron Technology, Inc.	29,410	1,249,984	33,947,669
Nestle SA	327,600	22,600,620	33,740,790
Texas Instruments, Inc.	108,250	14,296,514	32,266,078
Visa, Inc.	90,216	9,833,100	30,952,207
DSM-Firmenich AG	323,700	25,430,333	30,717,154
ConocoPhillips	294,013	19,971,454	30,565,591
Lam Research Corp.	70,200	2,399,442	30,419,766
Bath & Body Works, Inc.	1,285,266	30,937,720	29,728,203
United Parcel Service, Inc.	263,938	28,773,825	28,373,335
Intel Corp.	202,769	5,601,002	28,312,635
SAP SE	184,496	24,163,233	28,265,192
Humana, Inc.	68,410	18,672,591	27,173,820
Tokyo Electron, Ltd.	57,200	7,361,235	27,152,623
Pfizer, Inc.	1,095,925	34,033,810	26,389,874
Diageo plc	1,296,267	36,025,689	26,194,160
Sodexo SA	445,358	26,816,959	25,789,855
Comcast Corp.	1,038,751	34,325,680	25,501,337
TotalEnergies SE	315,686	15,779,494	24,553,645
Wells Fargo & Co.	296,891	11,978,839	24,535,072
IQVIA Holdings, Inc.	126,810	22,654,319	24,502,228
BNP Paribas SA	209,713	11,080,389	24,489,583
Mastercard, Inc.	47,260	12,841,875	24,272,736
Charter Communications, Inc.	170,054	37,199,457	24,183,379
Siemens Healthineers AG	616,320	28,438,760	24,098,641
Molina Healthcare, Inc.	104,213	16,884,466	23,833,513
Suncor Energy, Inc.	435,919	10,736,151	23,443,609
Canadian Natural Resources, Ltd.	575,996	11,194,761	22,784,067
Anheuser-Busch InBev SA	274,031	18,615,744	22,764,351
CDW Corp.	161,648	19,111,336	22,734,175
Total Top 50 Securities		1,079,884,181	2,419,688,055
Remaining Global Large-Cap Equity		1,925,282,287	2,356,570,346
Global Large-Cap Equity		3,005,166,468	4,776,258,401
Emerging Markets ETF		407,179,851	580,984,061
Small/Mid-Cap Equity		681,384,757	889,152,538
Investment Grade		1,439,385,879	1,418,907,819
Treasury Notes/IG Bond ETF		688,066,967	688,145,601
High Yield		633,950,323	641,049,448
Cash Portfolio		3,662,011,984	3,679,187,200
Total SDRS Internally Managed		10,517,146,229	12,673,685,068

South Dakota Retirement System

As of June 30, 2026; Values in US Dollars

Externally Managed	Cost Value	Fair Value
Public Equity		
Sanders Capital, L.L.C.	94,028,156	167,648,526
Total Public Equity	94,028,156	167,648,526
Private Equity		
Blackstone Capital Partners V	0	307,931
Blackstone Capital Partners VI	4,375,499	12,079,933
Blackstone Capital Partners VII	37,808,589	61,287,271
Blackstone Energy Partners II	21,414,753	48,517,757
Blackstone Energy Partners III	50,266,913	150,725,442
Capital International Private Equity Fund VI	6,627,241	1,246,673
Carlyle Partners V	4,012,853	546,286
Carlyle Partners VI	16,269,294	10,772,907
EnCap Energy Capital Fund XI	28,175,532	31,788,706
The Fourth & The Fifth Cinven Fund	27,138,438	16,785,212
The Sixth Cinven Fund	52,999,363	31,389,409
The Seventh Cinven Fund	74,139,385	111,812,306
CVC European Equity Partners IV & V	33,756,652	1,811,345
CVC Capital Partners VII	59,372,561	106,316,979
CVC Capital Partners VIII	94,715,197	147,208,867
CVC Capital Partners IX	23,495,462	35,739,382
PineBridge/BFG Investments	4,135,904	2,951,113
Riverstone Global Energy & Power Fund V	3,619	99,966
Riverstone Global Energy & Power Fund VI	25,932,789	14,494,288
Silver Lake Partners III & SL SPV-2	1,838,198	28,173,122
Silver Lake Partners IV	40,889,765	176,540,309
Silver Lake Partners V	112,311,838	185,618,293
Silver Lake Partners VI	152,376,864	232,995,199
Silver Lake Partners VII	92,269,348	129,484,594
Total Private Equity	964,326,057	1,538,693,290
Aggressive Absolute Return		
Bridgewater Pure Alpha Fund II, Ltd.	36,742,005	162,061,691
Telsey Consumer Fund	14,236,900	19,324,233
Total Aggressive Absolute Return	50,978,905	181,385,924
Real Estate		
Blackstone Real Estate Partners V & VI	0	625,547
Blackstone Real Estate Partners VII	12,506,106	5,432,988
Blackstone Real Estate Partners VIII	119,879,270	142,483,955
Blackstone Real Estate Partners IX	198,264,158	208,332,795
Blackstone Real Estate Partners X	122,581,353	158,768,521
Blackstone Real Estate Partners Europe III	5,889,151	2,100,224
Blackstone Real Estate Partners Europe V	189,753,320	134,522,216
Blackstone Real Estate Partners Europe VI	133,279,338	127,109,017
Blackstone Real Estate Partners Asia II	161,787,847	183,678,065
Blackstone Real Estate Partners Asia III	41,001,578	53,673,615
Brookfield Strategic Real Estate Partners III	80,558,772	90,887,531
Brookfield Strategic Real Estate Partners IV	216,330,580	231,654,254
Lone Star Real Estate Fund IV	82,115,959	57,305,539
Lone Star Real Estate Fund V	11,551,927	7,516,164
Lone Star Real Estate Fund VI	55,872,926	48,548,599
Rockpoint Real Estate Fund IV	6,385,161	1,013,199
Rockpoint Real Estate Fund V	44,635,471	35,064,309
Rockpoint Real Estate Fund VI	66,330,998	80,295,717
Starwood Distressed Opportunity Fund IX Global	7,956,370	3,821,800
Starwood Opportunity Fund X Global	27,708,460	10,852,576
Starwood Opportunity Fund XI Global	99,454,715	127,050,434
Starwood Distressed Opportunity Fund XII Global	87,020,803	111,436,389
Starwood Distressed Opportunity Fund XIII Global	–6,566,273	997,983
Total Real Estate	1,764,297,990	1,823,171,437
Total SDRS Externally Managed	2,873,631,108	3,710,899,177

School and Public Lands

As of June 30, 2026; Values in US Dollars

Internally Managed	Cost Value	Fair Value
Public Equity	68,902,425	102,188,782
Investment Grade Bond ETF	58,044,068	58,507,246
High Yield Bond ETF	17,792,248	17,599,472
Cash/Money Market Portfolio	203,185,003	203,777,852
Total SPL Internally Managed	347,923,744	382,073,352

Externally Managed	Cost Value	Fair Value
Private Equity		
Blackstone Capital Partners V	0	5,308
Blackstone Capital Partners VI	56,514	156,024
Blackstone Capital Partners VII	642,745	1,041,886
Carlyle Partners VI	404,704	268,169
The Sixth Cinven Fund	1,395,428	826,457
The Seventh Cinven Fund	1,812,297	2,733,190
CVC Capital Partners VII	1,484,314	2,657,924
CVC Capital Partners VIII	2,553,025	3,968,239
CVC Capital Partners IX	628,641	956,237
Riverstone Global Energy & Power Fund VI	829,847	463,815
Silver Lake Partners III & SL SPV-2	43,586	667,801
Silver Lake Partners IV	971,082	4,192,492
Silver Lake Partners V	2,870,288	4,744,041
Silver Lake Partners VI	3,978,768	6,086,906
Silver Lake Partners VII	2,468,752	3,464,480
Total Private Equity	20,139,991	32,232,969
Real Estate		
Blackstone Real Estate Partners V & VI	0	12,537
Blackstone Real Estate Partners VII	269,617	117,134
Blackstone Real Estate Partners VIII	2,996,982	3,552,013
Blackstone Real Estate Partners IX	5,140,182	5,401,220
Blackstone Real Estate Partners X	3,280,988	4,249,567
Blackstone Real Estate Partners Europe III	142,219	50,717
Blackstone Real Estate Partners Europe V	4,930,487	3,495,381
Blackstone Real Estate Partners Europe VI	3,331,984	3,177,725
Blackstone Real Estate Partners Asia II	4,194,500	4,762,025
Blackstone Real Estate Partners Asia III	1,047,818	1,371,865
Brookfield Strategic Real Estate Partners IV	5,608,569	6,005,854
Lone Star Real Estate Fund IV	2,071,170	1,445,388
Lone Star Real Estate Fund V	295,977	192,572
Rockpoint Real Estate Fund V	1,142,669	897,647
Rockpoint Real Estate Fund VI	1,695,124	2,052,000
Starwood Opportunity Fund X Global	820,991	321,558
Starwood Opportunity Fund XI Global	2,584,194	3,301,237
Starwood Distressed Opportunity Fund XII Global	2,395,656	3,067,807
Starwood Distressed Opportunity Fund XIII Global	−184,148	27,988
Total Real Estate	41,764,979	43,502,235
Total SPL Externally Managed	61,904,970	75,735,204

Dakota Cement Trust

As of June 30, 2026; Values in US Dollars

Internally Managed	Cost Value	Fair Value
Public Equity	48,767,159	72,105,918
Investment Grade Bond ETF	50,037,416	50,481,024
High Yield Bond ETF	15,318,639	15,152,473
Cash/Money Market Portfolio	177,275,771	177,787,413
Total DCT Internally Managed	291,398,985	315,526,828

Externally Managed	Cost Value	Fair Value
Private Equity		
Blackstone Capital Partners V	0	9,224
Blackstone Capital Partners VI	47,818	132,023
Blackstone Capital Partners VII	756,171	1,225,707
Carlyle Partners VI	485,646	321,580
The Sixth Cinven Fund	1,475,933	874,137
The Seventh Cinven Fund	1,977,049	2,981,661
CVC Capital Partners VII	1,594,263	2,854,807
CVC Capital Partners VIII	2,470,670	3,840,232
CVC Capital Partners IX	576,254	876,551
Riverstone Global Energy & Power Fund VI	950,861	531,445
Silver Lake Partners III & SL SPV-2	71,133	1,089,334
Silver Lake Partners IV	1,213,863	5,240,573
Silver Lake Partners V	2,995,010	4,949,919
Silver Lake Partners VI	3,809,488	5,827,920
Silver Lake Partners VII	2,263,026	3,175,777
Total Private Equity	20,687,185	33,930,890
Real Estate		
Blackstone Real Estate Partners V & VI	0	20,157
Blackstone Real Estate Partners VII	315,245	136,957
Blackstone Real Estate Partners VIII	3,356,620	3,978,250
Blackstone Real Estate Partners IX	5,140,182	5,401,220
Blackstone Real Estate Partners X	2,962,003	3,836,414
Blackstone Real Estate Partners Europe III	142,219	50,717
Blackstone Real Estate Partners Europe V	5,282,665	3,745,051
Blackstone Real Estate Partners Europe VI	3,331,984	3,177,725
Blackstone Real Estate Partners Asia II	4,194,500	4,762,025
Blackstone Real Estate Partners Asia III	911,146	1,192,926
Brookfield Strategic Real Estate Partners IV	4,807,344	5,147,872
Lone Star Real Estate Fund IV	2,314,849	1,615,444
Lone Star Real Estate Fund V	326,140	212,201
Rockpoint Real Estate Fund V	1,249,793	981,801
Rockpoint Real Estate Fund VI	1,621,421	1,962,781
Starwood Opportunity Fund X Global	615,744	241,168
Starwood Opportunity Fund XI Global	2,731,866	3,489,877
Starwood Distressed Opportunity Fund XII Global	2,266,167	2,901,992
Starwood Distressed Opportunity Fund XIII Global	−121,149	18,415
Total Real Estate	41,448,739	42,872,993
Total DCT Externally Managed	62,135,924	76,803,883

Refer to the endnotes section for further details regarding negative cost values for any externally managed funds[27].

Education Enhancement Trust

As of June 30, 2026; Values in US Dollars

Internally Managed	Cost Value	Fair Value
Public Equity	127,103,624	183,124,853
Investment Grade Bond ETF	106,710,303	106,516,017
High Yield Bond ETF	32,768,195	32,417,386
Cash/Money Market Portfolio	376,976,642	378,065,407
Total EET Internally Managed	643,558,764	700,123,663

Externally Managed	Cost Value	Fair Value
Private Equity		
Blackstone Capital Partners V	0	13,360
Blackstone Capital Partners VI	82,597	228,039
Blackstone Capital Partners VII	1,209,874	1,961,169
Carlyle Partners VI	760,851	504,157
The Sixth Cinven Fund	2,522,500	1,493,975
The Seventh Cinven Fund	3,542,215	5,342,144
CVC Capital Partners VII	2,803,705	5,020,524
CVC Capital Partners VIII	4,776,628	7,424,447
CVC Capital Partners IX	1,152,509	1,753,102
Riverstone Global Energy & Power Fund VI	1,590,543	888,981
Silver Lake Partners III & SL SPV-2	102,747	1,574,433
Silver Lake Partners IV	1,896,574	8,188,327
Silver Lake Partners V	5,303,630	8,764,696
Silver Lake Partners VI	7,534,268	11,526,265
Silver Lake Partners VII	4,474,596	6,279,349
Total Private Equity	37,753,237	60,962,968
Real Estate		
Blackstone Real Estate Partners V & VI	0	29,153
Blackstone Real Estate Partners VII	530,940	230,651
Blackstone Real Estate Partners VIII	5,634,325	6,677,772
Blackstone Real Estate Partners IX	9,546,052	10,030,837
Blackstone Real Estate Partners X	6,106,283	7,908,915
Blackstone Real Estate Partners Europe III	219,792	78,388
Blackstone Real Estate Partners Europe V	9,015,749	6,391,553
Blackstone Real Estate Partners Europe VI	6,530,688	6,228,342
Blackstone Real Estate Partners Asia II	7,789,785	8,843,761
Blackstone Real Estate Partners Asia III	2,050,079	2,684,083
Brookfield Strategic Real Estate Partners IV	10,415,918	11,153,725
Lone Star Real Estate Fund IV	3,868,225	2,699,485
Lone Star Real Estate Fund V	553,358	360,036
Rockpoint Real Estate Fund V	2,106,794	1,655,036
Rockpoint Real Estate Fund VI	3,316,550	4,014,786
Starwood Opportunity Fund X Global	1,231,488	482,337
Starwood Opportunity Fund XI Global	4,799,220	6,130,865
Starwood Distressed Opportunity Fund XII Global	4,467,585	5,721,064
Starwood Distressed Opportunity Fund XIII Global	–300,449	45,663
Total Real Estate	77,882,382	81,366,452
Total EET Externally Managed	115,635,619	142,329,420

Health Care Trust

As of June 30, 2026; Values in US Dollars

Internally Managed	Cost Value	Fair Value
Public Equity	39,035,014	54,902,907
Investment Grade Bond ETF	30,531,665	30,658,090
High Yield Bond ETF	9,310,012	9,209,037
Real Estate ETF	3,500,205	3,773,417
Cash/Money Market Portfolio	105,819,921	106,126,095
Total HCT Internally Managed	188,196,817	204,669,546

Externally Managed	Cost Value	Fair Value
Private Equity		
Blackstone Capital Partners V	0	3,848
Blackstone Capital Partners VI	30,431	84,008
Blackstone Capital Partners VII	340,279	551,610
Carlyle Partners VI	210,453	139,449
The Sixth Cinven Fund	644,055	381,452
The Seventh Cinven Fund	906,146	1,366,595
CVC Capital Partners VII	714,671	1,279,742
CVC Capital Partners VIII	1,070,625	1,664,101
CVC Capital Partners IX	340,514	517,963
Riverstone Global Energy & Power Fund VI	432,205	241,562
Silver Lake Partners III & SL SPV-2	26,070	398,770
Silver Lake Partners IV	546,419	2,358,441
Silver Lake Partners V	1,310,300	2,165,474
Silver Lake Partners VI	1,608,462	2,460,683
Silver Lake Partners VII	1,388,684	1,948,780
Total Private Equity	9,569,314	15,562,478
Real Estate		
Blackstone Real Estate Partners V & VI	0	7,397
Blackstone Real Estate Partners VII	149,327	64,885
Blackstone Real Estate Partners VIII	1,478,513	1,752,324
Blackstone Real Estate Partners IX	2,202,935	2,314,809
Blackstone Real Estate Partners X	1,777,202	2,301,848
Blackstone Real Estate Partners Europe III	77,574	27,668
Blackstone Real Estate Partners Europe V	2,324,373	1,647,821
Blackstone Real Estate Partners Europe VI	1,466,072	1,398,199
Blackstone Real Estate Partners Asia II	1,797,643	2,040,863
Blackstone Real Estate Partners Asia III	546,688	715,756
Brookfield Strategic Real Estate Partners IV	3,204,894	3,431,916
Lone Star Real Estate Fund IV	1,005,124	701,435
Lone Star Real Estate Fund V	121,334	78,945
Rockpoint Real Estate Fund V	535,624	420,770
Rockpoint Real Estate Fund VI	737,012	892,176
Starwood Opportunity Fund X Global	410,496	160,779
Starwood Opportunity Fund XI Global	1,181,348	1,509,137
Starwood Distressed Opportunity Fund XII Global	971,211	1,243,708
Starwood Distressed Opportunity Fund XIII Global	–96,919	4,731
Total Real Estate	19,890,451	20,725,167
Total HCT Externally Managed	29,459,765	36,287,645

South Dakota Cash Flow Fund

As of June 30, 2026; Values in US Dollars

Internally Managed	Cost Value	Fair Value
Intermediate-Term Fixed Income	356,317,521	355,563,088
Short-Term Fixed Income	1,431,581,714	1,445,668,217
Money Market Portfolio	1,469,562,326	1,474,475,154
Certificates of Deposit	21,316,000	21,938,462
Total SDCFF Internally Managed	3,278,777,561	3,297,644,921

Refer to the endnotes section for further details regarding negative cost values for any externally managed funds[27].

AGGRESSIVE ABSOLUTE RETURN
A hedge fund strategy that may include both long and short positions that seeks over time to generate returns independent of market direction.

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 and cash equivalents, and other assets in which capital is invested.

BASIS POINT (bp)
A basis point is a standard measure for interest rates and other percentages in finance. One basis point is equal to 0.01%.

BENCHMARK
A standard or index used to evaluate performance of an investment, portfolio, or fund. It serves as a reference point to measure whether value has been added.

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

BOND-LIKE RISK
A measure of the sensitivity to changes in the bond market. The measure includes the percentage invested in investment grade bonds plus the percentage invested in other asset categories scaled to reflect the degree of embedded investment grade bond sensitivity.

CAPITAL MARKETS BENCHMARK (CMB)
The South Dakota Investment Council (Council) approved benchmark asset allocation applied to index returns for each asset category.

CARRIED INTEREST
A share of the profits of a fund allocated to the general partner. Gross-of-fees and net-of-fees returns reflect the impact of the carried interest allocation.

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.

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 MARKETS
Emerging markets are countries with characteristics of both developed and developing economies. Investments in emerging markets are generally accompanied by higher risk.

EQUITIES (STOCKS)
Securities representing shares of ownership in the issuing company.

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.

EXCHANGE-TRADED FUND (ETF)
A pooled investment security that tracks a particular index, sector, commodity, or other assets that can be traded on the stock exchange.

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 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.

FTSE US HIGH-YIELD CASH-PAY CAPPED INDEX
The index uses the FTSE US High-Yield Market Index as its foundation, but caps the par value of individual issuers and delays the entry of fallen angel issues for a minimum of one month after their downgrade to high-yield status. It was used for benchmarking purposes during fiscal years 2011-2023.

FTSE US HIGH-YIELD CASH-PAY CAPPED CUSTOM INDEX
The index is a custom index calculated by FTSE Russell on behalf of the Council. It is the FTSE US High-Yield Cash-Pay Capped Index customized to include only US Dollar-denominated cash-pay bonds issued in the US or Canada for covered industries. It has been used for benchmarking purposes since fiscal year 2023.

FTSE US HIGH-YIELD MARKET INDEX
The index is a US Dollar-denominated index which measures the performance of high-yield debt issued by corporations domiciled in Australia, Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the United Kingdom and the United States. The index covers cash-pay, deferred-interest securities, and debt issues under Rule 144A in unregistered form. It has been used for benchmarking purposes since fiscal year 2001.

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.

GLOBAL LARGE-CAP EQUITY (STOCKS)
Securities representing shares of ownership in large market capitalization companies generally similar to the size of companies in the S&P Global 1200 Index.

GROSS-OF-FEES
Indicates that the impact of fees and expenses has not been reflected in the return. Gross-of-fees returns reflect the impact of the carried interest allocation.

HIGH YIELD DEBT (CORPORATE)
Debt issues with a financial rating of BB+ or Ba1 or lower because of high relative default risk.

HIGH YIELD DEBT (REAL ESTATE)
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 DEBT
Debt issues with a financial rating of BBB– or Baa3 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 covers approximately 99% of the global equity investment opportunity set. The index was used for benchmarking purposes during fiscal years 2020-2022.

MSCI ACWI IMI EX REAL ESTATE INDEX
The index is a custom index calculated by MSCI on behalf of the Council. It is the MSCI ACWI Investable Market Index (IMI) excluding constituents in the Real Estate 60 GICS sector. It has been used for benchmarking purposes since fiscal year 2023.

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 index was used for benchmarking during fiscal years 2020-2022.

MSCI USA IMI EX REAL ESTATE INDEX
The index is a custom index calculated by MSCI on behalf of the Council. It is the MSCI USA Investable Market Index (IMI) excluding constituents in the Real Estate 60 GICS sector. It has been used for benchmarking purposes since fiscal year 2023.

NET-OF-FEES
Indicates that the impact of fees and expenses has been reflected in the return. Net-of-fees returns reflect the impact of the carried interest allocation.

OPPORTUNISTIC REAL ESTATE
Real estate requiring significant renovation, development, or repositioning with typically shorter holding periods and more leverage.

PEER FUNDS
Databases comprised of state pension plans used for comparison purposes.

PRIVATE EQUITY
Investments made directly into a company typically not quoted on a public exchange.

PRIVATE SECTOR LINKED MEDIAN
Median annual rate of return for large private sector funds linked for multi-period returns. Wilshire Trust Universe Comparison Service data was used for fiscal years 2021-2026, 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 public market index against which the private equity and real estate limited partnerships can be compared.

REAL ESTATE (REIT/CORE)
Core real estate is generally established, income-generating properties, held for longer periods with moderate leverage. REITs are securities of real estate companies that manage and own properties, frequently similar to Core real estate.

SMALL/MID-CAP EQUITY (STOCKS)
Securities representing shares of ownership in small to mid-size market capitalization companies generally similar to the size of companies in the S&P 1000® Index.

STANDARD AND POOR'S 1000 EX-REAL ESTATE INDEX
The index is a custom index calculated by Standard & Poor's on behalf of the Council. It is the S&P 1000® Index, which combines the S&P SmallCap 600® and the S&P MidCap 400®, and excludes constituents in the Real Estate 60 GICS sector. The S&P 1000® Index forms an investable benchmark for the small (generally between $1.2 to $8 billion) to mid-cap (generally between $8 to $22.7 billion) segment of the U.S. equity market. The S&P 1000® Index was used for benchmarking purposes during fiscal years 2011-2022 and the custom S&P 1000 index has been used since fiscal year 2022.

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 INDEX
The index is a composite index, comprised of seven regional and country indices - S&P 500® (US), S&P Europe 350, S&P/TOPIX 150 (Japan), S&P/TSX 60 (Canada), S&P/ASX All Australian 50, S&P Asia 50 (ex-Japan), and S&P Latin America 40. The index was used for benchmarking purposes during fiscal years 2005-2019.

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 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 PENSION FUND LINKED MEDIAN
Median annual rate of return for state pension funds linked for multi-period returns. The returns are reported net-of-fees fiscal years 2014-2026 and gross-of-fees fiscal years 1974-2013.

STATE PENSION FUND RETURN COMPARISON
The percentiles and rankings for the most recent 30 years represents a group of state pension funds.

TIME-WEIGHTED RATE OF RETURN
The rate of investment growth earned on a unit of assets held continuously for the entire period measured. For the purposes of this report, the terms total return and return are used interchangeably to time-weighted rate of return.

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 US inflation rates.

VOLATILITY
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. For the purposes of this report, the terms variability and fluctuation are used interchangeably to volatility.

YIELD TO MATURITY (YTM)
The rate of return anticipated on a fixed income security if held until the maturity date.

Endnotes

1. South Dakota Cement Plant Retirement Fund (CPRF) was consolidated into the South Dakota Retirement System (SDRS) on 4/1/14 per South Dakota Codified Law 3-12C-1642. For fiscal years 1973-2013, CPRF assets are included with SDRS.

2. The South Dakota Department of Legislative Audit conducted the South Dakota Investment Council (SDIC) fiscal year 2026 annual and interim procedures audit work for total fees of $83,255.40.

3. 1-year total fund performance results are presented net-of-fees for fiscal years 2014-2026 and gross-of-fees in prior periods.

4. Management fee rates (excluding profit sharing) as of 6/30/26 in basis points (bp):

SDIC internal management cost (expected average)	10 bp
Blackstone Capital Partners V & VI	0 bp
Blackstone Capital Partners VII	75 bp
Blackstone Energy Partners II	0 bp
Blackstone Energy Partners III	100 bp
Blackstone Real Estate Partners V & V - ML	0 bp
Blackstone Real Estate Partners VI & VI - LC	0 bp
Blackstone Real Estate Partners VII	0 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 X	133 bp
Blackstone Real Estate Partners Asia II	125 bp
Blackstone Real Estate Partners Asia III	150 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
Brookfield Strategic Real Estate Partners III	135 bp
Brookfield Strategic Real Estate Partners IV	95 bp
Capital International Private Equity Fund VI	0 bp
Carlyle Partners V & VI	0 bp
The Fourth Cinven Fund	0 bp
The Fifth Cinven Fund	0 bp
The Sixth Cinven Fund	125 bp
The Seventh Cinven Fund	125 bp
CVC European Equity Partners IV & V	0 bp
CVC European Equity Partners VII	125 bp
CVC European Equity Partners VIII	125 bp
CVC European Equity Partners IX	143 bp
EnCap Energy Capital Fund XI	150 bp
Exchange-Traded Funds (embedded)	
iShares Broad USD High Yield Corporate Bond ETF	8 bp
iShares Core US Aggregate Bond ETF	3 bp
Vanguard FTSE Emerging Markets ETF	6 bp
Vanguard Real Estate ETF	13 bp
Vanguard Short-Term Corporate Bond ETF	3 bp
Vanguard Total World Stock ETF	6 bp
Lone Star Real Estate Fund IV & V	0 bp
Lone Star Real Estate Fund VI	60 bp
PineBridge/BFG Global Emerging Markets Partners I & II	0 bp
Riverstone Global Energy & Power Fund V	100 bp
Riverstone Global Energy & Power Fund VI	0 bp
Rockpoint Real Estate Fund IV & V	0 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	0 bp
Silver Lake Partners V	100 bp
Silver Lake Partners VI	100 bp
Silver Lake Partners VII	150 bp
Starwood Distressed Opportunity Fund IX Global	0 bp
Starwood Opportunity Fund X Global	100 bp
Starwood Opportunity Fund XI Global	100 bp
Starwood Distressed Opportunity Fund XII Global	100 bp
Starwood Distressed Opportunity Fund XIII Global	100 bp
Telsey Consumer Fund (embedded)	100 bp

5. **South Dakota Retirement System Capital Markets Benchmark: Investment Grade Debt:** FTSE USBIG Bond Index (1981-2026), Lehman Brothers Gov/Corp Index (1974-1980). **Cash:** FTSE US 3-Month Treasury Bill Index (1974-2026). **Public Equity:** custom ¾ MSCI ACWI IMI ex Real Estate Index + ¼ MSCI USA IMI ex Real Estate Index (2023-2026), ¾ MSCI ACWI IMI Index + ¼ MSCI USA IMI Index (2020-2022), ⅔ MSCI ACWI Index + ⅓ 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), ¾ MSCI EAFE + ¼ MSCI EASEA Index (1997-2001), MSCI EAFE Index (1996), MSCI EAFE ½ Japan Index (1993-1995). **Real Estate:** MSCI US REIT Index (2014-2026), 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):** FTSE US High-Yield Market Index (2003-2026). **Arbitrage:** weighted index (1999-2011), Merger Custom Index (2008-2011), 3-Month Treasury Bill Index +4.25% (1993-2007), Convertible Benchmark (1999-2011). **Commodities:** S&P GSCI (2003-2015). **TIPS:** FTSE US-ILSI (2012-2015).

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

	IG Debt	Cash	Public EQ & Dom/Intl	RE	PE	HY Debt	Arb	Comm	TIPS
07/22-06/26	23%	2%	56%	12%	0%	7%	0%	0%	0%
07/15-06/22	23%	2%	58%	10%	0%	7%	0%	0%	0%
07/14-06/15	19%	2%	60%	10%	0%	7%	0%	1%	1%
07/12-06/14	18%	2%	56%	8%	7%	7%	0%	1%	1%
07/11-06/12	18%	2%	58%	8%	5%	7%	0%	1%	1%
07/09-06/11	18%	1%	57%	7%	5%	6%	5%	1%	0%
07/06-06/09	18%	1%	57%	5%	5%	6%	7%	1%	0%
07/05-06/06	18%	1%	57%	6%	4%	6%	7%	1%	0%
07/04-06/05	19%	1%	57%	6%	4%	7%	5%	1%	0%
07/03-06/04	19%	1%	40% / 16%	7%	4%	6%	6%	1%	0%
07/02-06/03	19%	1%	40% / 16%	7%	3%	6%	7%	1%	0%
07/01-06/02	23%	1%	40% / 16%	8%	3%	0%	9%	0%	0%
07/99-06/01	23%	5%	36% / 16%	8%	3%	0%	9%	0%	0%
07/98-06/99	23%	4%	40% / 16%	7%	2%	0%	8%	0%	0%
07/97-06/98	23%	7%	40% / 16%	7%	0%	0%	7%	0%	0%
07/96-06/97	25%	7%	40% / 15%	7%	0%	0%	6%	0%	0%
07/95-06/96	25%	6%	42% / 15%	4%	0%	0%	8%	0%	0%
07/94-06/95	31%	5%	41% / 13%	1%	0%	0%	9%	0%	0%
07/93-06/94	33%	7%	45% / 9%	0%	0%	0%	6%	0%	0%
07/92-06/93	35%	9%	49% / 5%	0%	0%	0%	2%	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%

6. Asset growth is affected by contributions, withdrawals, management fees, and investment income.

7. Investment income includes realized and unrealized capital gain/loss income and receipted and accrued securities income.

8. Private equity and real estate limited partnership fair values as of 6/30/26 are based on valuation information received prior to the fiscal year 2026 reporting cutoff date, which was August 15, 2026. Any 6/30/26 valuation information received after the cutoff date is incorporated in fiscal year 2027.

9. Bond Index is the FTSE US Broad Investment-Grade (USBIG) Bond Index in fiscal year 2026.

10. Fixed Income Benchmark is the FTSE USBIG Bond Index in fiscal years 2007-2026, 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.

11. High Yield Benchmark is the FTSE US High-Yield Cash-Pay Capped Custom Index (covered industries only) starting 2/1/23 for fiscal years 2023-2026, FTSE US High-Yield Cash-Pay Capped Index (covered industries only starting 7/1/14) in fiscal years 2011-2023 through 1/31/23 and the FTSE US All BB-Rated Index in fiscal years 2007-2010.

12. SDRS Combined Internal Large-Cap Equity Benchmark is the custom S&P Global 1200 Ex-Emerging Markets, Ex-Real Estate Index starting 2/1/22 for fiscal years 2022-2026, custom S&P Global 1200 Ex-Emerging Markets Index in fiscal years 2020-2022 through 1/31/22, ⅔ S&P Global 1200 + ⅓ S&P 500 Index in fiscal years 2012-2019 and 2005-2010; in fiscal year 2011 the ⅔ custom S&P Global 1200 Ex-Iran + ⅓ S&P 500 Index was used. Prior to fiscal year 2010, the benchmark consisted of the Internal International Equity Benchmark (MSCI ACWI ex-US Index in fiscal years 2002-2004 and ¾ MSCI EAFE + ¼ MSCI EASEA Index in fiscal years 1993-2001) and the Internal 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.

13. Composites are valued monthly and portfolio returns are weighted by using beginning-of-month fair values or weighted cash flows.

14. SDRS Small/Mid-Cap Equity Benchmark is the custom S&P 1000 Ex-Real Estate Index starting 2/1/22 for fiscal years 2022-2026, S&P 1000 Index in fiscal years 2011-2022 through 1/31/22.

15. Real Estate Benchmark is the MSCI US REIT Index in fiscal years 2014-2026, NCREIF Property Index + 1.25% in fiscal years 2011-2013, NCREIF Property Index in fiscal years 2002-2010, and NCREIF Classic Property Index starting 12/1/94 for fiscal years 1995-2001.

16. Private Equity Benchmark is the custom ¾ MSCI ACWI IMI ex Real Estate Index + ¼ MSCI USA IMI ex Real Estate Index in fiscal years 2023-2026, ¾ MSCI ACWI IMI + ¼ MSCI USA IMI Index in fiscal years 2020-2022, ⅔ MSCI ACWI + ⅓ 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.

17. Internal Domestic Equity Benchmark is the Russell 1000 Index in fiscal years 1996-2004 and S&P 500 Index in prior periods.

18. Internal International Equity Benchmark is the MSCI All Country World ex-US Index in fiscal years 2002-2004 and ¾ MSCI EAFE + ¼ MSCI EASEA Index in prior periods.

19. 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.

20. Merger Benchmark was the implemented Merger index portfolio from 1/1/11-6/30/12, the Merger Custom Index from 7/1/07-12/31/10, and the 3-Month Treasury Bill Index return plus 4.25% annually in prior periods.

21. 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 53-year annualized returns as of 6/30/26 are as follows:

Fiscal Year	Annual Return	Fiscal Year	Annual Return
2026	3.5%	2019	1.6%
2025	2.7%	2018	2.9%
2024	3.0%	2017	1.6%
2023	3.0%	2016	1.0%
2022	9.1%	2015	0.1%
2021	5.4%	2014	2.1%
2020	0.6%	2013	1.8%

Annualized Returns as of 6/30/26	
5 Years	4.2%
10 Years	3.3%
15 Years	2.6%
20 Years	2.5%
25 Years	2.5%
30 Years	2.6%
53 Years	3.9%

22. **School and Public Lands Capital Markets Benchmark: Investment Grade Debt:** FTSE USBIG Bond Index (February 2001-2026), Salomon Smith Barney Treasury/GNMA Index (1985-January 2001). **Cash/ Commodities:** FTSE US 3-Month Treasury Bill Index (2007-2026). **Public Equity:** custom ¾ MSCI ACWI IMI ex Real Estate Index + ¼ MSCI USA IMI ex Real Estate Index (2023-2026), ¾ MSCI ACWI IMI + ¼ MSCI USA IMI Index (2020-2022), ⅔ S&P Global 1200 + ⅓ S&P 500 Index (2012-2019 and 2007-2010), ⅔ S&P Global 1200 Ex-Iran + ⅓ S&P 500 Index (2011), ⅔ MSCI ACWI + ⅓ 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). **Real Estate:** MSCI US REIT Index (2014-2026), 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). **High Yield Debt (Corporate):** FTSE US High-Yield Market Index (2010-2026 and February 2001-2006), FTSE US All BB-Rated Index (2007-2009). **TIPS:** FTSE US-ILSI (2007-2015).

Capital Markets Benchmark (policy) rounded weightings for the **School and Public Lands** were as follows:

	IG Debt	Cash/ Comm	Public EQ & Dom/Intl	RE	PE	HY Debt	TIPS
07/22-06/26	30%	2%	50%	11%	0%	7%	0%
07/15-06/22	30%	2%	51%	10%	0%	7%	0%
07/14-06/15	26%	2%	53%	10%	0%	7%	2%
07/11-06/14	28%	2%	52%	6%	2%	5%	5%
07/06-06/11	33%	2%	48%	5%	2%	5%	5%
07/05-06/06	40%	0%	50%	0%	0%	10%	0%
07/04-06/05	40%	0%	40% / 10%	0%	0%	10%	0%
07/03-06/04	50%	0%	40% / 0%	0%	0%	10%	0%
07/02-06/03	60%	0%	30% / 0%	0%	0%	10%	0%
07/01-06/02	70%	0%	20% / 0%	0%	0%	10%	0%
02/01-06/01	Weighted based on SDIC asset allocation.						
07/84-01/01	100%	0%	0% / 0%	0%	0%	0%	0%

23. **Dakota Cement Trust Fund Capital Markets Benchmark: Investment Grade Debt:** FTSE USBIG Bond Index (2002-2026). **Cash/ Commodities:** FTSE US 3-Month Treasury Bill Index (2007-2026). **Public Equity:** custom ¾ MSCI ACWI IMI ex Real Estate Index + ¼ MSCI USA IMI

ex Real Estate Index (2023-2026), ¾ MSCI ACWI IMI + ¼ MSCI USA IMI Index (2020-2022), ⅔ S&P Global 1200 + ⅓ S&P 500 Index (2012-2019 and 2007-2010), ⅔ S&P Global 1200 Ex-Iran + ⅓ S&P 500 Index (2011), ⅔ MSCI ACWI + ⅓ 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 (2014-2026 and 2005-2006), NCREIF Property Index +1.25% (2011-2013), NCREIF Property Index (2006-2010), REIT Benchmark (2002-2004). **Private Equity:** S&P 500 (2014), S&P 500 +1.75% (2011-2013), S&P 500 +3.5% (2007-2010). **High Yield Debt (Corporate):** FTSE US High-Yield Market Index (2010-2026), FTSE US All BB-Rated Index (2002-2009). **TIPS:** FTSE US-ILSI (2007-2015).

Capital Markets Benchmark (policy) rounded weightings for the **Dakota Cement Trust** were as follows:

	IG Debt	Cash/ Comm	Public EQ & Dom / Intl	RE	PE	HY Debt	TIPS
07/22-06/26	30%	2%	50%	11%	0%	7%	0%
07/15-06/22	30%	2%	51%	10%	0%	7%	0%
07/14-06/15	26%	2%	53%	10%	0%	7%	2%
07/11-06/14	28%	2%	52%	6%	2%	5%	5%
07/06-06/11	33%	2%	48%	5%	2%	5%	5%
07/05-06/06	40%	0%	40%	10%	0%	10%	0%
07/04-06/05	50%	0%	20% / 5%	15%	0%	10%	0%
07/01-06/04	55%	0%	20% / 0%	15%	0%	10%	0%

24. **Education Enhancement Trust Fund Capital Markets Benchmark: Investment Grade Debt:** FTSE USBIG Bond Index (2003-2026). **Tax-Exempt Debt:** Bloomberg Municipal 7 Year Index (2003-2023). **Cash/Commodities:** FTSE US 3-Month Treasury Bill Index (2007-2026). **Public Equity:** custom ¾ MSCI ACWI IMI ex Real Estate Index + ¼ MSCI USA IMI ex Real Estate Index (2023-2026), ¾ MSCI ACWI IMI + ¼ MSCI USA IMI Index (2020-2022), ⅔ S&P Global 1200 + ⅓ S&P 500 Index (2012-2019 and 2007-2010), ⅔ S&P Global 1200 Ex-Iran + ⅓ S&P 500 Index (2011), ⅔ MSCI ACWI + ⅓ 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 (2014-2026 and 2005-2006), NCREIF Property Index +1.25% (2011-2013), NCREIF Property Index (2006-2010), REIT Benchmark (2003-2004). **Private Equity:** S&P 500 (2014), S&P 500 +1.75% (2011-2013), S&P 500 +3.5% (2007-2010). **High Yield Debt (Corporate):** FTSE US High-Yield Market Index (2010-2026 and 2003-2006), FTSE US All BB-Rated Index (2007-2009). **TIPS:** FTSE US-ILSI (2003-2015).

Capital Markets Benchmark (policy) rounded weightings for the **Education Enhancement Trust** were as follows:

	IG Debt	Tax-Exempt Debt	Cash/ Comm	Public EQ & Dom / Intl	RE	PE	HY Debt	TIPS
07/23-06/26	30%	0%	2%	50%	11%	0%	7%	0%
07/22-06/23	24%	6%	2%	50%	11%	0%	7%	0%
07/21-06/22	24%	6%	2%	51%	10%	0%	7%	0%
07/18-06/21	22%	8%	2%	51%	10%	0%	7%	0%
07/15-06/18	20%	10%	2%	51%	10%	0%	7%	0%
07/14-06/15	16%	10%	2%	53%	10%	0%	7%	2%
07/13-06/14	17%	11%	2%	52%	6%	2%	5%	5%
07/11-06/13	0%	30%	2%	52%	6%	2%	5%	3%
07/10-06/11	0%	35%	2%	48%	5%	2%	5%	3%
07/09-06/10	0%	37%	2%	48%	5%	2%	5%	1%
07/08-06/09	3%	30%	2%	48%	5%	2%	5%	5%
07/07-06/08	8%	25%	2%	48%	5%	2%	5%	5%
07/06-06/07	3%	30%	2%	48%	5%	2%	5%	5%
07/05-06/06	3%	32%	0%	40%	10%	0%	10%	5%
07/04-06/05	7%	33%	0%	24% / 6%	10%	0%	10%	10%
07/02-06/04	10%	35%	0%	25% / 0%	10%	0%	10%	10%

25. **Health Care Trust Fund Capital Markets Benchmark: Investment Grade Debt:** FTSE USBIG Bond Index (2003-2026). **Cash/Commodities:** FTSE US 3-Month Treasury Bill Index (2007-2026). **Public Equity:** custom ¾ MSCI ACWI IMI ex Real Estate Index + ¼ MSCI USA IMI ex Real Estate Index (2023-2026), ¾ MSCI ACWI IMI + ¼ MSCI USA IMI Index (2020-2022), ⅔ S&P Global 1200 + ⅓ S&P 500 Index (2012-2019 and 2007-2010), ⅔ S&P Global 1200 Ex-Iran + ⅓ S&P 500 Index (2011), ⅔ MSCI ACWI + ⅓ 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 (2014-2026 and 2005-2006), NCREIF Property Index +1.25% (2011-2013), NCREIF Property Index (2006-2010), REIT Benchmark (2003-2004). **Private Equity:** S&P 500 (2014), S&P 500 +1.75% (2011-2013), S&P 500 +3.5% (2007-2010). **High Yield Debt (Corporate):** FTSE US High-Yield Market Index (2010-2026 and 2003-2006), FTSE US All BB-Rated Index (2007-2009). **TIPS:** FTSE US-ILSI (2003-2015).

Capital Markets Benchmark (policy) rounded weightings for the **Health Care Trust** were as follows:

	IG Debt	Cash/ Comm	Public EQ & Dom / Intl	RE	PE	HY Debt	TIPS
07/22-06/26	30%	2%	50%	11%	0%	7%	0%
07/15-06/22	30%	2%	51%	10%	0%	7%	0%
07/14-06/15	26%	2%	53%	10%	0%	7%	2%
07/11-06/14	28%	2%	52%	6%	2%	5%	5%
07/06-06/11	33%	2%	48%	5%	2%	5%	5%
07/05-06/06	35%	0%	40%	10%	0%	10%	5%
07/04-06/05	40%	0%	24% / 6%	10%	0%	10%	10%
07/02-06/04	45%	0%	25% / 0%	10%	0%	10%	10%

26. Cash Flow Fund Short-Term (ST) Benchmark is an equal-weighted index of the Vanguard Short-Term Treasury ETF and Vanguard Short-Term Corporate Bond ETF in fiscal years 2025-2026, a weighted index of FTSE 1-5 year US Treasuries, 1-3 year US BIG Credit, and 3 and 6-month US Treasury Bills in fiscal years 2019-2024, a weighted index of 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 in fiscal years 2005-2018, equal-weighted yields of the 3 and 6-month US Treasury Bills and the 1, 2, 3, and 5-year US Treasury Bonds in fiscal years 1987-2004.

27. New fund with manager accruing fees and/or expenses but no capital called as of the fiscal year end.

Notes



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