



ANNUAL INVESTMENT REPORT

South Carolina Retirement System Investment Commission 2008-2009

money management *letter*

LARGE PUBLIC PLAN OF THE YEAR

7TH ANNUAL PUBLIC PENSION
FUND AWARDS FOR EXCELLENCE
MARCH 15TH, 2009

SOUTH CAROLINA RETIREMENT SYSTEM INVESTMENT COMMISSION

ANNUAL INVESTMENT REPORT FISCAL YEAR ENDED JUNE 30, 2009

FONTAINE BUSINESS CENTER
200 ARBOR LAKE DRIVE, SUITE 120
COLUMBIA, SC 29223

ROBERT L. BORDEN, CFA, CAIA
CHIEF EXECUTIVE OFFICER
CHIEF INVESTMENT OFFICER

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CHAIRMAN & CEO/CIO REPORT

James R. Powers
Chairman

Allen P. Gillespie, CFA
Vice Chairman

Converse A. Chellis, III, CPA
State Treasurer

Robert L. Borden, CFA, CAIA
Chief Executive Officer
Chief Investment Officer

State of South Carolina Retirement System Investment Commission



Post Office Box 11960
COLUMBIA, SOUTH CAROLINA 29211

Blaine Ewing, III

S. Travis Pritchett

Reynolds Williams
Chairman Emeritus

Nancy E. Shealy
General Counsel

October 15, 2009

The Honorable Mark Sanford, Governor
Budget and Control Board
State of South Carolina
Members of the General Assembly of South Carolina

Dear Ladies and Gentlemen:

We are honored to present, on behalf of the South Carolina Retirement System Investment Commission (RSIC) Staff and Commission, the RSIC's *Annual Investment Report* for the fiscal year ending (FYE) June 30, 2009. In 2005 the RSIC was created as a fiduciary for the South Carolina Retirement Systems (Retirement System) to assume full responsibility of investing and managing all assets of the Retirement System. We are very proud that, in only its fourth year, the RSIC has been named "Large Public Plan of the Year" by *Money Management Letter*, *Institutional Investor Magazine*, and *Information Management Network*.

The RSIC provides the *Annual Investment Report* to comply with South Carolina Code, Ann. §9-16-90, which requires detailed investment reports on a quarterly and annual basis.

Capital Market Summary

Fiscal Year 2009 saw remarkable volatility in nearly all global capital markets as the financial system reached the brink of total collapse in late 2008. The market dislocation slowed the flow of capital throughout the economy, resulting in massive central bank intervention, a steep recession, and five of the eight largest bankruptcies in U.S. history. The decline in stock markets was so severe that one had to look back to the Great Depression to find its equal. Fortunately, fears of a worldwide depression abated, and since early March, many equity markets have seen the steepest rallies in their history. Fixed income assets, which historically have provided investors with stability and liquidity, ceased to do either during the crisis. Prices on these investments declined sharply in late 2008 before recovering large portions of these losses in 2009.

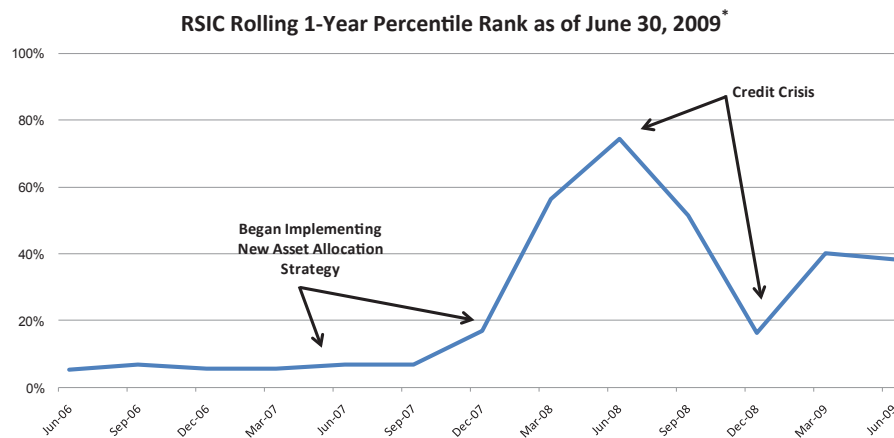
These colossal market swings created a complex backdrop against which to pursue the reallocation of assets that began in July 2007. In late 2008, the RSIC made the decision to reduce the portfolio risk by decreasing the equity allocation and aggressively managing the liquidity of the Retirement System's Investment Portfolio (Portfolio) to fund benefits and opportunities created by the market dislocation mentioned above. We are proud of the work of the RSIC Staff as we navigated the extraordinary volatility during the fall of 2008 with discipline and without resorting to the sale of illiquid assets at distressed prices, as several major institutional investors were forced to do.

Fontaine Business Center, 200 Arbor Lake Drive, Suite 120, Columbia, South Carolina 29223
803-737-6937 (phone) 800-868-9002 (toll-free) 803-737-7070 (fax)

FYE 2009 Investment Performance Review

As of June 30, 2009, the Portfolio value was \$21.0 billion. This was down from \$27.0 billion a year earlier. Of this change, \$822 million (3%) was due to net cash flows for retiree obligations. The Portfolio's performance for the fiscal year ending June 30, 2009 was -19.3% net of fees. Core Fixed Income portfolios were the best performers (up 4.3% in aggregate), while the Public Equity portfolios were the worst performers (-28.0%). Alternative asset classes outpaced equities, but were down (-15.4%) for the year.

When compared to other large pension plans, the Portfolio's return for the year was in the 38th percentile, down from the prior year, but much improved over previous periods. It is important to understand that the Portfolio has substantially less equity risk than the average public pension fund (source: Callan Associates).



The Portfolio's negative performance relative to the Policy and Strategy benchmarks occurred almost entirely during late 2008, and was mainly due to poor manager performance during the unprecedented decline in the major capital markets. In several cases, the Commission terminated or reduced exposure to managers and strategies where performance concerns arose. Additionally, the RSIC has approached several managers to discuss fee reductions or alternative fee arrangements.

It should be noted that, while it would be easy to be discouraged by the past 12 months, we have been pleased to have the opportunity to invest assets at the depressed levels seen during the past year. It is our belief that these timely investments will provide an engine of growth for the Portfolio over the next several years.

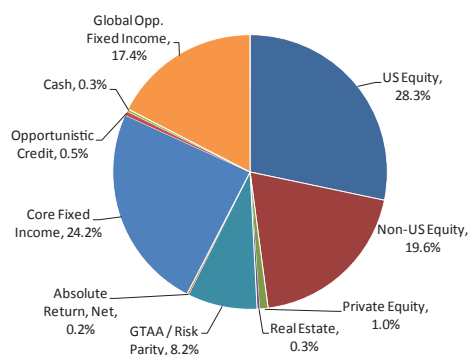
Revised Asset Allocation Targets

Late in the year, the RSIC approved changes to the asset allocation target weights for the Portfolio. The need for these modifications was underscored by the very real risk of a total global economic and financial market meltdown reminiscent of the Great Depression.

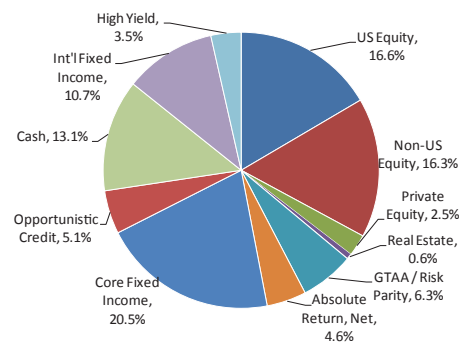
* The percentile rankings represent the RSIC's mean ranking taken from five separate peer group universes in which 100 is best and 1 is worst.

The new asset allocation approved by the RSIC (shown below) includes investments in new asset classes (see page 16), modifies target allocations to others, and affords the CIO greater flexibility to react to changes in market conditions such as those seen in late 2008. This flexibility is expressed by broadening the acceptable allocation ranges and allowing the CIO to move a majority of the assets to cash in the event of a market meltdown. Prior to this change, these ranges did not permit the CIO to direct the portfolio into a risk-averse asset allocation.

Portfolio Exposure as of June 30, 2008



Portfolio Exposure as of June 30, 2009



Strategic Planning

Another important milestone for the RSIC during the year was the development and approval of a three-year strategic plan. As the diversification of the Portfolio's assets neared completion, the Commission and Staff identified a series of goals that are critical elements in building a best-in-class investment management organization. These goals are detailed on page 13 of the *2008-2009 Annual Investment Report*, along with the RSIC's mission, vision, and values.

Looking Ahead

While Fiscal Year 2009 produced dismal returns for most financial markets, we believe that these declines have provided astute investors with the opportunity to acquire undervalued assets. As the fears of market participants subside, we expect markets to continue to recover.

We are committed to the interests of the members of the Retirement System, and we will continue to manage the assets of the Portfolio in a prudent and transparent manner, seeking superior returns at acceptable levels of risk. It is a tremendous responsibility and opportunity for us to serve as the Commission's Chairman and CEO/CIO.

Sincerely,

James R. Powers
Chairman

Robert L. Borden, CFA, CAIA
Chief Executive Officer
Chief Investment Officer

CONSULTANT'S REPORT



"Advancing Your Investments"

September 23, 2009

The Honorable Mark Sanford, Governor
Budget and Control Board
Members of the General Assembly of South Carolina

RE: FYE 2009 Report

Dear Governor and Members:

As investment consultant for the South Carolina Retirement System (SCRS), NEPC, LLC (NEPC) is pleased to submit this summary outlining the structure and performance of the SCRS investment portfolio for Fiscal Year ended June 30, 2009.

This letter marks nearly three years that NEPC has been working with the SCRS. It also marks a period of significant market turmoil and volatility. As the fiscal year came to an end, the stock market showed signs of recovery with a 35% rally for calendar year 2009 through June 30. The credit markets began to show signs of improvement, and consumer confidence started to rebound as well.

During the fiscal year, NEPC worked with the Investment Commission, the Chief Investment Officer, and staff to implement the 2009 asset allocation targets. The approved allocations were derived using the latest technologies in total plan risk and return modeling, including risk budgeting and scenario analyses. The result is a strategy that remains on the cutting edge of asset allocation approaches. Year over year changes in the strategy included reductions to US Small Cap Equity, International Equity, and Core Fixed Income, an increased target to Cash, and the introduction of Liquid Real Assets for inflation protection purposes (consisting of a blend of US TIPS and Commodities).

Based on NEPC's belief that the significant dislocation in the credit markets has created investment opportunities, the 2009 target also included an increased allocation to Opportunistic Credit. As the credit markets rebounded in the first half of calendar year 2009, opportunistic investments have already begun to add value to the SCRS portfolio.

For Fiscal Year ended June 30, 2009, the SCRS portfolio returned -19.3%. This was slightly behind the typical, large public fund in our universe which lost 17.5%.

NEPC, LLC
5113 PIPER STATION DRIVE, SUITE 205, CHARLOTTE, NC 28277 TEL: 617-374-1300 FAX: 617-374-1313 www.nepc.com
CAMBRIDGE | CHARLOTTE | DETROIT | LAS VEGAS | SAN FRANCISCO



As of June 30, 2009, the SCRS investment portfolio totaled \$21.0 billion and had an asset allocation consisting of 2.3% Cash, 36.2% Fixed Income, 10.9% Domestic Equity, 6.3% Global Asset Allocation, 19.8% Hedge Funds, 1.7% Private Equity, 3.0% Opportunistic Credit, and 10.6% invested in Strategic Partnerships. There was also a 9.5% investment in the Beta Overlay mandate, a strategy that allows for the quick implementation of portions of the target asset allocation.

This allocation was consistent with the targets and ranges set forth in the Annual Investment Plan and was within statutory limits. NEPC will continue to work with the SCRS to monitor the structure and portfolio in an effort to optimize the portfolio's risk/return profile.

It is NEPC's honor to serve as the investment consultant to the Investment Commission. We are excited to continue to work with the SCRS to position the portfolio in this challenging environment and to further take advantage of opportunities that the market has presented.

Sincerely,

A handwritten signature in black ink that reads 'Rhett Humphreys'.

Rhett Humphreys, CFA
Partner

OVERVIEW

PURPOSE & DUTIES

The South Carolina Retirement System Investment Commission (“RSIC” or “Commission”) is responsible for investing and managing all assets held in trust for the participants and beneficiaries of five governmental defined benefit plans: South Carolina Retirement System, South Carolina Police Officers Retirement System, Retirement System for Judges and Solicitors of the State of South Carolina, Retirement System for Members of the General Assembly of the State of South Carolina, and the National Guard Retirement System, collectively referred to hereinafter as the “Retirement System” or “Systems.”

The RSIC’s primary investment objective is to provide, over the long-term, an adequate pool of assets to support the benefit obligations to participants and beneficiaries of the Retirement System. A secondary objective is to reduce, over time, the unfunded liability of the Retirement System. In pursuing these objectives, the RSIC seeks to achieve a high level of investment return consistent with a prudent level of portfolio risk. The assets of the Retirement System will be invested in conformity with the requirements of South Carolina law and will be designed to increase the probability of achieving those long-term objectives.

As of June 30, 2009, members of the Commission are: James R. Powers, Chairman; Allen R. Gillespie, CFA, Vice Chairman; Converse A. Chellis, III, CPA, State Treasurer; Reynolds Williams, Chairman Emeritus; Blaine Ewing, III; and S. Travis Pritchett. The CEO/CIO for the Commission is Robert L. Borden, CFA, CAIA, and General Counsel for the Commission is Nancy E. Shealy.

HISTORY

Effective October 1, 2005, the State Retirement System Preservation and Investment Reform Act (Act 153) established the Commission and devolved fiduciary responsibility for all investments of the Retirement System upon the RSIC, which is a six-member commission made up of financial experts, including the State Treasurer and a nonvoting retired member of the Systems. Act 153 also provided that equity investments cannot exceed 70 percent of the total investment portfolio (formerly 40 percent) and created the position of Chief Investment Officer.

The assets of the Retirement System had historically been invested only in fixed income investments until a constitutional amendment was ratified in 1997. The amendment allowed the Retirement System to invest in “equity securities of a corporation within the United States that is registered on a national securities exchange as provided in the Securities Exchange Act, 1934, or a successor act, or quoted through the National Association of Securities Dealers Automatic Quotation System, or a similar service.” S.C. Const. art. X, §16. The Retirement System began investing in equities in June 1999, although full diversification of the portfolio remained constrained by the state constitution. In November 2006, a constitutional amendment allowing for full diversification of the Retirement System’s Portfolio was approved in a statewide referendum and subsequently ratified by the Legislature in February 2007. Since ratification, the Commission has taken steps to transition to a more diversified asset allocation, allotting approximately 30% percent of the target allocation to alternative asset classes, including international market exposure, private equity, strategic partnerships, opportunistic credit, absolute return strategies, etc.

COMMISSION



Members of the Commission are (pictured above from left to right, bottom to top): Blaine Ewing, III; Reynolds Williams, Chairman Emeritus; Converse A. Chellis, III, CPA, State Treasurer; S. Travis Pritchett, DBA; Allen R. Gillespie, CFA, Vice Chairman; and James R. Powers, Chairman

JAMES R. POWERS, CHAIRMAN

James R. Powers, of Chapin and Isle of Palms, S.C., retired in 1998 from a distinguished career as an investment banker. Most recently, Mr. Powers acted as Co-President and Chief Executive Officer of Sanwa Securities in New York. Prior to Sanwa Securities, Mr. Powers enjoyed a 15-year career with CS First Boston Group Inc., where he held several international positions including Chief Operating Officer of First Boston Australia and Chief Operating Officer of CS First Boston Pacific in Tokyo. Mr. Powers began his banking career in 1972 with South Carolina National Bank. He is an eagle scout and actively involved in scouting as a member of the local council executive board. Mr. Powers is responsible for council administration for the council executive committees.

Mr. Powers received his bachelor's degree in Finance from the University of Georgia where he was a member of Phi Gamma Delta, Beta Gamma Sigma, and Phi Eta Sigma fraternities.

ALLEN R. GILLESPIE, CFA, VICE CHAIRMAN

Mr. Gillespie, of Anderson, S.C., is a Principal of GNI Capital, responsible for portfolio management and investment research for all of the company's managed assets. Mr. Gillespie also contributes commentary to StreetInsight.com, a member of TheStreet.com's family of financial websites that is dedicated to the institutional investor.

Previously, Mr. Gillespie was a Registered Representative at Robinson-Humphrey and Smith Barney from 1995–1997. In 1997, he began managing private client portfolios and founded the Blue Ridge Total Return Fund, which was sold to the Colonial Trust Company in 1999. In addition to his advisory work, Mr. Gillespie provided independent research to a New York-based hedge fund.

Mr. Gillespie graduated cum laude from Washington & Lee University with a bachelor's degree in Economics, and has been granted the Chartered Financial Analyst (CFA) designation. He is a member of the CFA Institute, the CFA Society of South Carolina, and the New York Society of Security Analysts.

REYNOLDS WILLIAMS, CHAIRMAN EMERITUS

Reynolds Williams was born in Mullins, S.C. He graduated *cum laude* from the Baylor School for Boys in Chattanooga, Tennessee and received his bachelor's degree from the University of Virginia, where he was an Echols Scholar. After serving in Vietnam, where he was awarded the Bronze Star and the Combat Infantry Badge, Mr. Williams received his *Juris Doctor* from the University of South Carolina (USC) School of Law in 1973. While in law school, Mr. Williams received the American Jurisprudence Award in Contract Law.

Mr. Williams is admitted to all state and federal courts in South Carolina, the United States Court of Appeals for the Fourth Circuit, and the U.S. Supreme Court. He has been chairman of many Arbitration Panels of the National Association of Securities Dealers, the American Arbitration Association, and the Duke Private Adjudication Center.

Mr. Williams is a former chairman of the Greater Florence Chamber of Commerce and President of the Florence Ro-

tary Club. He has served on the School Board at All Saints and St. Anthony's, as Chairman of the Florence County Election Commission, and on the Board of Directors of Florence County Progress. Mr. Williams was a Faculty Seminar Participant at the 1991 U.S. Army War College.

Mr. Williams served on the Board of Directors of Community Bankshares and is a Director of IRIX Pharmaceuticals. He was Chairman of the Board of Florence National Bank. Williams was the President of the S.C. Chapter of the Federalist Society and is a member of the Defense Research Institute, American Board of Trial Advocates, and South Carolina Defense Trial Attorneys Association. He has served as Vice-Chairman of the State Board for Technical and Comprehensive Education. Mr. Williams is recognized in the following books: *Leading Lawyers in America*, *Super Lawyers*, and *The Best Lawyers in America*.

In 1999, Governor Beasley awarded Mr. Williams the Order of the Palmetto, South Carolina's highest honor, for his public service, civic responsibility, and friendship to the State. In 2001, Williams was named Business Person of the Year by the Greater Florence Chamber of Commerce. The USC School of Law recognized Williams as a Compleat Lawyer, for his 30+ years of "exemplary service" to the bar and the public. A Certified Financial Planner (CFP®), Mr. Williams was recognized in a Concurrent Resolution of the S.C. House and Senate for his leadership during the Investment Commission's formative years.

CONVERSE A. CHELLIS, III, CPA, STATE TREASURER

Converse A. Chellis, III was elected State Treasurer on August 3, 2007, by the South Carolina General Assembly.

Mr. Chellis was first elected to the General Assembly in 1996 and served as Representative from District 94 for ten years. District 94 is comprised of portions of Charleston and Dorchester counties. During his tenure in the legislature, Mr. Chellis was a member of the Labor, Commerce and Industry Committee, where he served as Chairman of the Banking and Consumer Affairs Sub-Committee and as Chairman of the Business and Commerce Sub-Committee. Mr. Chellis also served as Chairman of the House Rules Committee.

Mr. Chellis is a Certified Public Accountant (CPA) and served as an officer with the firm Dixon Hughes PLC. He served as Chairman of the State Board of Accountancy from 1990-93, and as President of the South Carolina Association of CPAs in 1985. Mr. Chellis was also a recipient of the "Outstanding Service to the Profession" award given to a CPA by the Association for Professional Service.

Mr. Chellis received a bachelor's degree from the Citadel in 1965. He served as a Captain in the U.S. Air Force and now lives in Summerville with his wife Sharon and two children.

S. TRAVIS PRITCHETT, D.B.A.

S. Travis Pritchett, Distinguished Professor Emeritus at USC, held the W. Frank Hipp Chair of Insurance in the Moore School of Business from 1982 until his retirement in 2000. He was Chair of the Banking, Finance, Insurance, and Real Estate Department for seven years. Dr. Pritchett served as the Academic Director of the USC MBA and PMBA programs in the mid-1990s. In the 1980s, he was Director of a master's degree program in health care finance. At USC, he received the Alfred G. Smith Teaching Excellence Award, a Mortar Board Teaching Excellence Award, the Moore School Faculty Service Award, and the Moore School Distinguished Service Award. He worked with the Pension Trust and Employee Benefits Seminar for over 30 years.

Dr. Pritchett is a former editor of *The Journal of Risk and Insurance* (the world's leading academic journal in its field) and was an associate editor of *Benefits Quarterly*, *Journal of Financial Service Professionals*, *Financial Services Review*, *Journal of Financial Planning*, *Journal of Business Research*, and the *America Journal of Small Business*. He is author or coauthor of a dozen books and monographs and over 50 journal articles. In 1988, the Professional Insurance Agents' Insurance Foundation chose him as the first recipient of their national Insurance Educator of the Year Award based on excellence in teaching, scholarship, and service.

Dr. Pritchett's service work included being a Governor's Appointee to the Joint Insurance Study Committee of the S.C. Legislature and a member of the Treasurer's Task Force on COLAs. He has been President of the American

Risk and Insurance Association, the Risk Theory Society, the Academy of Financial Services, and the Southern Risk and Insurance Association.

Dr. Pritchett resides in Charleston, S.C. He is a consultant and expert witness on pensions and insurance issues and has been the retiree representative with the Commission since 2005.

BLAINE EWING, III

Blaine Ewing, III, Certified Investment Management Analyst (CIMA), of Sullivan's Island, S.C., is Senior Vice President of Investments at the Charleston offices of Morgan Stanley Smith Barney, LLC. His position entails strategy formulation, setting objectives and asset allocation guidelines, manager searches, and performance reviews for retirement plans, endowments, foundations, hospitals, corporations, and individuals.

Prior to joining Smith Barney, Mr. Ewing served as the Corporate Development and Marketing Service Manager for J.P. Stevens, Vice President for Strategic Planning Institute, and Investment Manager for BMI Capital.

Mr. Ewing received his bachelor's degree in Economics from Washington & Lee University and his master's degree in Marketing and Finance from New York University.

ROLES & RESPONSIBILITIES

CEO/CIO

The Chief Executive Officer/Chief Investment Officer (CEO/CIO) is the agency head of the RSIC and serves as the executive for administrative functions as well as the chief officer of investment functions. The CEO/CIO is a fiduciary of the Retirement System and serves at the pleasure of the Commission. The CEO/CIO's general responsibilities include providing executive leadership in setting and achieving the Commission's goals, mission, and objectives and in setting and achieving strategic directions and goals; managing the RSIC in accordance with the guidelines established by the Commission and in compliance with state and federal laws and soliciting advice and counsel from the Commission as necessary; and developing and maintaining communications and relationships with other state agencies, public retirement systems, and organizations involved with or having an impact on public retirement issues that may affect the Retirement System. Information on the Commission's Roles and Responsibilities are more thoroughly addressed in the Commission's Governance Policies.

ROBERT L. BORDEN, CFA, CAIA, CEO/CIO



The Commission hired Robert L. Borden, former Executive Director and Chief Investment Officer of the Louisiana State Employees' Retirement System (LASERS), as its CIO in March 2006. As CIO, Mr. Borden has oversight for the complete restructuring of the investment program for the Retirement Systems.

Mr. Borden graduated from the University of Texas at Austin with a bachelor of business administration with a major in Finance and earned a master of science degree in Finance from Louisiana State University. Mr. Borden holds both the CFA and Chartered Alternative Investment Analyst (CAIA) professional designations.

In Mr. Borden's former position of Executive Director and CIO, he managed LASERS' \$7 billion pension fund. During his tenure, the LASERS trust fund more than doubled in size and as of March 31, 2006 LASERS realized 1-year,

3-year, and 5-year returns of 14.6 percent, 17.6 percent, and 8.4 percent, respectively. This performance ranked LASERS' portfolio among the top pension fund performers in the country.

Mr. Borden also served as Vice Chairman and Chairman of the Fund Evaluation Committee for the Louisiana Deferred Compensation Commission. Prior to joining LASERS, Mr. Borden held distinguished positions at the Texas Workers' Compensation Insurance Fund, Franklin Federal Bancorp, the Texas State Treasury and Randy Morine Properties.

STAFF

The Staff, as delegated and approved by the Commission, is responsible for developing and implementing an annual investment plan consistent with statutory requirements and the investment guidelines and objectives given by the Commission. Staff executes investment decisions, completes administrative functions, performs risk management and compliance, and prepares investment reports.

CUSTODIAN

Bank of New York Mellon (BNY Mellon, or Custodian) serves as the RSIC's custodian of the Retirement System's assets, except in cases where investments are held in partnerships, commingled accounts, or unique asset classes where it is prohibitive for them to do so. The Custodian is responsible for maintaining the official book of records, providing performance reports, and serving as an additional layer of risk control in the safekeeping of Retirement System assets. Other functions the Custodian is responsible for include advising designated Staff daily of changes in cash equivalent balances; immediately advising Staff of additions or withdrawals from account assets; resolving any problems that Staff may have relating to the custodial account; safekeeping of securities; interest and dividend collections; daily sweep of idle principle and income cash balances; collections of proceeds from maturing securities; disbursement of all income or principal cash balances as directed; providing monthly statements by investment managers' accounts and a consolidated statement of all assets; providing a dedicated account representative and back up to assist in all needs relating to the custody and accountability of the Portfolio's assets; reconciling returns with the Portfolio's investment managers; and filing for recovery in security class action litigation settlements.

CONSULTANT

New England Pension Consultants, LLC (NEPC, or Consultant) of Cambridge, Massachusetts, serves as the RSIC's general investment consultant. As a fiduciary, the Consultant's primary duties are to advise the Commission on matters related to the investment program and to provide a third party perspective and level of oversight to the RSIC's investment program. Additionally, the Consultant assists the RSIC in developing, modifying, and reviewing investment policy objectives and guidelines, including the development of an asset allocation strategy and recommendations on the appropriate mix of investment manager styles and strategies. The Consultant provides assistance in manager searches, investment performance calculation, evaluation, and any other relevant analyses. The Consultant must provide timely information, written and/or oral, on investment strategies, instruments, managers and other related issues, as requested by the Staff or the Commission. The Consultant also provides advice and input to the CEO/CIO and Staff on a variety of investment-related issues.

DISCLOSURE OF MATERIAL INTEREST

As of June 30, 2009 there was no material interest noted by a member of the Commission or an employee who is a fiduciary with respect to investment and management of assets of the Retirement System, or by a related person, in a material transaction with the Retirement System within the last three years or proposed to be effected.

INVESTMENT PLAN, POLICIES, & OBJECTIVES

For information regarding the RSIC's investment plan, policies, and objectives please reference the Commission's *Annual Investment Plan* (AIP), *Statement of Investment Policies* (SIP), and *Statement of Investment Objectives* (SIO).

COMMISSION STAFF



Front row, left to right:

Brian Wheeler,
Administrative Coordinator

Dori Ditty, JD,
Policy Analyst

Robert L. Borden, CFA, CAIA,
CEO/CIO

Brenda Gadson,
Operations Manager

Heather Muller,
Assistant to CEO/CIO

Nancy Shealy,
General Counsel

Kathy Rast,
Administrative Manager

Nicole Waites,
Fixed Income Officer

Hilary Wiek, CFA, CAIA,
Director of Public/Private Equity

Douglas W. Lybrand,
CFA, CTP, FRM,
Compliance/Risk Mgmt. Officer

Back row, left to right:

Donald Brock Jr.,
Performance Analytics Officer

Jonathan Boyd,
Intern

Hershel Harper, CFA,
Deputy CIO

Dunkin Allison,
Alternative Investment Officer

Geoffrey Berg, CFA,
Director of Research/Analytics

Jared O'Connor,
Research Officer

Greg Putnam, CFA,
Sr. Economic Research Analyst
(resigned April 2009)

Rick Patsy, CFA,
Sr. Fixed Income Officer
(resigned July 2009)

STRATEGIC PLAN

During the course of Fiscal Year ending (FYE) 2009 the Staff and Commission developed and implemented a strategic plan in order to create the foundation for the Commission's future. The RSIC's new mission, vision, values, and goals that were developed during this process are included below.

MISSION

The South Carolina Retirement System Investment Commission will fulfill its fiduciary responsibility by prudently managing all assets held in trust for the sole benefit of the participants and beneficiaries of the South Carolina Retirement Systems. It will seek superior long-term investment results at a reasonable level of risk.

VISION

The vision of the Commission is to be a world class investment organization that pursues strategies that contribute positively to the financial health of the South Carolina Retirement Systems.

VALUES

• Integrity •

The Commission will conduct itself with integrity by upholding the highest standards of fiduciary responsibility on behalf of the Retirement Systems, participants and beneficiaries.

• Accountability •

The Commission will be accountable to the Retirement Systems, participants, and beneficiaries for its ethical conduct and for compliance with its fiduciary responsibilities through a commitment to industry best practices of credibility, stewardship, and transparency.

• Empowerment •

The Commission will encourage constituents at all levels to make decisions consistent with the organization's policies, goals, and objectives.

• Innovative •

The Commission will use creative and independent thinking in its analyses, engagement processes, and decision making to develop evolving investment practices and strategies that integrate the values, goals, and mission of the organization.

• Collaborative •

The Commission will pursue the goals of openness, teamwork, equality, and relationship building to formulate strategies, increase performance, and maximize knowledge transfer for the benefit of the plan.

GOALS

I: Develop and Execute Major Investment Portfolio Initiatives

II: Develop and Implement Specific Governance Policies

III: Improve and Standardize Due Diligence Processes

IV: Improve Reporting Processes

V: Develop Efficient and Effective Workforce

VI: Create Efficient and Effective Facilities

VII: Perform Feasibility Study and Prepare Recommendations for Long-term Organizational Structure

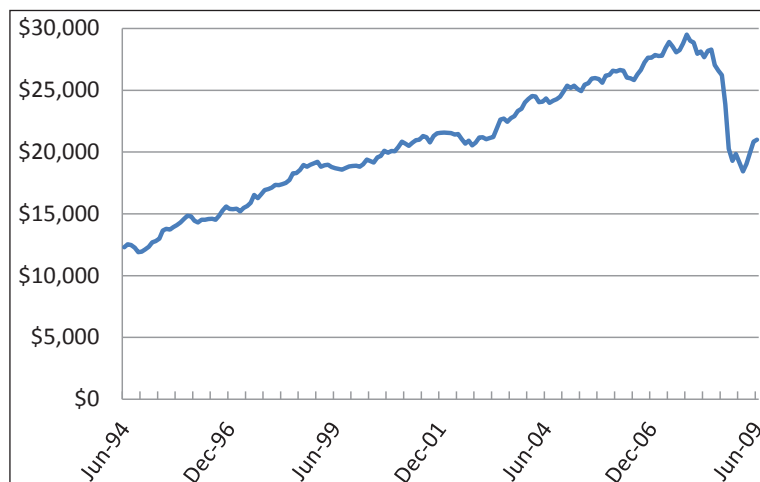
TOTAL FUND REVIEW

As of June 30, 2009, the Retirement System's investment portfolios had a combined market value of \$21.0 billion. The Portfolio's net return for FYE June 30, 2009, was -19.3%, while the three- and five-year annualized returns were -3.8% and -0.1%, respectively. The chart featured to the right depicts the growth of the Portfolio since FYE 1994.

MARKET OVERVIEW

The Fiscal Year ending June 30, 2009 witnessed the greatest stock market decline since the Great Depression. By March, domestic equities had lost more than half of their value over the prior 18 months. During the same period, international stocks lost more than 60% of their value.

TOTAL FUND GROWTH (MILLIONS)



As the global financial system buckled under the dual stresses of the housing collapse and a weakening economy, the fear of mass bankruptcies gripped the equity and bond markets. This caused a sharp rise in the yields of many non-government bonds. As fears abated, these markets rallied, giving investors the sharpest stock market rally in the modern era.

The collapse of the credit markets had far-reaching implications for other asset classes, particularly those requiring functional credit markets. In calendar year 2008, commercial real estate suffered its first year of losses since 1992, and only its third annual loss since the data has been collected (1978). Hedge funds also suffered from the lack of inexpensive credit as well as from the unprecedented step taken by the Securities and Exchange Commission of imposing a ban on short-selling the stocks of financial institutions. As the markets recovered and the ban expired, the performance of hedge funds improved.

The market turmoil caused liquidity issues for many pension plans and endowments in late 2008, forcing distressed sales of illiquid assets such as private equity and real estate. The diversification and liquidity of the Equity and Fixed Income portfolios allowed the Portfolio to endure the storm without resorting to distressed asset sales.

INDEX RETURNS FOR FYE 2009

	Q1	Q2	Q3	Q4	1 year	3 year	5 year
S&P 500	(8.4%)	(21.9%)	(11.0%)	15.9%	(26.2%)	(8.2%)	(2.2%)
Russell 2500	(6.7%)	(26.3%)	(11.4%)	20.3%	(26.7%)	(9.3%)	(0.9%)
Russell 2000	(1.1%)	(26.1%)	(15.0%)	20.7%	(25.0%)	(9.9%)	(1.7%)
MSCI EAFE	(20.6%)	(20.0%)	(13.9%)	25.4%	(31.4%)	(8.0%)	2.3%
MSCI EME	(27.0%)	(27.6%)	0.9%	34.7%	(28.1%)	3.0%	14.7%
Barclays US Agg	(0.5%)	4.6%	0.1%	1.8%	6.1%	6.4%	5.0%
Barclays Global Agg	(3.8%)	5.2%	(3.3%)	4.9%	2.8%	6.7%	5.5%
Barclays US HY	(8.9%)	(17.9%)	6.0%	23.1%	(2.4%)	2.1%	4.3%
JP Morgan EMBI Div	(5.0%)	(7.1%)	3.8%	11.4%	2.1%	6.1%	8.2%
3 Month LIBOR	0.8%	0.6%	0.3%	0.3%	2.0%	3.9%	3.8%
3 Month Treasury Bills	0.6%	0.2%	0.1%	0.1%	1.0%	3.3%	3.2%
50% MSCI World; 50% Citi WGBI	(9.1%)	(7.2%)	(8.3%)	12.0%	(13.5%)	0.1%	3.4%
NCREIF	(0.2%)	(8.3%)	(7.3%)	(5.2%)	(19.6%)	1.0%	7.6%
Venture Economics - All Private Equity*	(5.7%)	(14.9%)	(3.3%)	(5.4%)	(26.6%)	(1.0%)	7.3%
HFRX Global Hedge Fund	(10.7%)	(13.2%)	0.7%	4.8%	(18.1%)	(3.6%)	(0.5%)
50% GSCI; 50% Barclays Inflation-Linked	(16.0%)	(26.4%)	(4.5%)	10.6%	(34.7%)	(4.4%)	1.7%

*Q4 data unavailable; internal portfolio actual return used in lieu of Venture Economics data

PERFORMANCE

For the Fiscal Year ending June 30, 2009, the RSIC's total investment return was -19.3%. During the same period, the RSIC's actively-managed Equity portfolios returned -28.0% while the actively-managed Fixed Income portfolios returned 4.0%. Alternative asset classes returned -15.4% for the year. The Portfolio's return of -19.3% for the fiscal year lagged both the Policy benchmark return (-18.4%) and Strategy benchmark (-17.3%). Whereas asset allocation decisions added value, manager selection hurt performance. It should be noted that the majority of this underperformance occurred in the fall of 2008 as the credit crisis shook the capital markets. As the markets have rebounded, the Portfolio has outperformed both the Policy and Strategy benchmarks.

POLICY & STRATEGY BENCHMARKS

The Investment Commission compares the Portfolio's performance to two customized benchmarks: the Policy Benchmark and the Strategy Benchmark. The Policy Benchmark represents a hypothetical return that would occur if the Portfolio's assets were invested passively (indexed) with the weights of each asset class consistent with the Policy Asset Allocation.

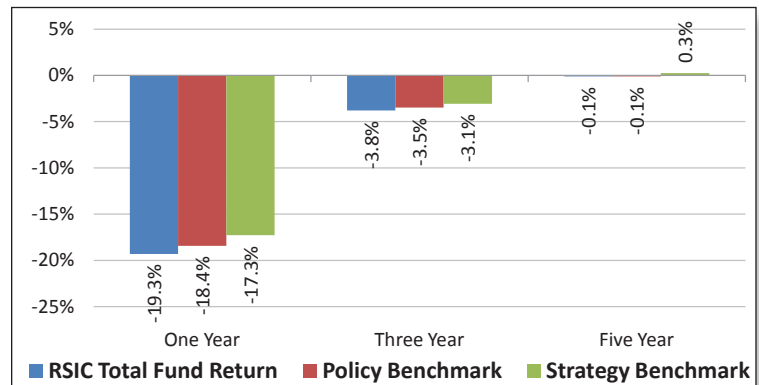
Whereas the Policy Benchmark uses predetermined policy weights, the Strategy Benchmark uses the Portfolio's actual weights. The difference between the returns of the Policy and Strategy Benchmarks represents the value added from the strategic decisions to deviate from the Policy Asset Allocation. For example, if International Equity is the worst performing asset class, and the CEO/CIO has chosen to invest less in this asset class than proscribed by the Policy Asset Allocation, the Strategy benchmark would be better than the Policy benchmark, indicating that this decision added value to the Portfolio.

Likewise, the difference between the Strategy Benchmark and the actual return represents the value added from manager selection. To continue the example above, if the actual investments in the International Equity asset class outperform the passive index, the selection of these managers adds value to the Portfolio.

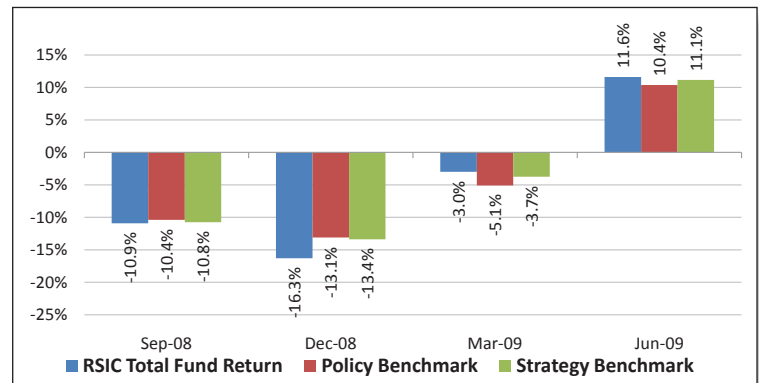
PERFORMANCE VS. PEERS

While the Portfolio's performance was down 19.3%, this was slightly lower than the median return for the Large Plan Universe¹, which was down 18.4% for the same period. It is important to note that the Portfolio's performance relative to this peer group was worst during the first half of the fiscal year, but this improved dramatically after this period as the portfolio transition had been completed.

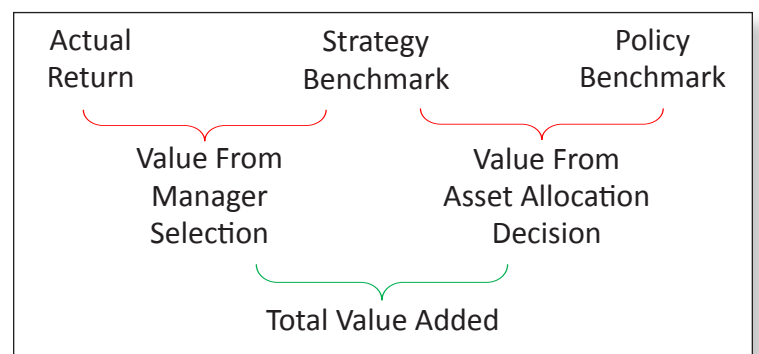
ANNUALIZED RETURNS AS OF JUNE 30, 2009



QUARTERLY RETURNS FOR FYE 2009



UNDERSTANDING THE BENCHMARKS



¹ Source: NEPC

PERFORMANCE VS. ACTUARIAL RETURN

Given that the Portfolio's performance was negative for the fiscal year, it underperformed the actuarial return, which was 8.0% for the year. Due to the volatility inherent in the capital markets, it is not appropriate to expect the portfolio to always beat this target rate of return over short periods of time.

ASSET ALLOCATION OVERVIEW

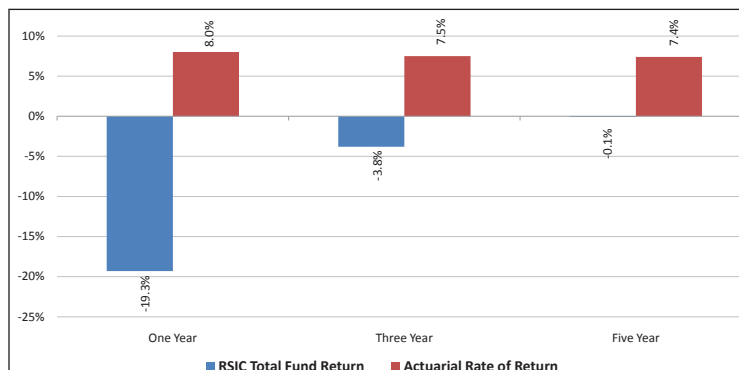
A belief in the long-term benefits of diversification is the cornerstone of the Portfolio's asset allocation strategy. In mid-2007, the Commission began the process of migrating from a simple mix of Equities and Fixed Income to a more broadly diversified asset allocation. Rather than attempting a rapid diversification, the Commission recognized the importance of a gradual diversification of plan assets. This afforded the Commission and Staff the opportunity to complete due diligence for each of the investments. In addition, this method helped mitigate the risk associated with market timing as the process was spread out over nearly two years.

For the period between June 30, 2007 and December 31, 2008, consistent with the transition plan detailed in the 2008 - 2009 AIP, the Policy asset allocation targets changed on a monthly basis to facilitate a gradual diversification process. The Commission determined that, as of January 1, 2009, this transition period was complete.

Effective March 31, 2009, the Commission approved a new Policy asset allocation, which includes revised target weights and ranges. In addition, as detailed to the right, the new Policy targets introduce new asset classes (liquid real assets and real estate) to the Portfolio. The charts at the top of the following page detail the policy asset allocation weights for FYE 2009.

The changes to the Policy target allocations were made in an effort to improve the risk-adjusted returns of the Portfolio. In addition, whereas the former target allocation was designed to deliver superior returns in an environment of steady economic growth, the new allocation is less dependent upon such an environment.

RSIC ACTUAL VS. ACTUARIAL RETURN AS OF JUNE 30, 2009

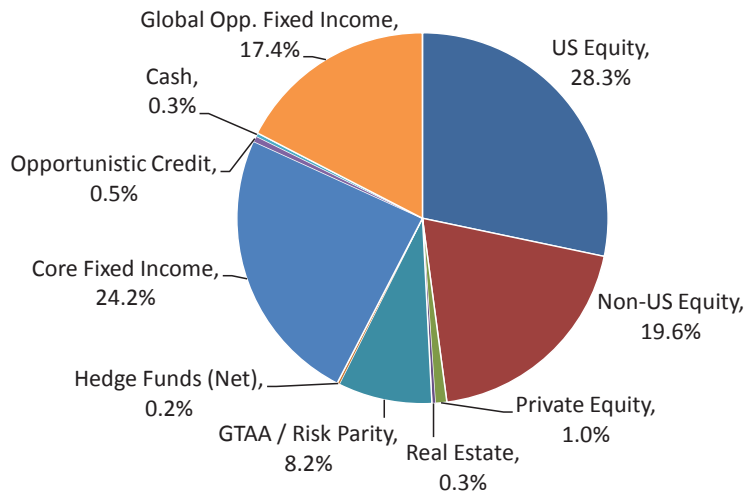
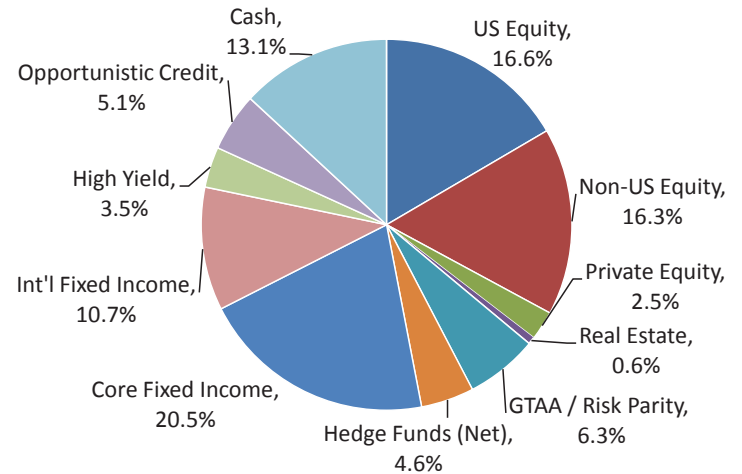


RSIC POLICY ALLOCATION AS OF JUNE 30, 2009

Asset Class	Policy Benchmark Weight	Allocation Range	Policy Benchmark
Domestic Large Cap	10%	0% - 25%	S&P 500 ¹
Domestic Small/Mid Cap	5%	0% - 20%	Russell 2500
International Large Cap	10%	0% - 25%	MSCI EAFE
Emerging Markets	5%	0% - 15%	MSCI EME
Public Equity	30%	0% - 70%	
Cash	10%	0% - 100%	90 Day T-Bills
Core Fixed Income	10%	0% - 40%	Barclays U.S. Aggregate
Global Fixed Income	4%	0% - 40%	Barclays Global Aggregate
High Yield Fixed Income	3%	0% - 40%	Barclays U.S. High Yield
Emerging Markets Debt	3%	0% - 40%	JP Morgan EMBI Diversified
Public Debt	30%	30% - 100%	
GAA	10%	0% - 20%	50% MSCI World; 50% Citi WGBI
Hedge Funds	5%	0% - 25%	HFRX Global Hedge Fund
Private Equity	7%	0% - 15%	Venture Economics
Opportunistic Credit	8%	0% - 15%	Blended Benchmark ²
Real Estate	5%	0% - 40%	NCREIF
Liquid Real Assets	5%	0% - 40%	50% DJ/UBS; 50% Barclays WGIL
Alternatives	40%	0% - 50%	

¹Russell 1000 implemented from 6/30/08 - 3/31/09. S&P 500 implemented 3/31/09 - present.

²Opportunistic Credit Policy Benchmark is comprised of 33.3% S&P/LSTA Leveraged Loan Index, 33.3% Barclays U.S. High Yield and 33.3% Barclays MBS Index.

RSIC PORTFOLIO EXPOSURE
FYE 2008RSIC PORTFOLIO EXPOSURE
FYE 2009

BETA OVERLAY

The RSIC employs a Beta Overlay manager, Russell Implementation Services, Inc. (Russell), to facilitate the management of the asset allocation of the portfolio. Russell utilizes derivative instruments such as futures contracts and swap agreements to achieve the desired asset allocation exposures. Derivatives are efficient investment vehicles that allow the Portfolio to quickly and cost-effectively gain or reduce exposures to certain asset classes. As managers are hired in these asset classes, derivative positions can be reduced to maintain the appropriate net exposures. The table below shows the aggregate derivative exposures at June 30, 2008 and June 30, 2009.

Commentary by: Geoff Berg

SUMMARY BETA OVERLAY EXPOSURES

Managers	June 30, 2008		June 30, 2009	
	% of Portfolio	\$'s of Portfolio	% of Portfolio	\$'s of Portfolio
Large Cap	1.1	282.4	0.8	162.7
Small Cap	0.8	209.3	1.7	355.3
International	13.4	3,556.4	10.6	2,237.4
Emerging	4.8	1,285.5	5.7	1,189.3
Net Equity	20.0%	\$5,333.6	18.8%	\$3,944.7
Core Fixed	(6.6)	(1,754.1)	(0.4)	(82.5)
International	5.1	1,362.1	0.0	0.0
High Yield	0.4	97.6	0.0	0.0
Emerging	2.6	687.1	2.1	448.8
Net Fixed Income	1.5%	\$392.6	1.7%	\$366.3
Total	21.5%	\$5,726.3	20.5%	\$4,311.0

All figures shown are in millions

STATISTICS¹

The table below illustrates the statistical performance data for the Portfolio as of June 30, 2009.

Statistics	1 Year	3 Year	5 Year
Annualized Return	-19.3%	-3.8%	-0.1%
Annualized Standard Deviation	n/a	14.6%	11.6%
Sharpe Ratio	n/a	-0.5	-0.3
R ² *	97.2%	97.1%	97.0%
Annualized Alpha*	-0.9%	-0.3%	0.0%
Correlation*	98.3%	98.6%	98.5%

* As compared to Policy Index

Source: NEPC

¹ See Appendix H on page 84 for more detail regarding the statistical concepts and methodology.

MANAGER RETURNS (NET OF FEES)

Fiscal Year Ending June 30, 2009	Market Value	% of Fund	3 Month	YTD	1 Year	Annualized Returns		
						3 Year	5 Year	10 Year
PENSION COMPOSITE GROSS	\$21,019,143,418		11.7%	8.4%	-19.0%	-3.6%	0.2%	3.1%
PENSION COMPOSITE NET	21,019,143,418		11.6%	8.2%	-19.3%	-3.8%	-0.1%	2.9%
FINANCIAL COMPOSITE	12,033,522,102		10.5%	6.5%	-19.2%	-3.8%	0.0%	2.9%
STRATEGY INDEX			11.1%	7.0%	-17.3%	-3.1%	0.3%	3.2%
POLICY INDEX			10.4%	4.8%	-18.4%	-3.5%	-0.1%	3.0%
PHYSICAL PUBLIC EQUITY								
TOTAL DOMESTIC EQUITY	\$2,298,788,784	10.9%	18.9%	7.8%	-28.0%	-10.2%	-3.1%	-1.5%
RUSSELL 3000			16.8%	4.2%	-26.6%	-8.3%	-1.8%	-1.5%
TOTAL LARGE CAP COMPOSITE	714,160,152	3.4%	15.1%	5.3%	-31.7%	-11.8%	-4.6%	n/a
TOTAL LARGE CAP ACTIVE COMPOSITE	714,160,152	3.4%	15.1%	5.3%	-32.0%	-13.4%	-5.7%	n/a
RUSSELL 1000			16.5%	4.3%	-26.7%	-8.2%	-1.9%	-1.8%
LARGE CAP GROWTH COMPOSITE	401,899,807	1.9%	16.0%	12.7%	-35.3%	-14.7%	-7.1%	n/a
Legg Mason	96,967,864	0.5%	19.7%	13.0%	-49.6%	-19.5%	n/a	n/a
WCM	304,931,943	1.5%	14.8%	12.6%	-25.7%	-12.6%	n/a	n/a
RUSSELL 1000 GROWTH			16.3%	11.5%	-24.5%	-5.4%	-1.8%	-4.2%
LARGE CAP VALUE COMPOSITE	312,260,345	1.5%	14.1%	-2.8%	-27.5%	-12.7%	-4.1%	n/a
Aronson, Johnson, Ortiz	312,260,345	1.5%	14.1%	-2.8%	-28.0%	-10.6%	n/a	n/a
RUSSELL 1000 VALUE			16.7%	-2.9%	-29.0%	-11.1%	-2.1%	-0.2%
TOTAL SMID CAP COMPOSITE	451,536,136	2.1%	16.2%	8.4%	-25.2%	-6.9%	1.0%	n/a
RUSSELL 2500			20.3%	6.5%	-26.7%	-9.3%	-0.9%	3.7%
SMID CAP GROWTH COMPOSITE	288,214,010	1.4%	17.3%	12.1%	-22.3%	-4.6%	2.9%	n/a
TimesSquare Capital	288,214,010	1.4%	17.3%	12.1%	-22.3%	-4.6%	2.9%	n/a
RUSSELL 2500 GROWTH			21.8%	14.5%	-27.3%	-7.7%	-0.7%	0.7%
SMID CAP VALUE COMPOSITE	163,322,126	0.8%	14.4%	2.4%	-29.8%	-10.4%	n/a	n/a
TSW	163,322,126	0.8%	14.4%	2.4%	-29.8%	-10.4%	n/a	n/a
RUSSELL 2500 VALUE			18.8%	-0.6%	-26.2%	-11.2%	-1.6%	5.0%
TOTAL SMALL CAP COMPOSITE	1,584,628,632	7.5%	20.6%	9.0%	-26.2%	-10.3%	-1.1%	n/a
RUSSELL 2000			20.7%	2.6%	-25.0%	-9.9%	-1.7%	2.4%
SMALL CAP CORE COMPOSITE	298,207,886	1.4%	24.9%	17.7%	-24.5%	-8.7%	0.6%	n/a
Pyramis	298,207,886	1.4%	24.9%	17.7%	-24.5%	-8.8%	0.6%	n/a
RUSSELL 2000			20.7%	2.6%	-25.0%	-9.9%	-1.7%	2.4%
SMALL CAP GROWTH COMPOSITE	472,166,396	2.2%	17.3%	4.4%	-31.9%	-13.1%	-3.3%	n/a
BatteryMarch	124,576,555	0.6%	16.0%	3.8%	-32.6%	-15.4%	n/a	n/a
Turner Investments	165,964,130	0.8%	18.1%	10.8%	-33.5%	-9.9%	n/a	n/a
Clarivest	181,625,711	0.9%	17.5%	-0.4%	-33.4%	-15.0%	n/a	n/a
RUSSELL 2000 GROWTH			23.4%	11.4%	-24.8%	-7.8%	-1.3%	-0.9%
SMALL CAP VALUE COMPOSITE	362,718,214	1.7%	27.7%	9.3%	-17.5%	-11.2%	-1.9%	n/a
Wells (Benson)	252,167,396	1.2%	29.2%	11.3%	-18.4%	-11.6%	-2.2%	n/a
Integrity	110,550,818	0.5%	24.3%	5.1%	-15.3%	-9.7%	n/a	n/a
RUSSELL 2000 VALUE			18.0%	-5.2%	-25.2%	-12.1%	-2.3%	5.0%
FIXED INCOME								
FIXED INCOME COMPOSITE	\$7,604,638,942	36.2%	8.5%	7.8%	4.0%	5.7%	4.9%	6.1%
CORE FIXED INCOME	4,121,126,696	19.6%	4.7%	3.9%	4.3%	5.6%	4.8%	5.9%
Internal Core Fixed Income	2,074,592,696	9.9%	4.0%	3.2%	3.6%	5.3%	4.7%	5.9%
PIMCO	840,222,111	4.0%	n/a	n/a	n/a	n/a	n/a	n/a
PIMCO Transition	188,211,875	0.9%	n/a	n/a	n/a	n/a	n/a	n/a
Blackrock	1,018,100,014	4.8%	n/a	n/a	n/a	n/a	n/a	n/a
BARCLAYS CAPITAL U.S. AGGREGATE			1.8%	1.9%	6.1%	6.4%	5.0%	6.0%
GLOBAL FIXED INCOME	2,773,357,927	13.2%	12.7%	11.4%	1.9%	n/a	n/a	n/a
Credit Agricole	730,731,084	3.5%	8.2%	11.7%	9.8%	n/a	n/a	n/a
Loomis Sayles	597,528,259	2.8%	20.2%	20.6%	-3.8%	n/a	n/a	n/a
Mondrian	822,221,050	3.9%	9.2%	3.6%	5.8%	n/a	n/a	n/a
Western Asset Management	622,877,534	3.0%	16.6%	14.3%	-3.8%	n/a	n/a	n/a
BARCLAYS CAPITAL GLOBAL AGGREGATE			4.9%	1.5%	2.8%	6.7%	5.5%	n/a
HIGH YIELD FIXED INCOME	561,504,319	2.7%	19.0%	25.7%	-1.8%	n/a	n/a	n/a
Loomis Sayles NHIT	509,245,383	2.4%	19.5%	26.2%	-1.4%	n/a	n/a	n/a
Penn Capital	52,258,936	0.2%	n/a	n/a	n/a	n/a	n/a	n/a
BARCLAYS CAPITAL U.S. HIGH YIELD			23.1%	30.4%	-2.4%	2.1%	4.3%	4.7%
EMERGING MARKET DEBT								

MANAGER RETURNS (NET OF FEES)

Fiscal Year Ending June 30, 2009	Market Value	% of Fund	3 Month	YTD	1 Year	Annualized Returns		
						3 Year	5 Year	10 Year
Cap Guardian	148,650,000	0.7%	n/a	n/a	n/a	n/a	n/a	n/a
JP MORGAN EMR'G BOND GLOBAL DIVERSIFIED			11.4%	15.7%	2.1%	6.1%	8.3%	
TOTAL PHYSICAL CASH	476,880,118	2.3%	0.1%	0.2%	1.3%	3.5%	n/a	n/a
3M LIBOR			0.3%	0.6%	2.0%	3.9%	3.8%	
3M T-BILLS			0.1%	0.1%	1.0%	3.2%	3.2%	
PRIVATE EQUITY								
TOTAL PRIVATE EQUITY COMPOSITE	\$347,404,953	1.7%	0.6%	-0.3%	-4.4%	n/a	n/a	n/a
TOTAL BUYOUTS								
Apax Europe	13,009,393	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Bridgepoint Europe	2,675,807	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Carousel Capital	25,150,708	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Crestview Partners	(538,516)	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Clayton, Dubilier, & Rice	568,822	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Welsh, Carson, Anderson & Stowe	(204,717)	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL VENTURE GROWTH								
Square 1 Ventures	4,488,794	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Truebridge Capital	8,847,496	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Warburg Pincus	23,000,367	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Venture Investment Managers	2,543,923	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL SECONDARIES								
Neuberger Berman	8,156,694	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Industry Ventures	11,470,565	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Lexington Partners	4,095,336	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Paul Capital	31,505,923	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL MEZZANINE								
Goldman Sachs	24,345,126	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Northstar Capital	12,305,297	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL DIVERSIFIED FUND OF FUNDS								
Pantheon Europe	20,578,773	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Pantheon USA	29,223,675	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
OTHER								
Aquiline	47,984,752	0.2%	n/a	n/a	n/a	n/a	n/a	n/a
STRATEGIC PARTNERSHIPS								
TOTAL STRATEGIC PARTNERSHIPS								
Goldman Sachs Partnership	\$997,899,928	4.7%	-0.8%	-0.7%	n/a	n/a	n/a	n/a
Morgan Stanley Partnership	801,125,772	3.8%	0.0%	-1.9%	-19.7%	n/a	n/a	n/a
TCW Partnership	351,438,626	1.7%	n/a	n/a	n/a	n/a	n/a	n/a
Apollo Partnership	75,949,238	0.4%	11.3%	n/a	n/a	n/a	n/a	n/a
HEDGE FUNDS								
TOTAL HEDGE FUNDS	\$4,158,599,296	19.8%	3.9%	5.4%	-12.8%	n/a	n/a	n/a
HFRX GLOBAL HEDGE FUND INDEX			2.9%	8.6%	-18.1%	-3.6%	-0.5%	4.9%
TOTAL DIRECT HEDGE FUNDS								
Bridgewater	298,464,575	1.4%	-5.1%	-4.7%	-9.1%	n/a	n/a	n/a
D.E. Shaw	343,919,358	1.6%	6.5%	11.1%	-8.4%	n/a	n/a	n/a
Frontpoint	359,803,500	1.7%	6.4%	8.2%	-4.4%	n/a	n/a	n/a
W.L.Ross	210,281,175	1.0%	-2.1%	-3.2%	n/a	n/a	n/a	n/a
Mariner - Hedge Funds	296,397,918	1.4%	11.1%	14.7%	-11.7%	n/a	n/a	n/a
TOTAL HEDGE FUND OF FUNDS								
Morgan Stanley Completion	612,008,234	2.9%	3.8%	5.1%	-19.8%	n/a	n/a	n/a
Entrust	256,136,271	1.2%	9.9%	10.7%	-15.5%	n/a	n/a	n/a
GAM	570,318,545	2.7%	0.7%	1.6%	-11.1%	n/a	n/a	n/a
Gottex	665,625,000	3.2%	5.0%	6.6%	-12.8%	n/a	n/a	n/a
Grosvenor	545,644,720	2.6%	4.0%	4.7%	-15.2%	n/a	n/a	n/a
Morgan Stanley/SCLP Hedge Funds*								
CREDIT ORIENTED HEDGE FUNDS								
Goldman Sachs - Hedge Funds*								
GTAA/RISK PARITY								
TOTAL GLOBAL ASSET ALLOCATION	\$1,323,693,403	6.3%	6.4%	2.7%	-20.5%	n/a	n/a	n/a
50% MSCI WORLD, 50% CITI WGBI			12.8%	4.2%	-13.0%	1.0%	4.2%	3.7%

MANAGER RETURNS (NET OF FEES)

Fiscal Year Ending June 30, 2009	Market Value	% of Fund	3 Month	YTD	1 Year	Annualized Returns		
						3 Year	5 Year	10 Year
TOTAL RISK PARITY								
Bridgewater	594,549,967	2.8%	-0.3%	1.1%	-21.7%	n/a	n/a	n/a
Putnam Investments	399,293,113	1.9%	12.7%	6.1%	-16.9%	n/a	n/a	n/a
90D T-Bills + 5%			1.3%	2.5%	6.0%	8.3%	8.3%	8.4%
TOTAL GLOBAL TACTICAL ASSET ALLOCATION								
GMO	329,850,323	1.6%	5.8%	1.7%	-7.1%	n/a	n/a	n/a
50% MSCI WORLD, 50% CITI WGBI			12.8%	4.2%	-13.0%	1.0%	4.2%	3.7%
OPPORTUNISTIC CREDIT								
TOTAL OPPORTUNISTIC CREDIT	\$639,194,037	3.0%	14.4%	17.0%	1.2%	n/a	n/a	n/a
BLENDED OPPORTUNISTIC CREDIT BENCHMARK ¹			14.5%	21.3%	-9.2%	-0.3%	2.9%	4.0%
TOTAL DIRECT INVESTMENTS								
Angelo Gordon	34,812,324	0.2%	18.3%	25.4%	-11.8%	n/a	n/a	n/a
D.E. Shaw Opp Credit	33,848,368	0.2%	9.6%	8.1%	-4.5%	n/a	n/a	n/a
Sankaty Advisors	133,408,256	0.6%	12.4%	15.7%	10.0%	n/a	n/a	n/a
Selene Partners	40,114,289	0.2%	-1.5%	6.8%	5.3%	n/a	n/a	n/a
Avenue Capital	108,090,916	0.5%	21.2%	n/a	n/a	n/a	n/a	n/a
ING Clarion	20,000,000	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL STRATEGIC PARTNERSHIPS								
Mariner - Opp Credit	268,919,884	1.3%	10.0%	12.7%	n/a	n/a	n/a	n/a
TCW - Opp Credit*								
Apollo - Opp Credit*								
Goldman Sachs - Opp Credit*								
REAL ASSETS								
TOTAL REAL ASSETS								
TOTAL STRATEGIC PARTNERSHIPS								
Morgan Stanley - Real Assets*								
Goldman Sachs - Real Assets*								
NCREIF PROPERTY INDEX			-5.2%	-12.1%	-19.6%	1.0%	7.6%	8.5%
OVERLAY								
TOTAL RUSSELL OVERLAY								
Russell Overlay**	\$1,690,595,646	8.0%	5.0%	3.3%	-10.7%	n/a	n/a	n/a
Russell Swaps	305,918,065	1.5%	n/a	n/a	n/a	n/a	n/a	n/a
Other								
Mariner Cash	\$6,421,272	0.0%	-3.7%	n/a	n/a	n/a	n/a	n/a
TCW Cash and Other	20,863,903	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Notes:								
*Market value included as part of Strategic Partnerships								
**Returns provided by Russell								
¹ Blended Opportunistic Credit Benchmark comprised of 1/3 BarCap High Yield, 1/3 S&P/LSTA Leveraged Loan Index, and 1/3 BarCap MBS Index								

Source: NEPC

PUBLIC EQUITY REVIEW

As of June 30, 2009, the physical Public Equity portfolio had a market value of \$2,298.8 million, representing 10.9% of the Portfolio. Performance of this portion of the Portfolio for the fiscal year was -28.0%. Synthetic positions provided exposures that made up the remainder of the Public Equity portfolio, bringing the allocation to 32.9% at the end of the fiscal year.

PORTFOLIO DEVELOPMENTS

- At the beginning of the fiscal year, the physical Public Equity portfolio consisted of 16 externally managed accounts valued at \$6,769.6 million. Five portfolios were discontinued during the fiscal year in conjunction with a decision to reduce equity exposure.
- The Commission approved a search for emerging market managers which will commence in fiscal year 2009-2010. The portfolio currently achieves exposure to developed international and emerging market equities through the Beta Overlay program.

PORTFOLIO STRUCTURE

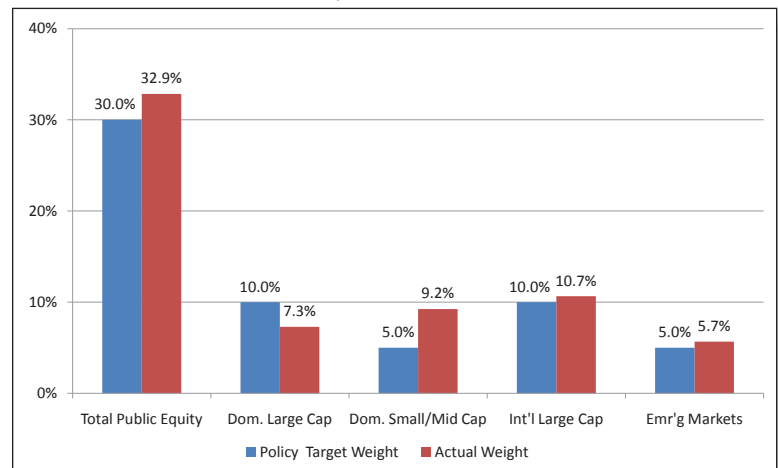
The Public Equity portfolio has a target allocation of 30% of the Portfolio. This target is achieved both through physical securities portfolios managed by external managers as well as through synthetic exposures in the Beta Overlay program. This affords the Commission the ability to pursue excess returns from active management while precisely managing the asset allocation. See page 17 for further discussion of the Beta Overlay program, including a breakdown of the program by asset classes.

At fiscal year end, the total public equity exposure was 32.9%, 2.9% above the target allocation. The majority of this overweight was to the small cap space, which was serving as a proxy for the Portfolio's Private Equity allocation, which was underweight due to commitments not yet fully funded.

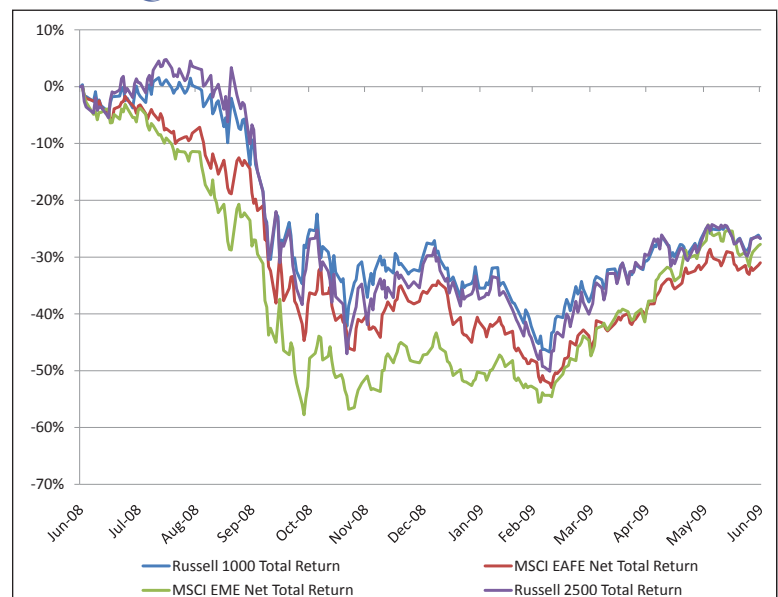
MARKET OVERVIEW

Global equity performance was influenced by the subprime mortgage crisis and the subsequent global financial crisis, a problem that was exacerbated by the failure of Lehman Brothers. In total, the crisis produced five of the eight largest bankruptcies in history. The turmoil in the global markets contributed to an atmosphere of intense fear, leading to a rush of investors selling risky assets. Declining prices in stocks and bonds, rising economic uncertainty, and fear of a collapse of the banking system led to unprecedented volatility in equities. U.S. equity markets, which peaked in late 2007, lost nearly half of their value from late August to November, followed by a brief rally in December. The markets again moved sharply lower in early 2009, before beginning a steep rally in early March that continued into June. Although the major market in-

PUBLIC EQUITY EXPOSURE¹
AS OF JUNE 30, 2009



EQUITY INDEX CUMULATIVE RETURN



¹ Differences between asset class exposure and asset allocation are attributed to managers' ability to invest in multiple asset classes.

dices all climbed significantly in this rally, many of the better performing stocks were those of lower quality companies which had been considered potential candidates for bankruptcy restructuring. Many active managers found this environment to be particularly difficult to navigate, as few had anticipated that these low quality firms would provide the most attractive returns.

There was an uncommonly small dispersion of returns for the major market indices during the Fiscal Year ending June 30, 2009. Small stock returns were slightly superior to those of large stocks, with a -25.0% return for the Russell 2000 Index versus a -26.7% return for the Russell 1000 Index. Large cap growth performed significantly better than large cap value. The Russell 1000 Growth Index returned -24.5% whereas the Russell 1000 Value Index returned -29.0%. There was little difference between the -24.8% return for the Russell 2000 Small Cap Growth Index and the -25.2% return for the Russell 2000 Small Cap Value Index. International equities fared poorly during the year, due to both the global nature of the economic slowdown and the appreciation of the U.S. dollar. The Morgan Stanley Capital International (MSCI) Europe, Australia, and Far East (EAFE) Index fell 31.4%, of which approximately 6% was due to the appreciation of the U.S. dollar against foreign currencies, while the MSCI Emerging Markets Equity (EME) Index declined 28.1%, of which 8% was due to the dollar appreciation.

PERFORMANCE

The portion of the Public Equity portfolio that resided with external active managers returned -28.0% in FYE 2009. This subset of the Public Equity portfolio only contained U.S. equities. The corresponding Policy Benchmark returned -26.0% while the strategy benchmark return was -25.5%. As detailed below, the equity managers did not add value in aggregate, although five of the eleven managers remaining at fiscal year-end outperformed their benchmarks in varying degrees.

Commentary by: Hilary Wiek

STATISTICS

The table below displays select statistics of the Public Equity portfolio as of June 30, 2009.

Statistics	1 Year	3 Year	5 Year
Annualized Return	-28.0%	-10.2%	-3.1%
Annualized Standard Deviation	n/a	22.4%	18.4%
Sharpe Ratio	n/a	-0.6	-0.3
R ² *	95.7%	95.8%	96.0%
Annualized Alpha*	-1.3%	-1.7%	-0.6%
Correlation*	94.6%	94.6%	93.7%
* As compared to S&P 500 Index			

Source: NEPC

MANAGER PERFORMANCE AS OF JUNE 30, 2009

Managers	Market Value	% of Fund	Annualized Returns		
			1 Year	3 Year	5 Year
Total Physical Public Equity Composite	\$2,298,788,784	10.9%	-28.0%	-10.2%	-3.1%
Russell 3000			-26.6%	-8.3%	-1.8%
Legg Mason	96,967,864	0.5%	-49.6%	-19.5%	n/a
WCM	304,931,943	1.5%	-25.7%	-12.6%	n/a
Russell 1000 Growth			-24.5%	-5.4%	-1.8%
Aronson, Johnson, Ortiz	312,260,345	1.5%	-28.0%	-10.6%	n/a
Russell 1000 Value			-29.0%	-11.1%	-2.1%
TimesSquare Capital	288,214,010	1.4%	-22.3%	-4.6%	2.9%
Russell 2500 Growth			-27.3%	-7.7%	-0.7%
TSW	163,322,126	0.8%	-29.8%	-10.4%	n/a
Russell 2500 Value			-26.2%	-11.2%	-1.6%
Pyramis	298,207,886	1.4%	-24.5%	-8.8%	0.6%
Russell 2000			-25.0%	-9.9%	-1.7%
BatteryMarch	124,576,555	0.6%	-32.6%	-15.4%	n/a
Turner Investments	165,964,130	0.8%	-33.5%	-9.9%	n/a
Clarivest	181,625,711	0.9%	-33.4%	-15.0%	n/a
Russell 2000 Growth			-24.8%	-7.8%	-1.3%
Benson	252,167,396	1.2%	-18.4%	-11.6%	-2.2%
Integrity	110,550,818	0.5%	-15.3%	-9.7%	n/a
Russell 2000 Value			-25.2%	-12.1%	-2.3%

Source: NEPC

FIXED INCOME REVIEW

As of June 30, 2009, the total physical Fixed Income portfolio market value was \$7,604.6 million, representing 36.2% of the Portfolio. The Fixed Income portfolio's performance for the fiscal year was 4.0%.

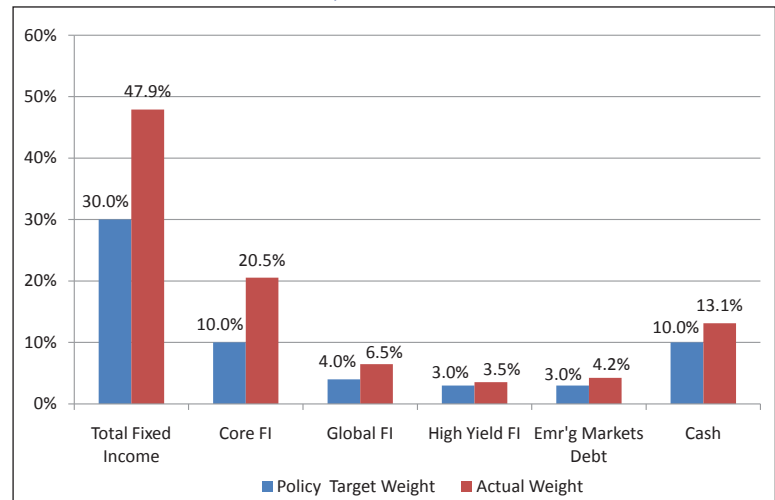
PORTFOLIO DEVELOPMENTS

- During the Fiscal Year ending 2009 the Commission decided to outsource the internal Core Fixed Income portfolio. Three external managers were hired: Pacific Investment Management Company (PIMCO), BlackRock, and Jamison, Eaton and Wood (Jamison).
- Portions of the Global Fixed Income portfolio were redeemed in October 2008 to meet funding requirements. In total, \$550 million was harvested from the four Global Fixed Income managers.

PORTFOLIO STRUCTURE

The Fixed Income portfolio has a target allocation of 20% of the Portfolio, and is comprised of four distinct asset classes. These asset classes, all managed externally, include Core Fixed Income, High Yield, Global Fixed Income, and Emerging Market Debt. Differences between the target allocation versus the actual allocation are due to strategic decisions made by the CIO and the Commission.

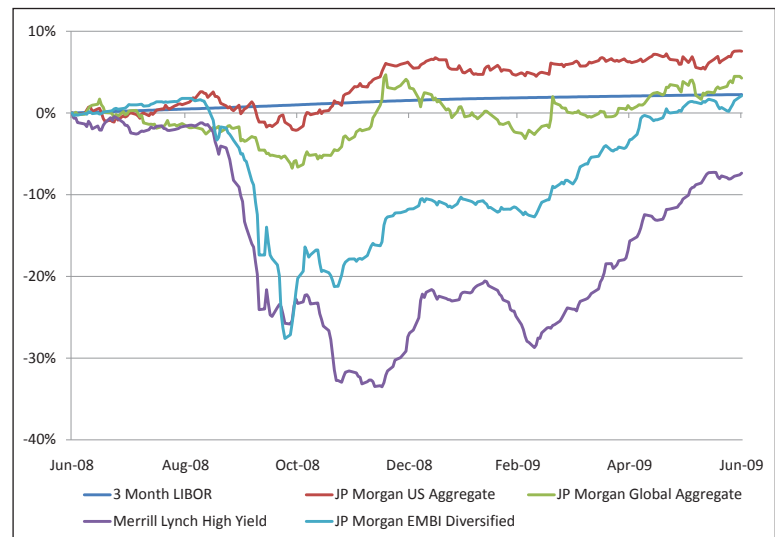
FIXED INCOME EXPOSURE¹
AS OF JUNE 30, 2009



MARKET OVERVIEW

During the fiscal year the economy was rocked by numerous events of historical significance—the collapse of Lehman Brothers, the nationalization of Fannie Mae and Freddie Mac, various government bailouts and stimulus programs, continued instability in the housing market, and the bankruptcy of General Motors. Most of these events preceded the December 2008 announcement from the National Bureau of Economic Research (NBER) that the U.S. had officially been in a recession since December 2007. Also during that month, the Federal Reserve Board (Fed) lowered the Fed Funds Rate to nearly zero. By FYE 2009, unemployment had risen to 9.5% from 5.5% at the start of the fiscal year. GDP growth was negative throughout the fiscal year and CPI was negative compared to the prior year. The yield curve continued to steepen during the year, particularly on the short end of the curve. This steepening resulted primarily from the Fed's monetary actions, lowering the federal funds rate to basically zero. Short-term rates started the year at 1.87% and ended the year at .18%. Long-term rates started the year at 4.55% and ended the year at 4.33%.

FIXED INCOME INDEX CUMULATIVE RETURN



The broad debt markets, excluding high yield, had positive returns for FYE 2009. The Barclay's Capital (BarCap) U.S. Aggregate Index was up 6.1%, the BarCap Global Index was up 2.8%, and the BarCap U.S. High Yield Index was down 2.4%. Investment grade and high yield spreads widened to historic levels during the fiscal year, particularly in November 2008,

¹ Differences between asset class exposure and asset allocation are attributed to managers' ability to invest in multiple asset classes.

when investment grade spreads widened 354 basis points and high yield spreads widened 1,222 basis points. By June, investment grade and high yield spreads had tightened considerably. Over the course of the fiscal year, investment grade spreads widened only 38 basis points and high yield spreads widened 271 basis points.

The fixed income market experienced historic volatility during the fiscal year, however by June 2009 some stability had entered the market. Inflation had not been a major concern of the Fed as prices have generally fallen. The Fed is anticipated to maintain exceptionally low short-term rates for some time. This will be reevaluated as the markets stabilize and the economy's fundamentals become clearer.

CORE FIXED INCOME

The market value of the Core Fixed Income portfolio as of June 30, 2009 was \$4,121.1 million, or 19.6% of the Portfolio versus the policy target of 10%. The FYE 2009 performance for Core Fixed Income was 4.3% versus a return of 6.1% for the BarCap U.S. Aggregate Index. The portfolio's exposure to corporate credit hurt the performance in the first half of the fiscal year; however performance rebounded nicely with the tightening of investment grade spreads in the second half of the fiscal year.

STATISTICS

Statistics	1 Year	3 Year	5 Year
Annualized Return	4.3%	5.6%	4.8%
Annualized Standard Deviation	n/a	3.4%	3.0%
Sharpe Ratio	n/a	0.6	0.5
R ² *	81.8%	79.6%	77.6%
Annualized Alpha*	-2.6%	-1.2%	-0.4%
Correlation*	67.8%	55.1%	51.5%
* As compared to BarCap U.S. Aggregate Bond Index			

Source: NEPC

The Core Fixed Income asset class provided stable cash flows and liquidity to the Portfolio by investing in investment grade fixed income instruments including: U.S. Treasuries, agency securities, investment grade corporate bonds, and mortgage-backed securities. The Core Fixed Income portfolio also served as a funding source for new investment strategies within the Portfolio. During the year approximately \$3.0 billion was liquidated and reallocated to fund other mandates and capital calls.

As of June 30, 2009, the Portfolio had residual bonds remaining in the internal Core Fixed Income portfolio as well as contracts with three external investment managers to manage the Core Fixed Income allocation of the Portfolio. PIMCO was hired to manage a core plus portfolio, which allows the manager the latitude to invest in high quality fixed income investments, emerging market securities, and high yield bonds. BlackRock and Jamison were hired to manage core fixed income portfolios. The residual bonds remaining in the internal Core Fixed Income portfolio will be transferred to the external Core Fixed Income managers to conduct a managed liquidation of the bonds.

GLOBAL FIXED INCOME

The market value of the Global Fixed Income portfolio as of June 30, 2009 was \$2,773.4 million, or 13.2% of the Portfolio versus the policy target of 4%. The FYE 2009 performance for Global Fixed Income was 1.9% versus a return of 2.8% for the BarCap Global Aggregate Index. Much of the underperformance for the year was due to the managers' exposure to corporate credit, particularly in the Fall of 2008. Some positive drivers for performance included country and currency allocation bets, as well as the tightening of investment grade and high yield spreads in the second half of the year.

STATISTICS

Statistics	1 Year	3 Year	5 Year
Annualized Return	1.9%	n/a	n/a
Annualized Standard Deviation	n/a	n/a	n/a
Sharpe Ratio	n/a	n/a	n/a
R ² *	69.8%	n/a	n/a
Annualized Alpha*	-0.5%	n/a	n/a
Correlation*	95.4%	n/a	n/a
* As compared to BarCap Global Aggregate Bond Index			

Source: NEPC

The Global Fixed Income portfolio is structured to provide exposure to developed international and emerging market debt instruments, and to allow managers the discretion to tactically allocate between all fixed income markets. This feature of the portfolio provides a high degree of diversification especially from U.S. equities. The portfolio should pro-

vide returns slightly higher than a U.S.-only portfolio over a full market cycle in return for accepting increased country and currency risk.

HIGH YIELD FIXED INCOME

The market value of the High Yield Fixed Income portfolio as of June 30, 2009 was \$561.5 million, or 2.7% of the Portfolio versus the Policy target of 3%. The FYE 2009 performance for the High Yield portfolio was -1.8% versus a return of -2.4% for the BarCap U.S. High Yield Bond Index. The overall positive performance for the year versus the benchmark was due to the defensive posture of the portfolio with a heavy overweight to investment grade corporate debt and higher quality high yield bonds.

STATISTICS

Statistics	1 Year	3 Year	5 Year
Annualized Return	-1.8%	n/a	n/a
Annualized Standard Deviation	n/a	n/a	n/a
Sharpe Ratio	n/a	n/a	n/a
R ² *	96.7%	n/a	n/a
Annualized Alpha*	1.1%	n/a	n/a
Correlation*	87.8%	n/a	n/a
* As compared to BarCap U.S. High Yield Bond Index			

Source: NEPC

The High Yield Fixed Income portfolio invests primarily in securities with credit ratings below investment grade quality. This particular asset class typically offers higher returns versus investment grade bonds. This portfolio attempts to maximize total return through tactical allocation within the high yield market, and is expected to outperform over a full market cycle with less volatility relative to the broad high yield market.

Commentary by: Mike Addy & Nicole Waites

MANAGER PERFORMANCE AS OF JUNE 30, 2009

Managers	Market Value	% of Fund	1 Year	Annualized Returns	
				3 Year	5 Year
FIXED INCOME COMPOSITE	\$7,604,638,942	36.2%	4.0%	5.7%	4.9%
CORE FIXED INCOME	4,121,126,696	19.6%	4.3%	5.6%	4.8%
Internal Core Fixed Income	2,074,592,696	9.9%	3.6%	5.3%	4.7%
PIMCO	840,222,111	4.0%	n/a	n/a	n/a
PIMCO Transition	188,211,875	0.9%	n/a	n/a	n/a
Blackrock	1,018,100,014	4.8%	n/a	n/a	n/a
BARCLAYS CAPITAL U.S. AGGREGATE			6.1%	6.4%	5.0%
GLOBAL FIXED INCOME	2,773,357,927	13.2%	1.9%	n/a	n/a
Credit Agricole	730,731,084	3.5%	9.8%	n/a	n/a
Loomis Sayles	597,528,259	2.8%	-3.8%	n/a	n/a
Mondrian	822,221,050	3.9%	5.8%	n/a	n/a
Western Asset Management	622,877,534	3.0%	-3.8%	n/a	n/a
BARCLAYS CAPITAL GLOBAL AGGREGATE			2.8%	6.7%	5.5%
HIGH YIELD FIXED INCOME	561,504,319	2.7%	-1.8%	n/a	n/a
Loomis Sayles NHIT	509,245,383	2.4%	-1.4%	n/a	n/a
Penn Capital	52,258,936	0.2%	n/a	n/a	n/a
BARCLAYS CAPITAL U.S. HIGH YIELD			-2.4%	2.1%	4.3%

Source: NEPC

PRIVATE EQUITY REVIEW

As of June 30, 2009, the Private Equity portfolio’s direct investments had a market value of \$347.4 million, representing 1.7% of the Portfolio, and the fiscal year performance was -4.4%.

PORTFOLIO DEVELOPMENTS

During the fiscal year, several new commitments were made to Private Equity. The Commission approved three direct fund commitments. The first fund, which received a \$50 million commitment, is an operationally-focused buyout fund targeting the information/business services and healthcare sectors. A \$40 million commitment was made to a fund that is focused on purchasing secondary interests in venture capital companies and funds. The third was a fund of funds that invests in early stage venture capital funds. This last fund received a \$50 million commitment from the Commission. The remaining new commitments, addressed later in this report, were investments through RSIC’s Strategic Partnerships.

PORTFOLIO STRUCTURE

At the end of the fiscal year, the Private Equity portfolio had a target allocation of 7.0% of the Portfolio. The nature of Private Equity is such that investors make commitments to fund certain amounts, although the money is not drawn until private investments are contracted for purchase. This process can mean it is several years before the commitment is fully called down. Several years after the investments are made, they will be sold, resulting in a return of capital to investors, which results in a decrease in the investor’s exposure to Private Equity. This process explains why the Commission’s commitment of roughly 10.0% of the portfolio’s assets have only translated to 2.5% invested with Private Equity managers, which is well below the target allocation.

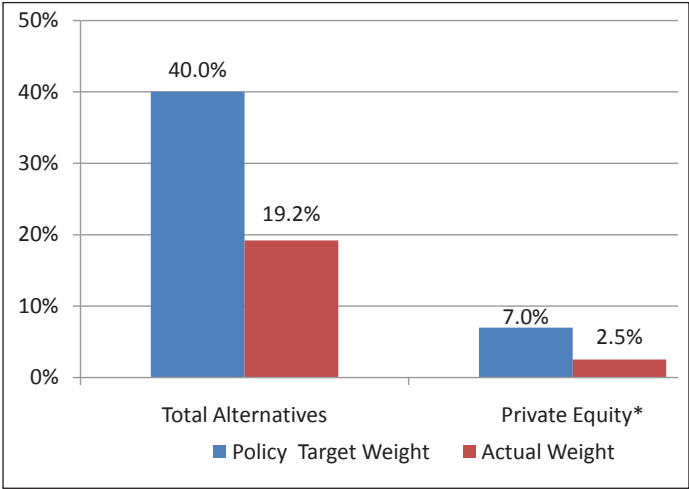
The Portfolio has exposures to Private Equity both through direct commitments and also through investments made within strategic partnerships. Nineteen direct funds represent approximately 60.0% of the commitments made to date, with the remaining 40.0% housed within the strategic partnerships. Given that co-investment opportunities tend to fund immediately and have been emphasized within the strategic partnerships, approximately 50.0% of the value of the Private Equity program is currently found within the strategic partnerships.

A variety of strategies are represented within the Private Equity portfolio. There are general fund of funds, which invest in a variety of other partnerships, as well as some fund of funds tasked with investing solely in venture capital. Commitments have been made to domestic, European, and global buyout funds targeting different size companies and sectors of the economy. Managers have been selected for mezzanine debt covering small, middle market, and large-scale deals. Finally, several commitments have been made to a strategy called secondaries, which buy private equity interests held by other limited partners.

MARKET OVERVIEW

Private equity is a long-term asset class where valuations are difficult to determine until an investment may be liquidated and the subsequent cash returned. Although new accounting rules governing valuation of illiquid assets became mandatory as of calendar year-end 2008, the clarity and uniformity in valuations that was expected by many did not necessarily develop. Mark-to-market, or fair value, rules were meant to result in some recognition that a public market

PRIVATE EQUITY EXPOSURE
AS OF JUNE 30, 2009



decline was likely to hurt the value of private investments should they need to exit in such an environment. The implementation of the rules varied widely, resulting in some Private Equity portfolios being marked down by large amounts similar to the public markets, with others experiencing little change at all. Of those in the latter category, many managers indicated that their underlying portfolio companies were doing well despite the recession, and thus did not deserve to fall as dramatically as their public peers. Auditors approved the resulting valuations, looking mainly for consistency, not insisting upon one method over another.

The fiscal year was characterized by a lack of liquidity in the financial markets, which had deep impacts on the already illiquid world of Private Equity. With limited access to debt, few Private Equity deals closed during the year, leading to much lower call downs of capital from the Private Equity portfolio than would be expected in a typical year. Venture capital, which depends much less on debt for deal flow, was not as affected by this phenomenon. Mezzanine capital, whose deals usually result from being invited to invest in the subordinated debt portion of Private Equity deals, was left with few quality deals to support. On the plus side for mezzanine, interest rates and debt covenants were much improved from the leveraged buyout boom of 2006-2007, but there were very few deals closed at these rates and terms.

Historically, severe market declines such those seen in late 2008 and early 2009 have created tremendous stress on the portfolios of institutional investors. These investors are forced to sell illiquid assets in order to raise cash and reduce existing commitments to fund future investments. Typically, these types of distressed transactions occur at discounts that create value for the secondary private equity buyer. For a variety of reasons, the volume of these transactions failed to reach the levels that had been expected.

The Retirement System's Private Equity portfolio, newly instigated in February 2007, is well positioned going forward, as only about 30% of the commitments made to date have been used to purchase investments. This means that much of the money will be called down after the lessons about leverage and liquidity have been absorbed and put into practice. The Commission anticipates smaller deals with less leverage and more focus on operating strategies to prevail in the coming years.

PERFORMANCE

Private Equity performance information is limited in this report for the primary reason that on average this is a young portfolio and the investments are so new that the value drivers have only just begun to be implemented. The Retirement System's Portfolio is still deeply in the J-Curve, that point in the Private Equity lifecycle where fees and expenses put the portfolio in negative territory, but few of the expected improvements in value creation have been booked. The market values shown on the following page include fees paid to the Private Equity firms as well as fair market valuations that the firms have been required to post, completely disconnected to what the exit value of these investments may ever be. The skillful Private Equity firm will add value by: arranging a favorable purchase price, making operational and management changes to improve the company, and engineering an exit that will provide the most favorable value to investors. Every asset is unique, and the value of that asset is not truly known until the exit is complete. In general, Staff feels very positive about the Portfolio being young, given that there is a large amount of undrawn capital at a time when prices have deflated and tremendous opportunities are being discovered.

Commentary by: Hilary Wiek

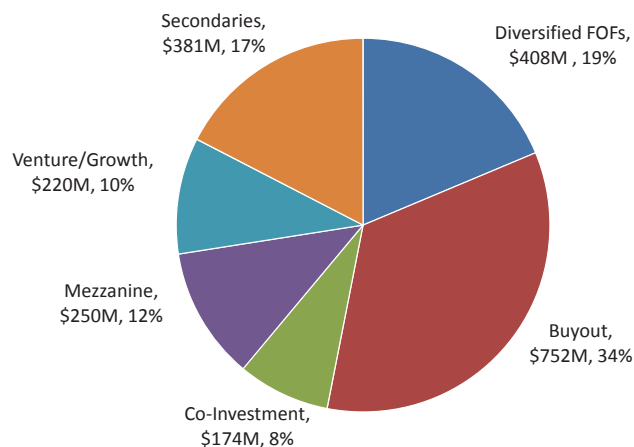
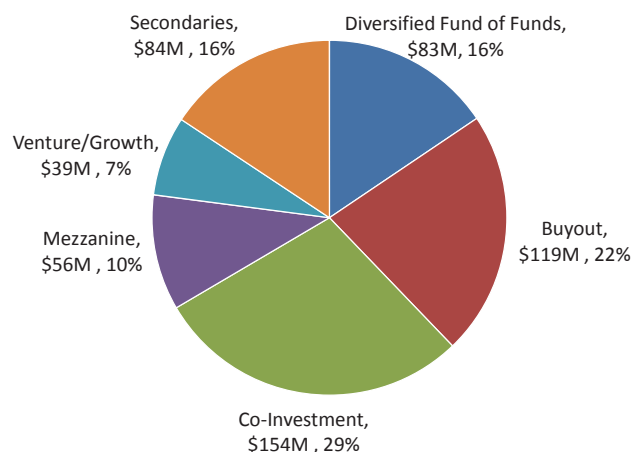
PRIVATE EQUITY PORTFOLIO SUMMARY

Total Private Equity Investments (in millions)	Total Capital Committed	Total Capital Called	Total Market Value	Strategy	Primary Geographic Location	Vintage Year
Apax Europe VII-B ¹	\$53.0	\$23.6	\$13.0	Buyout	Europe	2007
Aquiline Financial Services Fund	\$100.0	\$55.8	\$48.0	Buyout	United States	2005
Bridgepoint Europe IV ¹	\$75.0	\$4.1	\$2.7	Buyout	Europe	2008
Carousel Capital Partners III	\$30.0	\$21.8	\$25.2	Buyout	United States	2006
Clayton, Dubilier, and Rice VIII	\$100.0	\$0.9	\$0.6	Buyout	United States	2009
Crestview Partners II	\$100.0	\$2.1	\$0.0	Buyout	United States	2008
CVE Endowment Fund I	\$40.0	\$12.9	\$8.8	Venture/Growth	United States	2007
GS Mezzanine Partners V	\$100.0	\$35.0	\$24.3	Mezzanine	United States	2007
Industry Ventures Fund V	\$40.0	\$10.0	\$11.5	Secondaries	United States	2009
Lexington Middle Market II	\$50.0	\$4.2	\$4.1	Secondaries	United States	2008
NB Secondary Opportunities Fund II	\$50.0	\$7.4	\$8.2	Secondaries	United States	2008
Northstar Mezzanine Partners V	\$50.0	\$18.0	\$12.3	Mezzanine	United States	2007
Pantheon Europe Fund V ^{1,2}	\$83.0	\$30.4	\$20.6	Diversified FOFs	Europe	2006
Pantheon USA Fund VII ³	\$125.0	\$37.2	\$29.2	Diversified FOFs	United States	2006
Paul Capital Partners IX	\$100.0	\$40.3	\$31.5	Secondaries	United States	2007
Square 1 Venture 1	\$30.0	\$7.5	\$4.5	Venture/Growth	United States	2007
Venture Investment Managers	\$50.0	\$3.0	\$2.5	Venture/Growth	United States	2008
Warburg, Pincus Private Equity X	\$100.0	\$37.4	\$23.0	Venture/Growth	Global	2007
Welsh Carson Anderson & Stowe XI	\$50.0	\$0.5	\$0.0	Buyout	United States	2009
Total Direct Program	\$1,326.0	\$351.9	\$270.0			
Strategic Partnerships	\$859.2	\$305.4	\$265.2			
Total Private Equity Investments (in millions)	\$2,185.2	\$657.3	\$535.2			

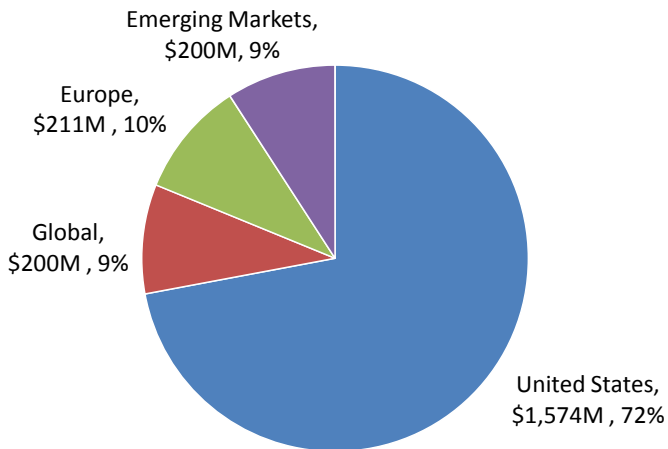
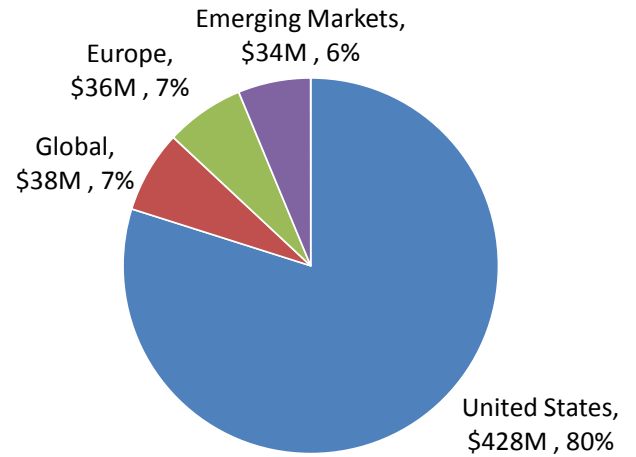
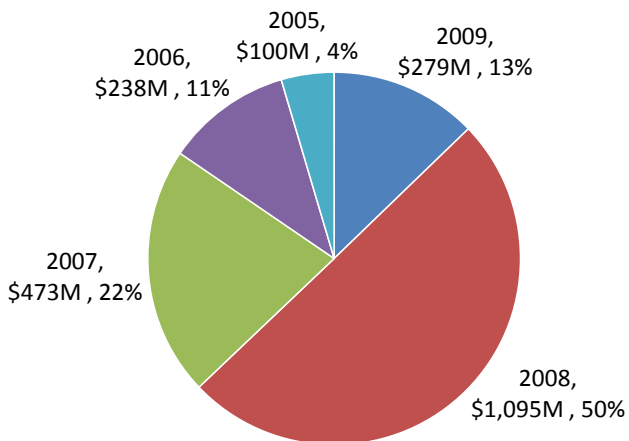
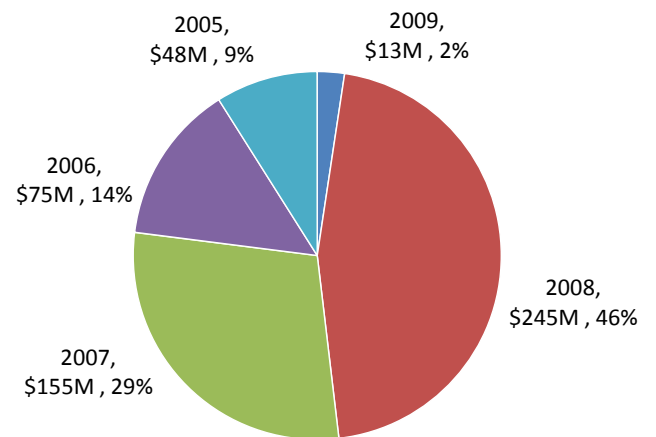
1) Investment denominated in Euros; EUR/USD = 1.4043, as of 06/30/2009

2) Pantheon Europe V's total capital committed consists of buyout, venture, and secondaries of 72%, 24%, and 4%, respectively. The total capital called consists of buyout, venture, and secondaries of 74%, 16% and 10%, respectively.

3) Pantheon USA VII' total capital committed consists of buyout, venture, and secondaries of 91%, 6%, and 3%, respectively. The total capital called drawn consists of buyout, venture, and secondaries of 92%, 4%, and 4%, respectively.

STRATEGIC ALLOCATION
(CAPITAL COMMITTED)STRATEGIC ALLOCATION¹
(MARKET VALUE)

PRIVATE EQUITY PORTFOLIO SUMMARY

GEOGRAPHIC ALLOCATION
(CAPITAL COMMITTED)GEOGRAPHIC ALLOCATION¹
(MARKET VALUE)VINTAGE YEAR
(CAPITAL COMMITTED)VINTAGE YEAR¹
(MARKET VALUE)¹ Market Values include investments held in Strategic Partnerships.

HEDGE FUNDS REVIEW

As of June 30, 2009, the Portfolio's Hedge Fund Composite ("Composite") comprised 19.8% of the total Portfolio, with a market value of \$4,158.6 million. The Composite's performance for the fiscal year ending June 2009 was -12.8%, compared to -18.1% for the HFRX Global Hedge Fund Index.

PORTFOLIO DEVELOPMENTS

- In October 2008, the RSIC submitted a redemption request to Gottex (a fund of hedge funds manager). In late November 2008, the RSIC received notice that the Gottex Market Neutral Plus fund was suspending all redemptions. Gottex restructured the fund into two share classes—liquidating and continuing. The RSIC elected the continuing class, subject to Gottex honoring the October 2008 redemption request.
- During the first quarter of 2009, RSIC reduced the target exposure for Absolute Return investments to 15% from 20% as a result of the reduction in synthetic exposures in the Beta Overlay program.
- W.L. Ross was added to the Composite in fiscal year ended 2009. No managers were terminated in FYE 2009.

PORTFOLIO STRUCTURE

The Composite consists of two types of investment strategies: Absolute Return and Opportunistic. The distinction between Opportunistic and Absolute Return is based on whether the strategy is generally market-neutral or directional. The Absolute Return strategy is intended to provide persistent positive returns, lower volatility, and minimal net market exposure. In theory, the performance of an Absolute Return investment is unrelated to the performance of any asset class in most market environments. The Opportunistic (the residual hedge funds) strategy consists of those hedge fund investments that are typically directional and do not necessarily seek to be market-neutral.

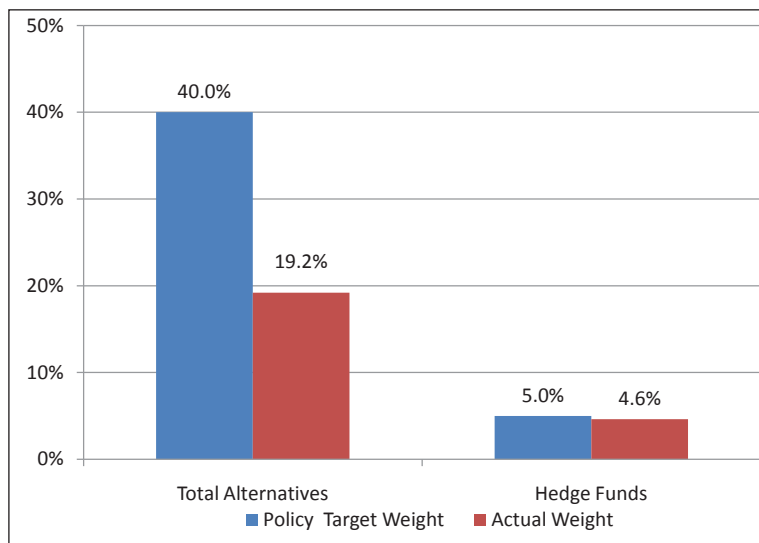
The Absolute Return and Opportunistic strategies are managed as a single portfolio. The Absolute Return strategy is substantially larger than the Opportunistic strategy. From an asset allocation perspective, the Absolute Return strategy is not considered to be a separate asset class, but rather a complement to the synthetic exposures in the Beta Overlay program. The Opportunistic strategy is treated as a distinct asset class, with a 5.0% target allocation.

The Composite invests in both direct hedge funds and hedge fund of funds. These allocations use three main strategies to generate returns: relative value, event driven, and directional. Each of the three main strategies can be further broken out into sub-strategies:

- Relative Value - relative value credit, other arbitrage, equity L/S high hedge, mortgage arbitrage, fixed income arbitrage, convertible arbitrage, statistical arbitrage, volatility arbitrage, and closed end fund;
- Event Driven - event-driven credit, distressed, restructurings and value, private placements, and merger/risk arbitrage; and
- Directional - macro, equity long/short opportunistic, CTA/managed futures, other directional, and Emerging Markets

Geographically, the Composite is diversified across many regions. The Composite has regional allocations to North America, developed Europe, Emerging Markets, and developed Asia.

HEDGE FUND EXPOSURE
AS OF JUNE 30, 2009



MARKET OVERVIEW

As a result of financial market deleveraging, hedge fund managers suffered from significant market risk (beta) in the latter half of 2008. In search of liquidity, many managers were forced to liquidate their highest quality securities, as these were the most liquid. Since beta risk could not be effectively eliminated, managers of absolute return strategies were unable to generate positive returns due to excessive market headwinds.

During the first quarter of 2009, market volatility began to subside, creating a favorable environment for managers to achieve strong returns. In early March, the rally in equities markets began to improve overall investor confidence, easing fears of an unprecedented collapse. Bullish directional strategies benefitted the most from the sharp recovery in financial markets, a rally that continued through the end of the second quarter of 2009 and provided managers with an environment of lower volatility and diminishing liquidity constraints.

The index for direct hedge funds (the HFRX Absolute Return Index) outperformed the hedge fund of funds index (HFRI Fund of Funds Composite) for FYE 2009 with each index returning approximately -14.3% and -15.2%, respectively. The credit oriented hedge funds index (Barclays Capital U.S. High Yield) outperformed both the HFRX Absolute Return Index and the HFRI Fund of Funds Composite for fiscal year ended 2009 with a return of approximately -2.4%.

PERFORMANCE

The Composite's policy benchmark (the HFRX Global Hedge Fund Index) had a negative performance of -18.1%, while the Composite returned a negative performance of -12.8%. The major detractors of the Composite's performance were credit, convertibles and mortgage related strategies in the latter half of 2008. In the first half of 2009, a rebound and a higher allocation to credit related strategies was the major contributor to performance.

Commentary by: J.P. Boyd & Hershel Harper

ALTERNATIVE INDEX CUMULATIVE RETURN



STATISTICS

Statistics	1 Year	3 Year	5 Year
Annualized Return	-12.8%	n/a	n/a
Annualized Standard Deviation	n/a	n/a	n/a
Sharpe Ratio	n/a	n/a	n/a
R ² *	87.7%	n/a	n/a
Annualized Alpha*	5.3%	n/a	n/a
Correlation*	63.0%	n/a	n/a

* As compared to HFRX Global Hedge Fund Index

Source: NEPC

MANAGER PERFORMANCE AS OF JUNE 30, 2009

Managers	Market Value	% of Fund	Annualized Returns		
			1 Year	3 Year	5 Year
Total Hedge Fund Composite	\$4,158,599,296	19.8%	-12.8%	n/a	n/a
HFRX Global Hedge Fund Index			-18.1%	-3.6%	-0.5%
Bridgewater	298,464,575	1.4%	-9.1%	n/a	n/a
D.E. Shaw	343,919,358	1.6%	-8.4%	n/a	n/a
Frontpoint	359,803,500	1.7%	-4.4%	n/a	n/a
W.L.Ross	210,281,175	1.0%	n/a	n/a	n/a
Mariner - Hedge Funds	296,397,918	1.4%	-11.7%	n/a	n/a
Morgan Stanley Completion	612,008,234	2.9%	-19.8%	n/a	n/a
Entrust	256,136,271	1.2%	-15.5%	n/a	n/a
GAM	570,318,545	2.7%	-11.1%	n/a	n/a
Gottex	665,625,000	3.2%	-12.8%	n/a	n/a
Grosvenor	545,644,720	2.6%	-15.2%	n/a	n/a

Source: NEPC

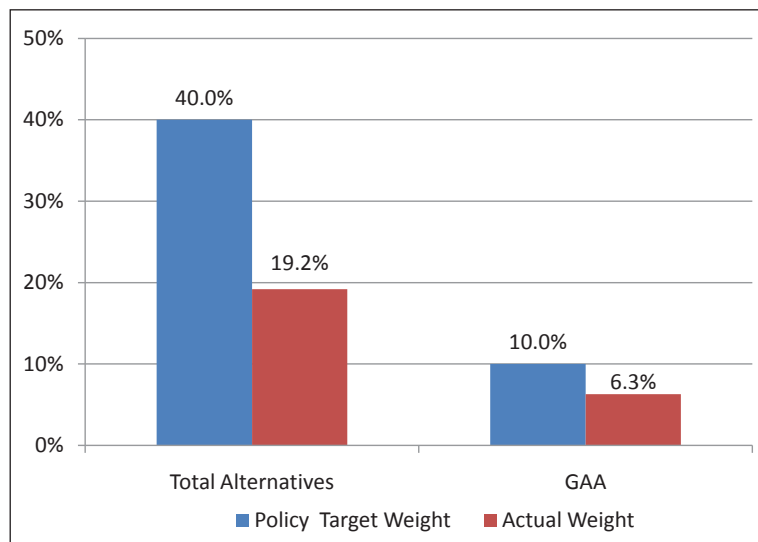
GLOBAL ASSET ALLOCATION REVIEW

For the Fiscal Year ending 2009, the Global Asset Allocation (GAA) portfolio was underweight its target allocation by 3.7% with a market value of \$1,323.7 million. The portfolio's net performance for the fiscal year was -20.5%.

PORTFOLIO DEVELOPMENTS

- The GAA portfolio's policy benchmark had negative performance of -13.0% while the portfolio returned -20.5%. The major cause of the portfolio's disappointing returns is the tactical decision made by some managers to maintain a defensive portfolio allocation. When the markets rallied sharply in March, these portfolios lagged. Furthermore, fixed income strategies within the manager's portfolios suffered due to the poor performance of credit versus sovereign debt.
- Mellon Capital Management (MCM) was terminated at the end of April 2009 as one of RSIC's Global Tactical Asset Allocation (GTAA) managers. The capital received from MCM was reallocated to an internal cash account and to Bridgewater's All-Weather portfolio due to the expectation of better risk-adjusted returns from Bridgewater.

GAA EXPOSURE
AS OF JUNE 30, 2009



PORTFOLIO STRUCTURE

The GAA portfolio has a target policy allocation of 10% with an approved range of 0% – 20%. The portfolio's policy benchmark is an equal blend of the MSCI World Net Index and Citi World Government Bond Index (WGBI). The GAA portfolio is comprised of two strategies including GTAA and Risk Parity.

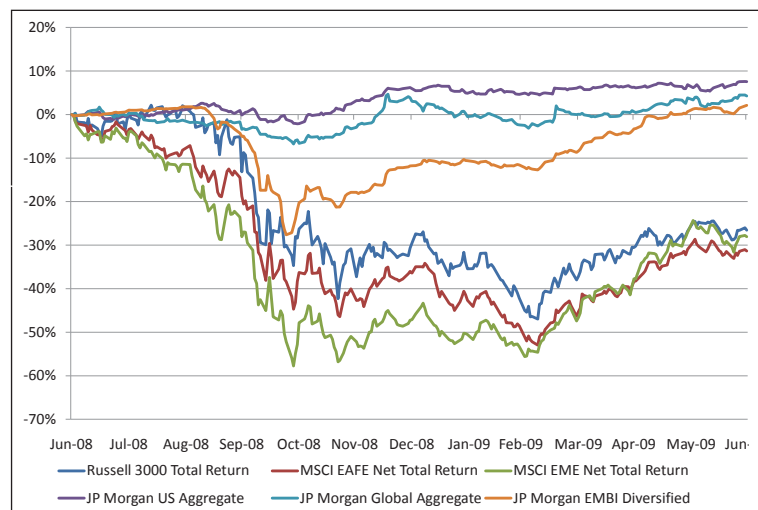
GTAA strategies attempt to add value over full market cycles by exploiting asset allocation opportunities through tactical exposure across multiple asset classes and geographic regions. The GTAA strategy benchmark is the same as the GAA policy benchmark.

Risk Parity strategies attempt to generate consistent returns over time by balancing the risks from each asset class. In doing so, the performance of a Risk Parity portfolio is less dependent upon any specific economic environment. RSIC's Risk Parity investments are measured against the strategy benchmark which is 90 Day T-Bills + 5%.

MARKET OVERVIEW

The tumultuous markets posed numerous challenges to GTAA and Risk Parity strategies during the fiscal year. Managers were punished for taking any equity and credit risk during the first eight months of the year and for avoiding these risks during the balance of the year. This required GTAA managers to make two timely, draconian shifts in their asset allocation in order to avoid losses.

EQUITY & FIXED INCOME INDEX
CUMULATIVE RETURN



Further challenges arose when the returns of many asset classes suddenly became highly correlated, which temporarily negated the benefits of diversification.

In late 2008, global equity markets began a precipitous decline that continued until early March. One notable exception was the emerging markets equity index, which had moved down so sharply during 2008 that it bottomed in December. At the nadir, most major broad equity market indices had lost at least 50.0% of their value.

During this time, the prices of bonds moved along one of two paths. Bonds that were perceived as safe investments saw their prices rise (driving the yields down), while the prices of those bonds with credit risks moved substantially lower. The currency markets reacted in similar fashion as investors bought the U.S. dollar because it was perceived to be a safe alternative to many other currencies.

In early 2009, many of these trends began to reverse, with emerging market equities and high yield debt securities leading the recovery. In early March, domestic and developed international markets began a furious rally that lasted through the end of the fiscal year. Bond yields declined as investors recognized the opportunity to earn attractive returns on undervalued assets.

PERFORMANCE

The Portfolio's GTAA and Risk Parity strategies generated negative returns during the year as nearly all global asset classes declined. The group's performance as a whole was -20.5% for the year, which was lower than the policy index. The degree to which managers' returns were negative was highly correlated to the amount of equity exposure in their portfolios as these investments declined sharply in late 2008. During the year, the Commission voted to terminate the Mellon Capital portfolio both as a means by which to reduce equity risk to the Portfolio and for performance reasons.

Commentary by: Geoff Berg

STATISTICS

Statistics	1 Year	3 Year	5 Year
Annualized Return	-20.5%	n/a	n/a
Annualized Standard Deviation	n/a	n/a	n/a
Sharpe Ratio	n/a	n/a	n/a
R ² *	81.4%	n/a	n/a
Annualized Alpha*	-6.0%	n/a	n/a
Correlation*	96.3%	n/a	n/a
* As compared to 50% MSCI World/50% Citi WGBI			

Source: NEPC

MANAGER PERFORMANCE AS OF JUNE 30, 2009

Managers	Market Value	% of Fund	Annualized Returns		
			1 Year	3 Year	5 Year
Total GAA Composite	\$1,323,693,403	6.3%	-20.5%	n/a	n/a
Bridgewater	594,549,967	2.8%	-21.7%	n/a	n/a
Putnam Investments	399,293,113	1.9%	-16.9%	n/a	n/a
90D T-Bills + 5%			6.0%	8.3%	8.3%
GMO	329,850,323	1.6%	-7.1%	n/a	n/a
50% MSCI WORLD/50% CITI WGBI			-13.0%	1.0%	4.2%

Source: NEPC

OPPORTUNISTIC CREDIT REVIEW

As of June 30, 2009, the total Opportunistic Credit portfolio market value was \$639.2 million, representing 3.0% of the Portfolio versus the policy target of 8%.

PORTFOLIO DEVELOPMENTS

- RSIC decided to aggressively increase its allocation to Opportunistic Credit during the fiscal year due to the dislocations in the market and as a means to earn equity-like returns without taking equity risk. All but one of the dedicated opportunistic managers had an initial funding during the fiscal year.
- Spreads within the credit markets widened to historic levels in the fall of 2008. For example, one bond that yielded 9.6% on June 30, 2008 was yielding over 17% in November. By June 30, 2009, the yield was back down to 11.2%.

PORTFOLIO STRUCTURE

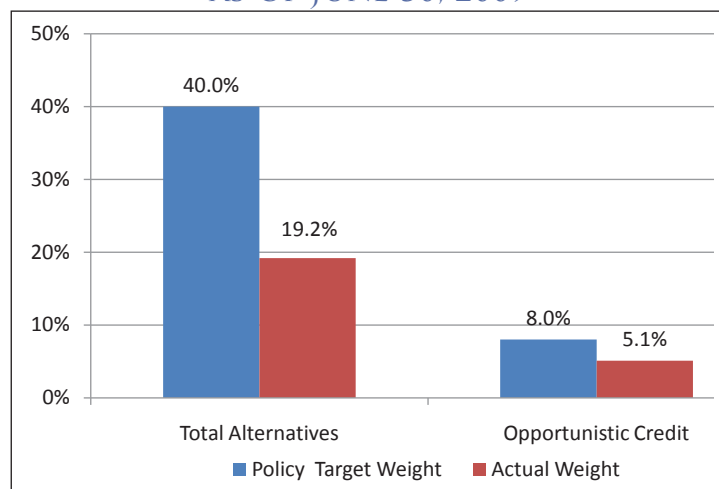
The Opportunistic Credit portfolio seeks to capitalize on dislocations in the credit markets. This asset class allows the RSIC to broadly diversify among the credit markets, invest in undervalued asset classes, and rebalance out of over-valued asset classes. In particular, this allocation allows the RSIC the flexibility to take advantage of timely opportunities. Investments in this portfolio include distressed debt, distressed residential mortgage securities, commercial mortgage-backed securities (CMBS), bank loans, debtor in position securities (DIPS), and non-performing loans (NPLs). The portfolio is comprised of direct investments with Opportunistic Credit managers and investments within the Strategic Partnerships. Differences in the target allocation versus the actual allocation are due to the call down structure of these investments and the opportunities the managers are seeing in the market.

MARKET OVERVIEW

Over the past year, the RSIC has aggressively increased the allocation to credit in opportunistic and non-traditional ways. This allocation allows the RSIC to pursue a more tactical approach to the credit markets by taking advantage of the inefficiencies in the market. With this allocation, the RSIC further diversifies the portfolio, reducing exposure to, and thereby risk from, a single asset class.

Early in the fiscal year, widespread deleveraging occurred across the entire financial system. This caused high yield and bank loan spreads to widen to historic levels. By the end of the fiscal year, the default rate was approximately 11%, a significant increase from the previous year. The events that caused the panic in the financial markets – bank failures, government bailouts, and continued instability in the residential and commercial mortgage markets – later gave rise to some of the most attractive Opportunistic Credit opportunities in years. Companies with weakened balance sheets and very limited access to capital became distressed, forcing many to default and file for bankruptcy. The ability of Opportunistic Credit managers to perform detailed company level analysis aids the firms in assessing the likelihood and the timing of recovery. Mortgage-focused managers had numerous opportunities due to fears of the recession, continuing high unemployment, and falling home prices. Overall, the extreme volatility experienced by the broad credit markets has led to steeply discounted securities, which offer strong risk-adjusted return opportunities.

OPPORTUNISTIC CREDIT EXPOSURE AS OF JUNE 30, 2009



PERFORMANCE

The FYE 2009 performance for the Opportunistic Credit portfolio was 1.2% versus a return of -9.2% for the Blended Opportunistic Credit Benchmark. The positive performance was due to the managers taking advantage of the volatility and dislocations in the credit markets and their ability to move tactically within those markets. Under-performance of individual managers was often due to the downward pressures on pricing in the Fall and the mark-to-market write-downs the managers made because of those pricing pressures.

Commentary by: Mike Addy & Nicole Waites

STATISTICS

Statistics	1 Year	3 Year	5 Year
Annualized Return	1.2%	n/a	n/a
Annualized Standard Deviation	n/a	n/a	n/a
Sharpe Ratio	n/a	n/a	n/a
R ² *	47.7%	n/a	n/a
Annualized Alpha*	10.4%	n/a	n/a
Correlation*	44.7%	n/a	n/a

* As compared to Blended Opportunistic Credit Benchmark¹

Source: NEPC

MANAGER PERFORMANCE AS OF JUNE 30, 2009

Managers	Market Value	% of Fund	Annualized Returns		
			1 Year	3 Year	5 Year
Total Opportunistic Credit Composite	\$639,194,037	3.0%	1.2%	n/a	n/a
<i>BLENDED OPPORTUNISTIC CREDIT BENCHMARK¹</i>			-9.2%	-0.3%	2.9%
Angelo Gordon	34,812,324	0.2%	-11.8%	n/a	n/a
D.E. Shaw Opp Credit	33,848,368	0.2%	-4.5%	n/a	n/a
Sankaty Advisors	133,408,256	0.6%	10.0%	n/a	n/a
Selene Partners	40,114,289	0.2%	5.3%	n/a	n/a
Avenue Capital	108,090,916	0.5%	n/a	n/a	n/a
ING Clarion	20,000,000	0.1%	n/a	n/a	n/a
Mariner - Opp Credit	268,919,884	1.3%	n/a	n/a	n/a

Source: NEPC

¹ Blended Opportunistic Credit Benchmark comprised of 1/3 BarCap High Yield, 1/3 S&P/LSTA Leveraged Loan Index, and 1/3 BarCap MBS Index.

STRATEGIC PARTNERSHIPS REVIEW*

OVERVIEW

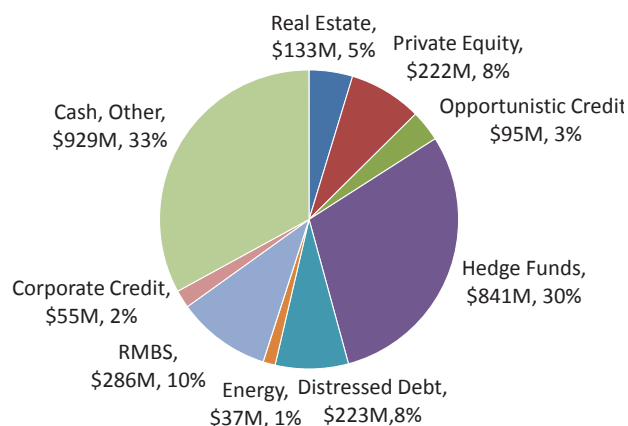
Strategic Partnerships (“Partnerships”) are designed to take advantage of opportunistic strategies that represent the best ideas of the general partner/investment manager (“Manager”) and the RSIC. Based on the manager’s specific expertise in each of the Partnership, the Partnerships seek to obtain superior long term risk-adjusted returns by making opportunistic allocations to liquid and illiquid investments such as: (i) opportunistic credit, (ii) hedge funds, (iii) private equity funds, (iv) real estate funds, (v) real asset funds, and (vi) direct co-investments in public and private securities.

Each Partnership has its own Investment Committee (“Committee”) that governs the investment and decision-making processes. Each Committee is made up of senior investment professionals from the Manager and a representative appointed by the RSIC, who is Robert Borden, CFA, CAIA, the CEO/CIO of the RSIC. The Managers are required to invest a meaningful amount of capital into the Partnership in order to align interests with the Retirement System/RSIC.

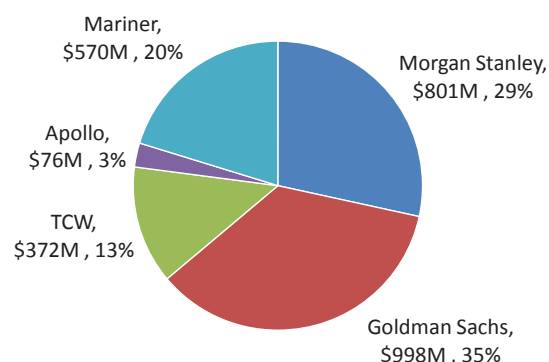
STRATEGIC PARTNERSHIP SUMMARY AS OF JUNE 30, 2009

Partnership	Committed to Fund (\$mm)	Initial Funding Value (\$mm)	Contributions (\$mm)	Withdrawals (\$mm)	Invested Capital (\$mm)	Unfunded Commitment (\$mm)	6/30/09 Market Value (\$mm)
Morgan Stanley	\$1,000	\$1,000	\$0	\$0	\$1,000	\$0	\$801
Goldman Sachs	\$1,500	\$1,500	\$0	(\$500)	\$1,000	\$500	\$998
TCW	\$750	\$200	\$390	\$0	\$590	\$160	\$372
Apollo	\$200	\$0	\$79	\$0	\$79	\$121	\$76
Mariner	\$750	\$350	\$336	\$0	\$686	\$64	\$570
Total	\$4,200	\$3,050	\$805	(\$500)	\$3,355	\$845	\$2,817

STRATEGY ALLOCATION AS OF JUNE 30, 2009



STRATEGIC PARTNERSHIP ALLOCATION AS OF JUNE 30, 2009



MORGAN STANLEY SCRSIC STRATEGIC PARTNERSHIP FUND LP (“MSSCLP”)

The MSSCLP began in February 2008 and was funded with \$1 billion. MSSCLP’s focus is on a variety of alternative strategies due to the bandwidth of Morgan Stanley’s expertise and global presence in institutional asset management. The Committee invested the majority of assets into hedge funds/fund of funds, which are used as a source of liquidity to fund private investments. Other investments include private equity and real estate funds as well as five co-investments currently. As of June 30, 2009 the MSSCLP’s asset allocation was as follows: 61% to absolute return strategies, 17% to private investments, and 22% to cash. The MSSCLP is holding a large allocation to cash due to the uncertainty in the capital markets and to be positioned to take advantage of attractive opportunities with asymmetric risk/return profiles

and limited downside risk. In addition, the MSSCLP is seeking investments with idiosyncratic risk through co-investment opportunities that offer favorable economics.

TCW/PALMETTO STATE PARTNERS, LLC (“TCW PARTNERSHIP”)

The TCW Partnership agreement was finalized in September 2008 with a commitment not to exceed \$750 million. RSIC transferred the Retirement System’s prior interests in TCW related investments into the TCW Partnership and will fund the remaining commitments in cash or in-kind transfers. Given the nature of TCW and the Committee’s expertise, the TCW Partnership’s allocation is focused towards a variety of credit related strategies. The Committee approved and began funding the TCW Credit Opportunities Fund for a \$100 million allocation. The Committee continues to focus on finding investment ideas in bank loan, high yield, distressed, and opportunistic credit areas. The Committee is discussing a separate account structure for a high yield and special situation bank loan allocation of \$50 million each. In addition, the Committee is in deep discussions regarding a possible allocation to the U.S Department of the Treasury’s Public-Private Investment Program (“PPIP”). As of June 30, 2009, the asset allocation was as follows: 5% in mezzanine debt, 10% in energy, 15% in corporate credit, 64% in mortgages, and 6% in cash.

MARINER/PALMETTO STATE PARTNERS, L.P. (“MARINER SP”)

The Mariner SP agreement was finalized in October 2008 for a commitment up to \$750 million. Mariner Investment Group’s unique investment platform provides RSIC with access to a variety of credit related strategies. The Mariner SP’s funding will be derived from \$400 million of additional assets and by transferring the Retirement System’s interest in Mariner Partners, L.P., into the Mariner SP. Given the bandwidth of Mariner Investment Group’s investment platform, this strategic partnership is focused on distressed debt, corporate credit, and mortgages. In December 2008, a transition trading account was established in order for Mariner Partners, L.P., to liquidate corporate bonds at an opportune time based on market conditions. During the third quarter of FY09, funding began for two different strategies approved in the previous quarter: the Galton Higher Return Vehicle, which is a residential mortgage-backed securities (“RMBS”) strategy, and the Caspian Select Fund, which is a distressed debt strategy. As of June 30th, 2009 the asset allocation was as follows: 53% to absolute return strategies, 39% to distressed debt, and 8% to RMBS.

GOLDMAN SACHS PALMETTO STATE FUND A, L.P.

GOLDMAN SACHS PALMETTO STATE FUND B, L.P. (“GOLDMAN SACHS SP”)

The Goldman Sachs SP was funded in late August 2008 with \$1.5 billion. At that time the Goldman Sachs SP invested in two direct co-investments: a private equity buyout and a non-US multi-family real estate transaction. The Committee decided to hold the remainder of the assets in cash rather than investing in a diversified pool of hedge funds. This decision proved wise as the HFRX Global Hedge Fund Index declined 13% during the second quarter of FY09, and the hedge fund industry continued to experience significant deleveraging and redemptions. The Committee’s decision to maintain a large cash position was upheld during the third and fourth quarters of FY09. During the third quarter of FY09, the Committee approved an investment in the GS Palmetto State Credit Fund L.P. for \$280 million, in which the Retirement System is the only Limited Partner. The Partnership has continued to fund its investments in the GS Loan Partners, GS Vintage Fund V, and GS Real Estate Mezzanine Partners. RSIC and Goldman Sachs have begun discussions concerning risk management at the total plan level, restructuring of Retirement System’s hedge fund portfolio, and real asset investments. In the current market environment, the Committee believes that the portfolio is well positioned to access senior credit, secondary private equity, distressed credit, and private real asset opportunities. As of June 30, 2009 the asset allocation was as follows: 8% to real assets, 8% to private equity, 7% to opportunistic credit, 7% to absolute return strategies and 70% to cash.

APOLLO PALMETTO STRATEGIC PARTNERSHIP, L.P. (“APOLLO SP”)

The Apollo SP closed in December 2008, although funding did not begin until the third quarter of FY09. The RSIC initially committed up to \$750 million to the Apollo SP, but due to market conditions during the first and second quarters of

FY09, the RSIC temporarily reduced the commitment to \$200 million. At the August 2009 Commission meeting, however, the RSIC ratified the initial commitment, which increased the total commitment to the Apollo SP to an amount not to exceed \$750 million. Currently, the Apollo SP has committed \$75 million to Apollo's private equity Fund VII and \$150 million to Apollo's European Principle Finance Fund, which takes advantage of discounted non-performing loans. The Apollo SP has aggressively been reviewing co-investment opportunities in both the private equity and non-performing loan space. In addition, the Apollo SP has begun discussing how to construct mechanisms to take advantage of real estate and real asset opportunities as they become more attractive. As of June 30th, 2009 the asset allocation was as follows: 45% to private equity, 30% to opportunistic credit, and 25% to cash.

Commentary by: Dunkin Allison

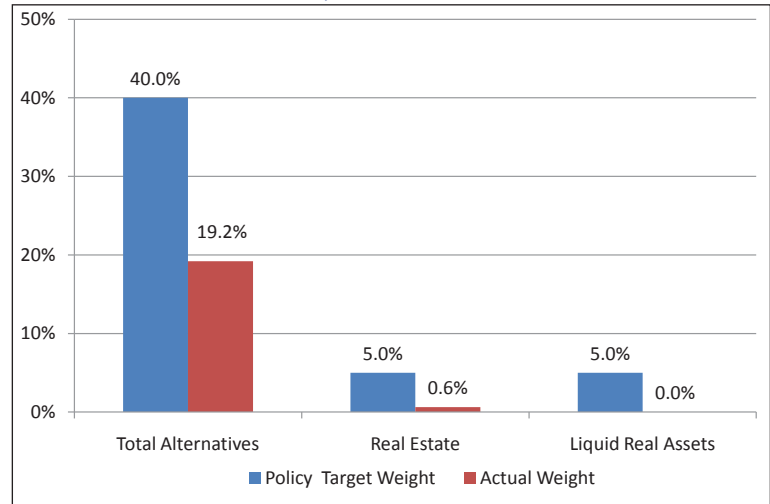
REAL ASSET REVIEW

For the Fiscal Year ending 2009, the Real Asset portfolio was underweight its target by 9.4% (under the Real Estate target allocation by 4.4%, and the Liquid Real Assets target allocation by 5.0%). During FYE 2009, the RSIC achieved exposure to Real Estate through fund investments and co-investments with the MSSCLP and the Goldman Sachs SP.

REAL ASSET OVERVIEW

The RSIC made the decision to delay investment in real assets when it began diversifying the plans assets due to high valuations in real assets and commodities. Real Assets encompass an array of investment strategies whose values are sensitive to inflation, including TIPS, commodities, commodity oriented hedge funds, real estate, energy, and infrastructure. Real assets provide significant diversification due the relatively low correlation of most real asset strategies to traditional economic growth sensitive assets, and low correlation among real asset sectors (please see the charts below). Furthermore, real assets can provide protection against high inflation and can benefit from rising input prices and therefore offer purchasing power protection to investors with inflation-sensitive liabilities. Global fiscal and monetary policy makers are implementing robust simulative policies to protect against potential deflation and foster economic growth, which could potentially lead to high inflation if the two scenarios are not managed effectively.

REAL ASSET EXPOSURE¹
AS OF JUNE 30, 2009



MARKET OVERVIEW

The dislocation and deleveraging in the markets that has occurred over the past year have resulted in discounted valuations to a variety of real asset strategies. As central banks around the world increase the money supply to create liquidity and confidence in their markets, there is the potential of a meaningful devaluation of paper currency relative to real assets. In addition, with lower commodity prices comes a decrease in capital spending by commodity producers and low inventories, which can cause supply destruction. On the other hand, longer term demand for commodities is likely to rise as credit and liquidity return to the capital markets followed by earnings growth and capital expenditures. Higher future global demand for commodities will likely meet with low inventories, potentially leading to a spike in the price of real assets.

INVESTMENT OPPORTUNITIES

The RSIC is exploring a variety of strategies to access liquid and illiquid real assets through our current strategic partnerships and new managers to create diversified real assets portfolio. These strategies can be implemented through a variety of different structures including commingled funds and co-investments. For example, in liquid real assets, RSIC has explored commodity focused long/short absolute return strategies focused on curve, relative value, and volatility trades that are designed to generate returns regardless of the direction of the commodities markets, and will be positioned to benefit during a rising inflationary environment while maintaining adequate liquidity. Due to the volatility inherent in the commodity markets, capturing commodity exposure through a long/short strategy offers a prudent approach to capturing momentum while protecting downside risk. The RSIC is exploring opportunities in illiquid real assets (e.g. energy transportation and storage) whose characteristics provide attractive returns on a risk-adjusted basis, and are less dependent upon any particular scenario for commodity price movements or inflation. Many of these opportunities possess inexpensive and long-dated right-tail optionality that is linked to increases in commodity prices and inflation.

Commentary by: Dunkin Allison

REAL ASSET CORRELATION MATRIX¹

Correlation Matrix	Equities Domestic	Equities Intl Developed	Equities Intl Emerging	Govt Bonds	IL Bonds	Corp/Mrg Spread	Commodities	Private Equity	High Yield/Dist Debt	Timber	Real Estate	REITs	Absolute Return
Equities Domestic	1.00												
Equities Intl Developed	0.81	1.00											
Equities Intl Emerging	0.69	0.68	1.00										
Govt Bonds	(0.23)	(0.27)	(0.36)	1.00									
IL Bonds	(0.01)	(0.01)	(0.07)	0.51	1.00								
Corp/Mrg Spread	0.65	0.60	0.62	(0.61)	(0.15)	1.00							
Commodities	0.14	0.24	0.17	(0.29)	0.16	0.31	1.00						
Private Equity	0.74	0.69	0.56	(0.24)	0.01	0.57	0.23	1.00					
High Yield/Dist Debt	0.66	0.59	0.69	(0.53)	(0.12)	0.92	0.29	0.54	1.00				
Timber	0.06	0.08	0.02	0.09	0.15	0.03	(0.10)	0.30	0.02	1.00			
Real Estate	0.31	0.38	0.16	(0.20)	0.22	0.28	0.34	0.35	0.25	(0.19)	1.00		
REITs	0.57	0.50	0.38	(0.05)	0.16	0.42	0.30	0.36	0.47	(0.03)	0.48	1.00	
Absolute Return	0.83	0.72	0.80	(0.21)	0.04	0.61	0.24	0.73	0.67	0.13	0.11	0.46	1.00

The categories above and the historic correlations relate to the proxy assets and their actual returns generally over the period of 1991 to 2009. The correlations calculations are based on the historical returns. The actual correlations in the future of each of the asset classes may differ substantially from the historic correlations of these assets. The use of historic correlations is to demonstrate the relative market movements of distinct asset classes.

This chart is a correlation matrix illustrating the strength and direction of the relationship among several major asset classes. The correlations are derived from quarterly historical returns (1991 to 2009).

Importance: The relatively low correlation between real assets and the other asset classes illustrates the diversification benefits to Real Assets in a portfolio.

REAL ASSET SECTOR CORRELATION MATRIX¹

Correlation Matrix	Standard Deviation	Energy	Industrial Metals	Precious Metals	Agriculture	Livestock
Energy	30.90%	1.00				
Industrial Metals	20.50%	0.19	1.00			
Precious Metals	17.90%	0.21	0.35	1.00		
Agriculture	17.00%	0.21	0.25	0.25	1.00	
Livestock	14.00%	0.09	0.11	0.06	0.11	1.00

1/1/1991 to 3/31/2009; Source: S&P/GSCI; DJ/UBS

Much like the previous chart, this chart shows the strength and direction of the relationship of sectors within Real Assets. This chart also shows the standard deviation of the returns of each sector, which is used as a proxy for volatility/risk.

Importance: The chart illustrates the relatively low correlation among the sectors included in real assets. This further illustrates the diversifying benefits of real assets. The standard deviation illustrates the volatility of each sector as compared to the others.

SECURITIES LENDING

SUMMARY

Through the Retirement System's Custodian, the RSIC participates in a securities lending program whereby securities (domestic equities and fixed income only) are loaned for the purpose of generating additional income. The Custodian is responsible for making loans of securities to various broker-dealers and collecting cash collateral. The cash collateral is invested in short duration securities and monitored on an ongoing basis. The cash collateral offered must initially be at least 102 percent of the market value of the securities loaned, which provides a buffer against a decline in the market value of the collateral. If the collateral value falls below 100 percent, the borrower must post additional collateral.

BNY Mellon is the custodial agent managing the securities lending program. The equity and fixed income collateral pools were combined in December 2008 in order to add liquidity to both pools, as well as to provide greater lending flexibility between the two asset classes.

In conjunction with generating revenue, the collateral pool seeks to maintain a net asset value (NAV) of \$1.00. Unfortunately with the bankruptcy of Lehman Brothers and the sell-off in asset backed securities, the NAV as of June 30, 2009 was \$0.89. At the end of June the market value of the collateral pool was approximately \$1.85 billion, with an amortized cost of approximately \$2.07 billion, which represents an unrealized loss of \$222 million. BNY Mellon plans to indemnify the Retirement System for a portion of the losses due to the Lehman Brother's bankruptcy. The RSIC is also taking steps to minimize the risks in the securities lending program. Specifically, the re-investment of the cash collateral is restricted to short-term, low risk securities. Also the RSIC, in conjunction with the State Treasurer's Office, is in the process of revising the investment guidelines of the program.

For FYE 2009, the gross securities lending revenue was \$24,032,000, down from \$31,214,000 in the prior year. This decline is due primarily to sharply lower availability of lendable securities, and to a lesser extent lower interest rates.

The table below contains the statistics for the securities lending program for FYE 2009.

Asset Class	Average Lendable Securities (MV)	Average Utilization (MV)	Average Utilization	Average Spread
U.S. Agency Debt	\$70,787,676	\$41,406,293	58.5%	103bps
U.S. Corporate Bonds	2,469,311,019	542,160,367	22.0	42
U.S. Equities	2,426,302,520	820,100,604	33.8	67
U.S. Mortgage Backed Securities	1,340,485,981	1,221,076,217	91.1	46
U.S. Treasuries	74,798,090	70,822,085	94.7	119

Source: BNY/Mellon

Commentary by: Hershel Harper & Nicole Waites

EXPENSES

OVERVIEW

After rising sharply during FY 2008, gross investment management expenses for FY 2009 increased an additional \$32.6 million, or 25.9%, to \$158.4 million. These sharp increases were expected as the portfolio diversified into alternative asset classes, such as absolute return and private equity strategies, which traditionally charge higher investment management fees. Investment service, or bank fees, declined by 42% due to a one-time favorable earnings adjustment associated with the Fund's securities lending program. Overall, total investment management expenses increased from .47% to .75% as a percentage of total assets.

Securities lending income and expenses declined sharply in FY 2009 due primarily to sharply lower availability of lendable securities, and to a lesser extent lower interest rates. Lendable fixed income securities declined as large portions of the internally managed Core Fixed Income portfolio were liquidated to fund the acquisition of externally managed funds of various asset classes. Lendable equity securities declined as investments in index funds were replaced with equivalent futures' exposures.

Looking forward, total investment expenses are expected to increase for several reasons: Fees based upon the assets under management, and performance based fees, should increase as asset values recover from their sharp declines. Fees should increase as internally managed fixed income funds are replaced with external managers. They will also rise as the Portfolio is further diversified into asset classes, such as international equities, private equity and real estate, which traditionally maintain higher expense ratios. Finally, investment management fees should increase as low-cost synthetic exposures are replaced with actively managed accounts. In each of these cases, superior returns are expected to more than pay for the higher fees to be incurred.

RSIC SCHEDULE OF INVESTMENT EXPENSES FISCAL YEAR ENDING JUNE 30, 2009 (AMOUNTS EXPRESSED IN '000'S)

Investment & Administrative Expenses	2007	2008	2009
Total Plan Assets	\$28,048,780	\$26,633,045	\$21,004,996
Investment Management Expenses			
Investment Managers' Fees	34,565	117,289	151,690
Investment Service Fees	1,582	4,949	2,891
Administrative Expenses ^A	2,407	3,570	3,850
Gross Expenses	38,554	125,808	158,431
Total Expenses as a Percentage of Total Assets	0.14%	0.47%	0.75%
^A Includes Investment Consultant Fees			
Securities Lending Activities			
Securities Lending Income	\$293,125	\$209,364	\$58,465
Securities Lending Expenses	281,435	178,150	34,433
Net Securities Lending Income	11,690	31,214	24,032
Brokerage Fees	\$7,942	\$7,271	\$6,620
Brokerage Fees as a Percentage of Total Assets	0.03%	0.03%	0.03%

Commentary by: Doug Lybrand

APPENDIX A

SOUTH CAROLINA RETIREMENT SYSTEMS
SUMMARY SCHEDULE OF ASSETS AND DERIVATIVES (000's)
AS OF JUNE 30, 2009

	Balance Sheet Value	Off Balance Sheet Notional Value
Cash Equivalents and S-T Investments:		
Cash and Equivalents	\$ 2,700,651	
Cash Collateral at Broker	1,282	
Total Short-Term Investments	1,377,289	
Total Interest Receivables	47,446	
Total Miscellaneous Receivables	52,599	
Total Miscellaneous Payables	(70,815)	
Unrealized P/L on Forward Contracts	34,674	
Total Cash and S-T Investments	<u>4,143,126</u>	
Fixed Income Investments:		
U.S. Core Fixed Income	3,331,926	
U.S. Core Fixed Income Futures	-	
Global Fixed Income	2,773,339	
Global Fixed Income Futures	-	
High Yield Bonds	579,687	
Emerging Market Debt	148,650	
Total Fixed Income Investments	<u>6,833,602</u>	
Equity Investments:		
Domestic Equity	2,246,449	
Domestic Convertible Preferred Equity	1,949	
Total Equity	<u>2,248,399</u>	
Alternative Investments:		
GTAA	1,323,693	
Opportunistic Credit	1,007,939	
Private Equity	538,214	
Hedge Funds	4,477,409	
Real Estate	126,696	
Total Alternative Investments	<u>7,473,951</u>	
Swaps:		
Domestic Equity	13,767	275,450
International Equity	175,848	1,445,825
Emerging Equity	177,196	1,189,267
Emerging Debt	28,316	448,756
Realized Gains	(89,209)	-
Total Swaps	<u>305,918</u>	<u>3,359,298</u>
Futures:		
U.S. Large Cap	-	30,898
U.S. Small/Mid Cap	-	211,689
International Equity	-	791,565
U.S. Fixed Income	-	(82,483)
Total Futures	<u>-</u>	<u>951,669</u>
Total Investments:	<u>\$ 21,004,996</u>	<u>\$ 4,310,967</u>

APPENDIX B

SOUTH CAROLINA RETIREMENT SYSTEMS
SHORT-TERM HOLDINGS (000's)
AS OF JUNE 30, 2009

Description	Base Cost	Base Market Value
CASH - NON CUSTODIED	\$ 80,924	\$ 80,924
SC STRATEGIC PARTNERSHIP CASH	929,104	929,104
RUSSELL OVERLAY CASH	1,690,596	1,690,596
MISC CASH EQUIVALENTS	23	27
Total Cash and Equivalents	2,700,647	2,700,651
 CASH COLLATERRAL AT BNP PARIBAS	 (310)	 (310)
CASH COLLATERAL AT GREENWICH	889	889
CASH COLLATERAL AT GOLDMAN	703	703
Cash Collaterral at Brokers	1,282	1,282
 UNITED STATES TREAS BILLS	 546	 546
Total T-Bills	546	546
 FEDERAL HOME LN BK CONS DISC	 15,661	 15,684
FEDERAL HOME LN MTG CORP DISC	22,881	22,881
FEDERAL HOME LN MTG CORP DISC	32,231	32,231
Total Federal Home Loan Disc Nts	70,773	70,796
 BRIDGEWATER STIF II FD	 97,752	 98,795
Total STIF Accounts	97,752	98,795
 DREYFUS GOVT CASH MGMT FUND	 1,099,978	 1,099,978
Total Money Market Funds	1,099,978	1,099,978
 SOUTH CAROLINA EQUITY CASH	 49,475	 49,475
MORGAN J P & CO REPO	57,700	57,700
Total Repurchase Agreements	107,175	107,175
 Total Short Term Investments	 1,376,223	 1,377,289
 DIVIDENDS RECEIVABLE	 1,445	 1,445
INTEREST RECEIVABLE	43,118	43,119
INTEREST PAYABLE-SHORT SELL	(3)	(3)
INCOME DREYFUS GOVT CASH MGMT	2,885	2,885
Total Interest Receivable	47,445	47,446
 RECEIVABLE FOR INVESTMENTS SOLD	 52,871	 52,871
VARIATION MARGIN ON EQUITY FUTURES	(271)	(271)
Total Misc Receivables	52,599	52,599

APPENDIX B

SOUTH CAROLINA RETIREMENT SYSTEMS
SHORT-TERM HOLDINGS (000's)
AS OF JUNE 30, 2009

<u>Description</u>	Base Cost	Base Market Value
CASH	(488)	(488)
PAYABLE FOR INVESTMENTS PURCHASED	(36,139)	(36,129)
PAYABLE FOR FORWARD FX CONTRACTS	(33,372)	(33,389)
TBA CASH COLL MSC	(810)	(810)
Total Misc Payables	(70,810)	(70,815)
FFX CONTRACTS RECEIVABLE	33,372	33,290
NON-BASE CURRENCY	1,373	1,384
Total U/R P/L on Forward Contracts	34,746	34,674
Total Cash and Short-Term Investments	\$ 4,142,133	\$ 4,143,126

APPENDIX C

SOUTH CAROLINA RETIREMENT SYSTEMS
FIXED INCOME HOLDINGS (000's)
AS OF JUNE 30, 2009

<u>Issuer</u>	<u>Price</u>	<u>Maturity Date</u>	<u>Face Value / Contracts</u>	<u>Book Value</u>	<u>Market Value</u>
ALLEGHENY GENERATING CO DEBS	92.0	9/1/2023	\$ 17,240	\$ 15,485	\$ 15,856
AOL TIME WARNER INC NT	107.0	5/1/2012	5,000	5,264	5,349
APPALACHIAN PWR CO SR NT SER H	89.9	5/15/2033	23,000	18,990	20,674
APPALACHIAN PWR CO SR NT SER H	89.9	5/15/2033	5,334	5,169	4,794
ARROW ELECTRONICS INC SR DEBS	90.5	1/15/2027	34,000	35,999	30,757
AT&T BROADBAND CORP NT	116.9	11/15/2022	21,300	23,062	24,903
AVISTA CORP 1ST MTG BD	94.3	12/1/2035	10,000	7,394	9,430
BAXTER INTL INC SHELF 9	105.7	2/15/2028	5,000	5,273	5,284
BECTON DICKINSON & CO SR DEBS	111.4	8/1/2028	4,700	5,054	5,236
BECTON DICKINSON & CO SR DEBS	111.4	8/1/2028	5,000	5,081	5,570
BLUE CROSS BLUE SHIELD 144A	108.5	11/15/2011	20,000	21,257	21,710
BRITISH TELECOMMUNICATIONS NT	106.2	12/15/2010	10,000	10,450	10,621
CARGILL INC MTN #TR 00016 144A	97.4	7/29/2027	20,000	18,416	19,483
CDS BP LENNAR CORP SNR S*	0.0	6/20/2015	(2,500)	0	0
CDS BP LENNAR CORP SNR S*	0.0	9/20/2014	(4,000)	0	0
CDS BP RYLAND GROUP NEGB SNR S	0.0	6/20/2017	(1,100)	0	0
CDS BP RYLAND GROUP NEGB SNR S	0.0	9/20/2017	(1,700)	0	0
CDS BP TOLL BORTHERS FIN CORP	0.0	12/20/2017	(3,700)	0	0
CDS_BP LENNAR CORP SNR S*	12.4	6/20/2015	2,500	263	310
CDS_BP LENNAR CORP SNR S*	11.6	9/20/2014	4,000	420	466
CDS_BP RYLAND GROUP NEGB SNR S	6.8	6/20/2017	1,100	79	75
CDS_BP RYLAND GROUP NEGB SNR S	6.8	6/20/2017	1,700	127	115
CDS_BP TOLL BORTHERS FIN CORP	1.8	12/20/2017	3,700	62	65
CENTRAL ILL PUB MTN #TR 00013	97.7	6/1/2017	18,000	19,403	17,581
CENTRAL ME PWR CO MTN 144A	73.2	6/10/2035	5,000	4,617	3,659
CINCINNATI FINL CORP DEB	76.6	5/15/2028	23,712	24,981	18,153
CINCINNATI FINL CORP SR NT	69.5	11/1/2034	16,185	16,484	11,253
CINTAS CORP NO 2 SR NT	77.6	8/15/2036	15,000	11,979	11,633
CINTAS CORP NO 2 SR NT	77.6	8/15/2036	5,000	4,968	3,878
CITIGROUP BANKING INST	101.7	5/22/2019	13,400	13,622	13,631
CITIGROUP INC FDIC GTD TGLP GT	100.4	4/30/2012	2,100	2,117	2,109
CITIZENS UTILS CO DEL DEBS	71.0	7/1/2035	27,500	29,650	19,525
CLECO PWR LLC SR NT	83.0	12/1/2035	17,000	14,127	14,116
COCA COLA ENTERPRISES INC	123.0	9/15/2022	20,000	24,200	24,602
COCA COLA ENTERPRISES INC	123.0	9/15/2022	10,000	9,866	12,301
COMMONWEALTH BK MTN 144A	100.4	1/12/2012	400	403	402
COMMONWEALTH EDISON CO 1ST MTG	95.9	3/15/2036	27,300	22,681	26,191
COMMONWEALTH EDISON CO 1ST MTG	95.9	3/15/2036	5,000	4,249	4,797
CONSOLIDATED EDISON CO NY INC	99.8	3/15/2036	20,000	18,118	19,963
CONSOLIDATED EDISON CO NY INC	99.8	3/15/2036	5,000	4,750	4,991
CONTINENTAL AIRLS 01-1 CL A 2	93.0	6/15/2011	10,000	9,917	9,300
COOK CNTY ILL	110.9	11/15/2019	2,000	2,131	2,218
CSX TRANSN INC EQUIP 00 SER B	104.1	5/15/2015	2,100	2,197	2,186
DAYTON HUDSON CORP CDT MTN D	110.8	6/10/2015	250	338	277
DEUTSCHE TELEKOM INTL FIN B V	122.7	6/1/2032	30,075	35,059	36,888
DISNEY WALT CO DEB	104.2	7/15/2093	20,000	20,017	20,832
DISNEY WALT CO DEB	104.2	7/15/2093	10,800	10,738	11,249
DUKE ENERGY FIELD SVCS 144A	80.0	11/3/2036	5,000	3,435	4,000
EMPIRE DIST ELEC CO SR NT	78.9	11/15/2033	36,000	35,860	28,419
EMPIRE DIST ELEC CO SR NT	69.4	7/1/2035	20,000	19,890	13,889

APPENDIX C

SOUTH CAROLINA RETIREMENT SYSTEMS
FIXED INCOME HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
ENTERGY ARK INC 1ST MTG BD	95.3	5/1/2018	3,500	3,354	3,334
ENTERGY GULF STS INC 1ST MTG	99.5	12/1/2009	40,000	39,182	39,785
ENTERGY LA LLC 1ST MTG BD	89.8	10/1/2034	10,000	8,084	8,975
ENTERGY LA LLC 1ST MTG BD	88.5	9/1/2035	9,000	7,101	7,964
EQUIFAX INC DEB	93.0	7/1/2028	25,000	24,750	23,255
EQUITABLE LIFE ASSURANCE NTS	94.4	12/1/2015	6,000	6,488	5,662
EQUITABLE RES INC DEB	96.2	7/15/2026	15,000	12,516	14,435
EVEREST REINS HLDGS INC SR NT	102.0	3/15/2010	10,000	10,163	10,199
EXPRESS PIPELINE LTD 144A	114.5	12/31/2019	4,678	5,041	5,356
FBL FINL GROUP SR NT	73.4	4/15/2014	24,500	24,436	17,972
FEDERAL HOME LN BKS CONS BD	103.8	6/24/2011	600	627	623
FEDERAL HOME LN MTG CORP	99.6	6/1/2011	3,700	3,696	3,683
FEDERAL HOME LN MTG CORP NTS	107.0	4/18/2011	400	430	428
FEDERAL HOME LN MTG CORP NTS	107.9	7/18/2011	400	434	432
FEDERAL HOME LN MTG CORP REF	100.8	4/26/2011	2,600	2,626	2,621
FEDERAL NATL MTG ASSN	98.4	5/15/2014	50,000	48,973	49,211
FEDERAL NATL MTG ASSN DEBS	107.1	4/15/2011	900	967	964
FEDERAL NATL MTG ASSN MTN	100.9	3/23/2011	2,100	2,123	2,119
FNMA POOL #0073814	107.6	12/1/2016	4,155	4,096	4,472
FNMA POOL #0104592	109.5	7/1/2020	55	55	60
FNMA POOL #0111049	110.2	11/1/2020	113	113	125
FNMA POOL #0111050	109.3	11/1/2020	64	64	70
FNMA POOL #0111051	109.7	12/1/2020	86	86	95
FNMA POOL #0111052	110.0	12/1/2020	60	60	67
FNMA GTD REMIC P/T 92-143 M	111.4	9/25/2022	7	8	8
FNMA GTD REMIC P/T 92-31 L	108.6	3/25/2022	36	40	40
FNMA GTD REMIC P/T 92-36 PN	108.6	3/25/2022	7	7	7
FNMA GTD REMIC P/T CTF 92-112G	111.4	7/25/2022	13	14	14
FNMA GTD REMIC P/T CTF 92-150M	111.4	9/25/2022	7	7	8
FNMA GTD REMIC P/T CTF 92-84 L	107.2	5/25/2022	661	699	708
FORTIS BANK NED HOLDING	141.1	6/10/2011	1,900	2,666	2,680
GENERAL AMERN LIFE INS CO	112.0	1/15/2024	37,500	36,539	41,991
GENERAL ELECTRIC CAPITAL CORP	100.3	12/21/2012	4,100	4,110	4,114
GENERAL MLS INC NT	107.7	2/15/2012	5,000	5,371	5,383
GNMA POOL #0395483	106.3	1/15/2031	9,062	9,373	9,637
GNMA POOL #0400631	108.0	5/15/2030	8,212	8,813	8,871
GNMA POOL #0427475	107.5	6/15/2029	6,981	7,126	7,505
GNMA POOL #0550561	103.7	7/15/2035	13,886	14,451	14,395
GNMA POOL #0550614	103.7	8/15/2035	14,304	14,885	14,828
GNMA POOL #0550657	103.7	9/15/2035	85,246	85,006	88,370
GNMA POOL #0550728	103.7	11/15/2035	46,014	47,873	47,700
GNMA POOL #0553520	107.5	3/15/2032	1,440	1,435	1,548
GNMA POOL #0569159	107.5	3/15/2032	2,479	2,611	2,665
GNMA POOL #0569684	105.4	2/15/2032	2,144	2,263	2,259
GNMA POOL #0569704	105.4	2/15/2032	4,482	4,730	4,722
GNMA POOL #0570518	105.4	1/15/2032	3,403	3,592	3,586
GNMA POOL #0574466	107.5	3/15/2032	2,097	2,208	2,254
GNMA POOL #0587074	105.1	5/15/2032	5,843	6,112	6,142
GNMA POOL #0602533	103.6	2/15/2036	20,474	21,296	21,205
GNMA POOL #0602553	103.6	3/15/2036	22,951	23,871	23,770

APPENDIX C

SOUTH CAROLINA RETIREMENT SYSTEMS
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Issuer		Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
GNMA	POOL #0604436	104.3	7/15/2018	159	159	166
GNMA	POOL #0606252	103.6	4/15/2036	36,291	37,743	37,587
GNMA	POOL #0616997	103.6	2/15/2036	16,332	16,988	16,915
GNMA	POOL #0617027	103.6	3/15/2036	16,421	17,078	17,007
GNMA	POOL #0617057	103.6	4/15/2036	20,368	21,182	21,095
GNMA	POOL #0617087	103.6	5/15/2036	29,934	31,129	31,003
GNMA	POOL #0633488	103.6	3/15/2036	42,176	43,863	43,682
GNMA	POOL #0645908	103.6	4/15/2036	11,819	12,291	12,241
GNMA	POOL #0648372	103.7	11/15/2035	13,445	13,988	13,938
GNMA	POOL #0650043	103.6	4/15/2036	7,513	7,813	7,781
GNMA	POOL #0650111	103.6	1/15/2036	22,336	23,235	23,133
GNMA	POOL #0650958	103.7	12/15/2035	12,219	12,711	12,667
GNMA	POOL #0651719	103.6	2/15/2036	15,709	16,340	16,270
GNMA	POOL #0651742	103.6	3/15/2036	15,000	15,580	15,535
GNMA	POOL #0651788	103.6	4/15/2036	65,789	64,607	68,137
GNMA	POOL #0651789	103.6	4/15/2036	66,138	64,981	68,499
GNMA	POOL #0651913	103.6	4/15/2036	17,227	17,894	17,842
GNMA	POOL #0651940	103.6	5/15/2036	54,322	53,090	56,261
GNMA	POOL #0651965	103.6	6/15/2036	27,301	28,357	28,276
GNMA	POOL #0652540	103.6	5/15/2036	21,978	22,829	22,763
GNMA	POOL #0654834	103.6	6/15/2036	15,395	15,991	15,945
GNMA	POOL #0658257	103.5	1/15/2037	41,759	43,368	43,211
GNMA	POOL #0658709	103.5	5/15/2037	52,166	54,176	53,979
GNMA	POOL #0662118	103.5	2/15/2037	35,968	37,354	37,219
GNMA	POOL #0662396	103.5	5/15/2037	52,817	54,852	54,654
GNMA	POOL #0668405	104.3	4/15/2037	33,069	34,611	34,494
GNMA	POOL #0782055	103.4	2/15/2036	63,395	65,949	65,566
GNMA	POOL #0782076	103.4	3/15/2036	30,699	31,936	31,750
GNMA	POOL #0782131	103.4	12/15/2036	17,306	18,033	17,896
HANCOCK JOHN MUT LIFE INS 144A		93.7	2/15/2024	50,000	48,640	46,869
HARBRO INC BNDS		82.0	7/15/2028	25,000	20,246	20,497
HARBRO INC BNDS		82.0	7/15/2028	5,000	4,990	4,099
HORACE MANN EDUCATORS CORP NEW		84.2	4/15/2016	25,000	21,521	21,058
HORACE MANN EDUCATORS CORP NEW		84.2	4/15/2016	5,000	4,985	4,212
HVIDE VAN OMMEREN TANKERS LLC		120.3	12/14/2023	3,498	3,498	4,207
HVIDE VAN OMMEREN TANKERS LLC		120.3	12/14/2023	3,518	3,518	4,231
INDIANA ST FIN AUTH REV		101.3	2/1/2039	900	900	912
IRS P US0003M R 4.00%		0.0	12/16/2019	(11,700)	(158)	0
IRS_P US0003M R 4.00%		0.4	12/16/2019	11,700	0	44
JACKSON NTAL LIFE INS CO 144A		83.2	3/15/2027	42,500	43,573	35,379
JEFFERIES GROUP INC NEW SR DEB		69.0	1/15/2036	24,040	23,691	16,584
JOHNSON & JOHNSON NT		107.2	7/15/2038	7,925	8,447	8,493
JOHNSON S C & CON SR NTS 144A		94.2	2/15/2028	17,450	17,323	16,429
KINDER MORGAN ENERGY PARTNERS		105.7	3/15/2032	29,406	29,245	31,094
LACLEDE GAS CO 1ST MTG BD		105.7	10/15/2012	100	109	106
LENNAR CORP SR NT		80.0	9/1/2014	4,000	3,240	3,200
LENNAR CORP SR NT SER B		78.8	5/31/2015	2,500	2,000	1,969
LIBERTY MUTUAL 144A		67.5	5/15/2025	10,000	9,979	6,750
LIBERTY MUTUAL INS CO 144A		66.6	10/15/2026	10,000	10,077	6,656
LINCOLN NATL CORP IND SR NT		69.7	4/7/2036	20,000	14,352	13,934

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<u>Issuer</u>	<u>Price</u>	<u>Maturity Date</u>	<u>Face Value / Contracts</u>	<u>Book Value</u>	<u>Market Value</u>
LINCOLN NATL CORP SR NTS	90.0	3/15/2018	13,000	10,034	11,698
LINCOLN NATL CORP SR NTS	90.0	3/15/2018	5,000	4,988	4,499
LLOYDS TSB BANK PLC	140.0	6/9/2011	1,500	2,100	2,100
LUBRIZOL CORP DEB	94.2	6/15/2025	6,005	5,712	5,657
MADISON GAS & ELECTRIC CO	102.9	2/15/2028	717	698	738
MARSH & MCLENNAN COS INC	95.3	9/15/2015	5,000	4,938	4,764
MARTIN MARIETTA MATLS INC NT	104.2	4/1/2011	7,895	8,322	8,227
MASSACHUSETTS MUT LIFE INS CO	92.0	3/1/2024	30,000	29,902	27,602
MATTEL INC MTN TR 00022	99.5	7/9/2012	13,500	13,649	13,438
MAY DEPT STORES	54.4	8/15/2035	19,000	18,988	10,335
MAY DEPT STORES CO DEB	66.4	8/15/2036	25,000	24,688	16,612
MCKESSON CORP NEW REORG DEB	99.9	3/1/2027	29,750	29,507	29,717
METROPOLITAN LIFE INS NT 144A	84.5	11/1/2025	24,435	26,069	20,641
MICHIGAN CONS GAS CO 1ST MTG	113.5	5/1/2014	11,500	12,961	13,051
MICHIGAN CONS GAS CO 1ST MTG	113.5	5/1/2014	5,000	4,958	5,675
MUTUAL OMAHA INS CO NT 144A	68.5	6/15/2036	36,200	36,415	24,813
NATIONAL ARCHIVES FAC TR CTF	119.6	9/1/2019	2,980	2,846	3,565
NATIONAL FUEL GAS # 00016	95.0	6/13/2025	5,000	4,436	4,752
NATIONWIDE MUT INS CO 144A	60.1	4/15/2034	25,250	25,193	15,173
NEW YORK ST DORM AUTH REVS	100.0	2/15/2031	20,000	20,000	20,000
NIBC BANK NV	144.7	12/19/2011	\$1,300	\$1,827	\$1,882
NLV FINL CORP SR NT	60.1	3/15/2035	9,000	8,914	5,405
NLV FINL CORP SR NT 144A	75.2	8/15/2033	15,000	14,993	11,281
OLD DOMINION ELEC COOP 1ST MTG	103.9	12/1/2023	405	393	421
ONEOK INC NEW NT	83.8	6/15/2035	33,990	26,048	28,490
ORANGE & ROCKLAND UTILS SER G	103.3	3/1/2029	10,000	9,997	10,328
PACIFIC MUT LIFE INS CO 144A	99.0	12/30/2023	50,000	50,179	49,520
PATRONS LEGACY 03 144A	106.6	7/10/2049	15,500	15,500	16,520
PATRONS LEGACY 03 III 144A	73.3	7/10/2049	13,925	13,925	10,203
PEDERNALES ELEC COOP INC 144A	114.1	11/15/2020	25,000	26,043	28,532
PENN MUT LIFE INS CO 144A	76.3	6/15/2034	38,056	41,313	29,037
PENNEY J C INC DEB	97.5	8/15/2016	6,000	5,876	5,847
PHOENIX LIFE INS SURPLUS 144A	27.7	12/15/2034	20,000	20,317	5,539
PIEDMONT NAT GAS INC NT SER E	96.2	12/19/2033	1,000	844	962
PIEDMONT NATL GAS MTN TR00004	111.0	10/3/2025	1,500	1,498	1,664
PLAINS ALL AMERN PIPELINE L P	90.2	5/15/2036	14,500	12,456	13,073
PLAINS ALL AMERN PIPELINE L P	90.2	5/15/2036	5,000	4,939	4,508
PORT AUTH N Y & N J	102.4	12/1/2024	6,600	6,600	6,757
PRUDENTIAL FUND NT 144A	93.0	9/15/2023	20,000	17,316	18,602
PRUDENTIAL INS 144A	90.9	7/1/2025	10,000	9,965	9,089
PUBLIC SVC CO N C INC SR DEB	113.1	12/15/2026	10,000	10,000	11,306
PUGET SOUND ENERGY INC SR NT	97.1	6/15/2036	17,000	14,690	16,508
RABOBANK NEDERLAND	111.3	12/29/2049	6,900	6,900	7,676
ROYAL BK OF SCOTLAND PLC	99.9	4/8/2011	100	100	100
ROYAL BK SCOTLAND GRP PLC 144A	100.7	5/11/2012	400	403	403
RYLAND GROUP	96.0	5/15/2017	2,700	2,592	2,592
SELECTIVE INS GROUP INC SR NT	67.5	11/1/2035	29,500	29,249	19,898
SEMCO ENERGY INC SR NT	100.3	10/1/2009	16,000	16,000	16,053
SLM CORP MTN # TR 00087	99.6	7/27/2009	24,575	22,879	24,470
SMALL BUSINESS ADMIN 03-20E 1	103.1	5/1/2023	143	143	148

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<u>Issuer</u>	<u>Price</u>	<u>Maturity Date</u>	<u>Face Value / Contracts</u>	<u>Book Value</u>	<u>Market Value</u>
SONOCO PRODS CO NT	96.2	11/15/2013	10,000	9,281	9,616
SONOCO PRODS CO NT	96.2	11/15/2013	5,000	4,971	4,808
SOUTH CAROLINA ELEC & GAS	108.8	7/1/2036	16,000	16,036	17,408
SOUTH CAROLINA STUDENT A-1	99.8	12/3/2018	31,400	31,322	31,322
SOUTH CAROLINA STUDENT LN A1	94.6	12/2/2019	30,000	27,572	28,378
SOUTHERN CALIF WTR CO MEDIUM	94.8	3/23/2028	15,000	15,000	14,217
SOUTHERN STAR CENT GAS 144A	90.1	6/1/2016	9,500	9,468	8,562
SOUTHWESTERN BELL TEL CO NT	100.5	10/15/2026	15,000	14,754	15,079
SOUTHWESTERN BELL TEL CO NT	100.5	10/15/2026	5,000	4,994	5,026
SOUTHWESTERN ELEC PWR CO NT	97.8	4/15/2015	6,750	6,395	6,603
SQUARE BUTTE ELEC CORP 144A	114.6	1/1/2024	14,678	14,678	16,815
TEXAS EASTN TRANSMISSION CORP	105.2	7/15/2032	5,000	5,309	5,259
TEXAS ST	110.0	8/1/2019	3,000	3,312	3,299
TEXAS ST UNIV SYS FING REV	111.4	3/15/2018	3,755	4,043	4,183
TEXAS ST UNIV SYS FING REV	110.7	3/15/2019	2,305	2,473	2,551
TOLL BROTHERS FINANCE CORP	102.3	10/15/2017	3,700	3,793	3,784
TRANSCANADA PIPELINES LTD	96.6	3/15/2036	10,590	8,969	10,225
TRI-STATE GENERATION A 144A	93.9	1/31/2018	4,954	4,976	4,654
U S TREASURY BOND	144.2	2/15/2015	8,600	12,548	12,398
U S TREASURY BOND	136.9	2/15/2016	10,000	13,856	13,694
U S TREASURY BOND	125.4	5/15/2016	5,000	6,319	6,268
U S TREASURY BOND	143.3	5/15/2018	49,600	71,347	71,064
U S TREASURY BOND	143.3	11/15/2018	14,650	21,078	21,000
U S TREASURY NOTE	103.4	1/31/2013	5,000	5,213	5,171
U S TREASURY NOTE	99.7	4/30/2011	60,000	60,000	59,843
U S WEST COMMUNICATIONS INC	73.0	9/15/2033	26,990	18,893	19,703
UNION LT HEAT & PWR CO 144A	97.9	3/10/2036	10,800	9,464	10,574
UNION PAC RR CO 03 1 03-1	94.2	1/2/2024	231	224	218
UNITED STATES94-3 CL 2-F	106.0	9/15/2024	5,353	5,796	5,676
UNITED TEL CO FLA 1ST MTG	88.4	7/15/2023	9,869	7,395	8,723
UNITED TEL CO FLA 1ST SER HH	98.4	1/15/2025	19,700	16,991	19,384
US TREAS-CPI INFLAT	102.5	7/15/2014	4,298	4,376	4,405
VULCAN MATLS CO NT	99.5	12/15/2010	25,000	25,000	24,877
WASHINGTON ST SER C-VAR PURP	108.0	1/1/2021	2,000	2,148	2,159
WELLS FARGO & CO NEW NT	99.7	3/23/2010	15,000	14,789	14,953
WESTAR ENERGY INC	85.8	7/15/2036	14,500	11,036	12,434
WESTAR ENERGY INC 1ST MTG BD	86.9	1/1/2035	7,000	5,681	6,085
WESTVACO CORP DEB	88.8	3/15/2027	22,478	22,362	19,965
WEYERHAEUSER CO DEB DTD 01/15/	86.1	1/15/2025	20,000	16,654	17,218
WEYERHAEUSER CO SHELF 9	82.8	3/15/2025	5,000	3,988	4,141
WEYERHAEUSER CO SHELF 9	82.8	3/15/2025	5,000	5,096	4,141
WISCONSIN GAS LLC DEB	88.9	12/1/2035	10,000	8,868	8,891
Total Domestic Fixed Income			3,437,974	3,437,285	3,331,926
US TREAS BOND (CBT)	118.4	9/21/2009	(1,256)	0	0
US 10 YR TREAS NTS FUTURE(CBT)	116.3	9/21/2009	221	0	0
US 5YR TREAS NTS FUTURE (CBT)	114.7	9/30/2009	766	0	0
US 2YR TREAS NTS FUT (CBT)	108.1	9/30/2009	700	0	0
Total Domestic Fixed Income Futures			431	-	-

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Issuer	Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
LOOMIS COLLECTIVE INVESTMENT	0.9		630,000	630,000	597,529
MONDRIAN GLOBAL FIXED INCOME	12.0		68,607	802,964	822,221
WESTERN ASSET GLOBAL MULTI	10.1		61,641	616,405	622,878
CREDIT AGRICOLE GLOBAL FIXED	472.6		1,546	621,355	730,712
Total Global Fixed Income			761,794	2,670,724	2,773,339
90DAY STERLING LIBOR FUT (LIF)	161.2	6/16/2010	589	0	0
90DAY STERLING LIBOR FUT (LIF)	160.4	9/15/2010	289	0	0
3MO EURO EURIBOR FUTURE (LIF)	138.0	6/14/2010	110	0	0
3MO EURO EURIBOR FUTURE (LIF)	137.6	9/13/2010	129	0	0
90DAY EURODOLLAR FUTURE CME	99.1	12/14/2009	397	0	0
Total Global Fixed Income Futures			1,514	-	-
LOOMIS SAYLES INVT TR HIGH	7.3		69,737	500,000	509,245
MORGAN STANLEY - HIGH YIELD	1.0		20,603	20,603	20,603
CARRIZO OIL & GAS INC SR NT	72.8	6/1/2028	1,145	820	833
CENTRAL EUROPEAN DISTR CORP	68.1	3/15/2013	1,220	731	831
CENTURY ALUM CO SR NT CONV	72.1	8/1/2024	520	354	375
GLOBAL CROSSING LTD SR NT CONV	87.3	5/15/2011	375	275	327
GMX RESOURCES INC	67.6	2/1/2013	255	192	172
HOLOGIC INC SR NT CONV	71.0	12/15/2037	570	388	405
HORIZON LINES INC SR NT CONV	70.1	8/15/2012	960	598	673
KANSAS CITY SOUTHN PERP PFD	735.0		0	161	154
L 1 IDENTITY SOLUTIONS INC SR	79.0	5/15/2027	330	255	261
LODGENET INTERACTIVE CONV PFD	1,000.0		1	550	550
NII HLDGS INC NT CONV	76.9	6/15/2012	1,350	1,002	1,038
OMNICARE INC SR DEB CONV	69.3	12/15/2035	470	333	325
POWERWAVE TECHNOLOGIES INC	46.3	10/1/2027	885	295	409
SAVVIS INC SR NT CONV	75.1	5/15/2012	635	462	477
WELLS FARGO & CO NEW PERP PFD	785.0		1	824	930
WHITING PETROLEUM CORP PFD	98.6		2	190	187
AES CORP SR NT 144A	101.3	4/15/2016	495	497	501
ACE CASH EXPRESS INC 144A	45.0	10/1/2014	850	423	383
ANIXTER INC GTD SR NT	99.5	3/15/2014	260	253	259
ARAMARK CORP SR NT	97.0	2/1/2015	400	385	388
BAUSCH & LOMB INC SR NT	95.5	11/1/2015	385	348	368
BELDEN INC NEW SR SUB NT	88.5	3/15/2017	335	300	296
BIOMET INC SR NT	101.8	10/15/2017	255	265	259
BOYD GAMING CORP	81.0	4/15/2014	570	439	462
BRANDYWINE OPER PARTNERSHIP LP	77.6	11/1/2014	165	118	128
BRANDYWINE OPER PARTNERSHIP LP	73.8	4/1/2016	145	101	107
BRIGHAM EXPL CO SR NT	68.5	5/1/2014	1,210	600	829
BROADVIEW NETWORKS HLDGS INC	79.0	9/1/2012	490	348	387
CHS/CMNTY HEALTH SYS INC SR NT	98.0	7/15/2015	730	723	715
CIT GROUP INC NEW SR NT	58.9	9/30/2014	460	304	271
CIT GROUP INC NEW SR NT	75.0	7/28/2011	350	250	262
CIT GROUP INC NEW SR NT	56.5	9/15/2016	150	100	85
CALPINE CONSTRUCTION FINANCE C	95.8	6/1/2016	790	754	756
CARDTRONICS INC SR SUB NT	89.5	8/15/2013	290	265	260
CENTURY ALUM CO SR NT	68.3	8/15/2014	400	251	273

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CENVEO CORP SR SUB NT	70.0	12/1/2013	300	211	210
CHESAPEAKE ENERGY CORP SR NT	87.0	12/15/2018	540	473	470
CINCINNATI BELL INC SR SUB NTS	92.5	1/15/2014	930	925	860
CITIZENS COMMUNICATIONS CORP	92.0	1/15/2013	215	205	198
COMPLETE PRODTN SVCS INC SR NT	85.5	12/15/2016	190	147	162
CRICKET COMMUNICATIONS INC SR	98.5	11/1/2014	640	637	630
CROWN CASTLE INTL CORP SR NT	101.8	1/15/2015	250	251	254
DELTA PETE CORP SR NT	54.0	4/1/2015	380	211	205
DENBURY RES INC SR SUB NT	102.8	3/1/2016	245	251	252
DOMTAR CORP NT	83.5	8/15/2015	650	535	543
ENERGY FUTURE HLDGS CORP SR NT	73.0	11/1/2017	1,140	806	832
EXIDE TECHNOLOGIES SR SEC NT	81.5	3/15/2013	1,105	892	901
FEDERATED RETAIL HLDGS INC NT	81.5	12/1/2016	245	204	200
FELCOR LODGING LTD PARTN SR NT	88.0	6/1/2011	470	405	414
FIRST DATA CORP SR NT	71.0	9/24/2015	290	206	206
FORD MTR CR CO GBL LANDMARK	86.5	10/25/2011	810	682	701
GMAC LLC	83.5	5/15/2012	480	401	401
GAYLORD ENTMT CO NEW SR NT	85.3	11/15/2013	755	596	644
GLOBAL CROSSING UK FIN	79.8	12/15/2014	495	391	395
GLOBAL CASH	92.5	3/15/2012	500	444	463
HCA INC SR SECD NT	98.5	11/15/2016	1,010	992	995
HSN INC DEL SR NT 144A	92.1	8/1/2016	345	319	318
HELIX ENERGY SOLUTIONS 144A	91.3	1/15/2016	490	417	447
HUB INTL HLDGS INC SR SUB 144A	73.6	6/15/2015	320	232	236
HUNTSMAN INTL INC SR SUB NT	79.3	11/15/2014	255	204	202
ITT CORP DEBS	92.0	11/15/2015	280	255	258
INTERFACE ACE INC SR SUB NT	92.0	2/1/2014	315	286	290
INTERNATIONAL LEASE FIN CORP	76.1	3/25/2013	340	271	259
ISLE CAPRI CASINOS INC SR SUB	80.5	3/1/2014	250	201	201
KAR HLDGS INC SR NT	85.8	5/1/2014	455	358	390
KANSAS CITY SOUTHN DE MEXICO	86.0	12/1/2013	595	500	512
KANSAS CITY SOUTHN DE MEX 144A	101.5	4/1/2016	1,575	1,489	1,599
KEY ENERGY SVCS INC SR NT	88.3	12/1/2014	285	252	252
LEVEL 3 FING INC SR GTD NT	82.0	11/1/2014	330	262	271
LIBBEY GLASS INC GTD SR NT	62.0	6/1/2011	790	479	490
LUCENT TECHNOLOGIES INC DEBS	56.0	1/15/2028	370	199	207
MGM MIRAGE SR SECD NT 144A	109.5	11/15/2013	105	115	115
MGM MIRAGE INC	106.0	11/15/2017	210	211	223
MARINER ENERGY INC SR NT	91.0	4/15/2013	530	457	482
MARKWEST ENERGY PART/FIN CORP	83.5	11/1/2014	150	128	125
MARKWEST ENERGY PARTNERS/LP	86.5	4/15/2018	120	97	104
MARKWEST ENERGY PART/FIN	82.5	11/1/2014	555	438	458
MARQUEE HLDGS INC SR DISC NT	77.0	8/15/2014	435	344	335
MEDIACOM LLC/MEDIACOM CAP	95.3	1/15/2013	510	502	486
METROPCS WIRELESS INC SR NT	99.4	11/1/2014	580	584	576
MOBILE SVCS GROUP INC/MOBILE	95.8	8/1/2014	270	242	259
NRG ENERGY INC SR NT	94.6	2/1/2016	1,030	999	975
NTL CABLE PLC SR NT	97.5	4/15/2014	400	401	390
NEXTEL COMMUNICATIONS INC SR	82.8	10/31/2013	605	498	501
NORSKE SKOG CDA LTD	42.5	3/1/2014	465	200	198

APPENDIX C

SOUTH CAROLINA RETIREMENT SYSTEMS
FIXED INCOME HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
OED CORP	89.5	4/15/2012	220	190	197
NUVEEN INVTS INC SR NT	50.5	9/15/2015	160	58	81
NUVEEN INVTS INC SR NT 144A	69.0	11/15/2015	835	445	576
OWENS CORNING NEW SR NT	70.9	12/1/2036	275	197	195
PAETEC HOLDING CORP	86.8	7/15/2015	905	778	785
PAETEC HOLDING CORP	94.0	6/30/2017	330	318	310
PETROHAWK ENERGY CORP SR NT	99.5	7/15/2013	780	768	776
PLAINS EXPL & PRODTN CO SR NT	93.5	6/15/2015	545	501	510
PLAINS EXPL & PRODTN CO SR NT	102.8	3/1/2016	200	200	206
QUICKSILVER INC ST NT	53.0	4/15/2015	1,145	702	607
QUICKSILVER RES INC SR NT	89.0	8/1/2015	115	100	102
QUICKSILVER RESOURCES IN	103.5	1/1/2016	140	137	145
QWEST COMMUNICATIONS INTL	91.3	2/15/2014	295	277	269
ROSETON DANSKAMMER 2001 SER B	87.0	11/8/2016	725	634	631
ROYAL CARIBBEAN LTD SR NT	87.4	6/15/2013	195	163	170
SANMINA SCI CORP SR SUB NT	72.9	3/1/2016	900	479	656
SANMINA SCI CORP SR NT 144A	82.0	6/15/2014	130	99	107
SEAGATE TECHNOLOGY HDD HLDGS	85.8	10/1/2016	1,475	1,080	1,265
SELECT MED CORP SR SUB NT	81.3	2/1/2015	920	741	748
SPRINT NEXTEL CORP NT	81.8	12/1/2016	1,245	1,040	1,018
SUN HEALTHCARE GROUP INC SR	99.0	4/15/2015	250	246	248
SUNGARD DATA SYS INC SR NT	94.5	8/15/2013	280	270	265
TEAM FIN LLC/HEALTH FIN CORP	102.3	12/1/2013	190	190	194
TERREMARK WORLDWIDE INC	96.0	6/15/2017	725	694	696
TEXAS COMPETITIVE ELECTRIC HOL	62.3	11/1/2015	710	479	442
TIME WARNER TELECOM HLDGS INC	99.3	2/15/2014	245	245	243
TRAVELPORT LLC/TRAVELPORT HLDG	66.5	9/1/2014	140	94	93
VANGENT INC SR SUB NT	83.0	2/15/2015	505	402	419
VOUGHT AIRCRAFT INDS INC SR NT	62.5	7/15/2011	1,030	609	644
WALLACE THEATER HOLDINGS INC	96.5	6/15/2013	0	162	164
WENDY'S/ARBY'S GROUP INC	95.6	7/15/2016	175	171	167
WINDSTREAM CORP SR NT	96.8	8/1/2013	205	204	198
WYNDHAM WORLDWIDE CORP	99.7	5/1/2014	320	308	319
XM EXCROW LLC SR NT 144A	81.4	8/1/2013	115	90	94
XM SATELLITE RADIO INC	99.3	6/15/2013	275	270	273
Total High Yield Bonds and Investments			149,090	568,903	579,687
CAPITAL GUARDIAN EMERGING MARKET	9.9		15,000	150,000	148,650
Total Emerging Markets Debt			15,000	150,000	148,650
Total Fixed Income			4,363,857	\$ 6,826,912	\$ 6,833,602

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
3COM CORP COM	489,900	\$ 1,776	\$ 2,317
A C MOORE ARTS & CRAFTS INC	204,800	3,170	770
AARON'S INC	86,100	2,375	2,568
ABB LTD SPONSORED ADR	869,260	22,869	13,717
ABERCROMBIE & FITCH CO CL A	41,840	998	1,062
ABINGTON BANCORP INC PENN COM	27,650	200	220
ABIOMED INC	33,870	297	299
ACCURIDE CORP	206,010	1,940	68
ACI WORLDWIDE INC COM	92,900	1,505	1,297
ACME PACKET INC COM	108,500	467	1,098
ACORDA THERAPEUTICS INC COM	59,320	1,306	1,672
ACTEL CORP COM	24,800	277	266
ACTUANT CORP CL A NEW	111,620	1,258	1,362
ACTUATE CORP COM	101,365	439	487
ACXIOM CORP COM	128,388	1,338	1,134
ADAPTEC INC COM	332,400	1,087	881
ADC TELECOMMUNICATIONS INC	336,457	3,342	2,678
ADMINISTAFF INC COM	26,320	573	612
ADOBE SYS INC DEL COM	481,672	14,245	13,631
ADTRAN INC	126,861	2,855	2,724
ADVANCED ANALOGIC TECHNOLOGIES	116,400	572	534
ADVANCED ENERGY INDS INC	95,260	1,273	856
ADVISORY BOARD CO	85,000	3,456	2,185
AECOM TECHNOLOGY CORP DELAWARE	183,400	5,180	5,869
AEGEAN MARINE PETROLEUM	151,400	1,809	2,286
AERCAP HOLDINGS N V SHS	280,100	5,016	2,022
AEROPOSTALE INC	200,320	5,469	6,865
AES CORP COM	189,700	2,019	2,202
AETNA INC COM NEW	155,700	4,969	3,900
AFFILIATED MANAGERS GROUP INC	45,180	1,709	2,629
AFLAC INC COM	121,000	3,387	3,762
AGCO CORP COM	114,770	3,763	3,336
AGNICO EAGLE MINES LTD COM	29,700	784	1,559
AGREE REALTY CORP	126,000	3,646	2,310
AIRGAS INC	125,620	5,610	5,091
AIRTRAN HLDGS INC	50,000	216	310
AIRVANA INC COM	176,392	1,034	1,117
ALBEMARLE CORP	127,244	4,737	3,254
ALBERTO CULVER CO NEW COM	227,590	5,716	5,788
ALEXANDRIA REAL ESTATE	81,675	3,868	2,923
ALEXION PHARMACEUTICALS INC	55,710	1,544	2,290
ALKERMES INC COM	117,650	1,321	1,273
ALLEGiant TRAVEL CO COM	8,800	343	349
ALLERGAN INC COM	70,600	2,589	3,359
ALLETE INC	18,447	793	530

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
ALLIANCE DATA SYS CORP COM	112,000	5,799	4,613
ALLIANCE ONE INTL INC	68,000	253	258
ALLIANT ENERGY CORP COM	193,100	6,504	5,046
ALLIED HEALTHCARE INTL INC	622,100	2,404	1,350
ALLOS THERAPEUTICS INC COM	121,686	753	1,009
ALLSCRIPTS-MISYS HEALTHCARE	106,700	1,021	1,692
ALLSTATE CORP COM	137,100	7,974	3,345
ALTERA CORP COM	129,700	2,135	2,113
AMAG PHARMACEUTICAL INC COM	16,642	616	910
AMAZON.COM INC COM	216,042	13,484	18,074
AMBAC FINANCIAL GROUP INC	48,137	392	44
AMDOCS LTD COM	140,000	2,669	3,003
AMEDISYS INC	151,291	5,976	4,996
AMERICA SVC GROUP INC	32,900	506	529
AMERICAN CAMPUS CMNTYS INC	44,302	903	983
AMERICAN DENTAL PARTNERS INC	320,784	3,118	2,910
AMERICAN ECOLOGY CORP COM NEW	145,300	2,593	2,604
AMERICAN EQUITY INVT LIFE	358,041	3,093	1,998
AMERICAN EXPRESS CO COM	139,500	4,811	3,242
AMERICAN FINL GROUP INC OHIO	116,900	3,233	2,523
AMERICAN ITALIAN PASTA CO CL A	21,002	605	612
AMERICAN PHYSICIANS SVC GROUP	68,650	1,214	1,558
AMERICAN PHYSICIANS CAP INC	42,500	1,913	1,664
AMERICAN PUB ED INC COM	43,240	1,613	1,710
AMERICAN REPOGRAPHICS CO	200,600	2,791	1,669
AMERICAN SAFETY INS HLDGS LTD	180,600	3,139	2,458
AMERICAN SCIENCE & ENGR INC	19,600	1,252	1,355
AMERICAN SOFTWARE INC	344,300	2,958	1,983
AMERICAN SUPERCONDUCTOR CORP	38,930	1,005	1,022
AMERICAN WOODMARK CORP	2,000	31	48
AMERICAN WTR WKS CO INC NEW	62,520	1,319	1,195
AMERICAS CAR MART INC	52,510	948	1,076
AMERIGROUP CORP	109,409	3,246	2,938
AMERIPRISE FINL INC	122,600	5,986	2,976
AMERISAFE INC JONES DAY COM	173,100	1,998	2,693
AMERISOURCEBERGEN CORP COM	257,580	4,819	4,569
AMERISTAR CASINOS INC	32,280	255	614
AMETEK INC	48,150	1,359	1,665
AMGEN INC	62,300	2,758	3,298
AMN HEALTHCARE SVCS INC	63,600	1,056	406
AMPHENOL CORP NEW CL A	105,000	2,798	3,322
AMSURG CORP COM	104,913	2,768	2,249
AMTRUST FINL SVCS INC COM	56,154	761	640
ANALOG DEVICES INC COM	199,000	4,050	4,931
ANDERSONS INC COM	45,300	1,228	1,356

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
ANNTAYLOR STORES CORP COM	220,900	1,139	1,763
ANWORTH MTG ASSET CORP COM	1,129,533	9,664	8,144
APAC TELESERVICES INC COM	1,590,300	4,020	8,158
APACHE CORP COM	25,500	1,825	1,840
APOLLO GROUP INC CL A	21,900	1,892	1,558
APPLE INC	96,879	11,786	13,798
APPLIED MICRO CIRCUITS CORP	326,020	1,825	2,651
ARCH CAPITAL GROUP LTD SHS	41,700	2,923	2,443
ARCHER DANIELS MIDLAND CO COM	45,400	1,496	1,215
ARCSIGHT INC COM	88,721	741	1,577
ARENA RES INC	43,480	2,117	1,385
ARGO GROUP INTERNATIONAL	4,700	141	133
ARGON ST INC	56,900	1,357	1,170
ARIBA INC	328,470	3,512	3,232
ARRIS GROUP INC COM	315,086	3,076	3,835
ARROW ELECTRS INC COM	10,830	177	230
ART TECHNOLOGY GRP INC OC-COM	779,895	2,715	2,964
ARVINMERITOR INC COM	187,940	570	825
ASBURY AUTOMOTIVE GROUP INC	254,332	1,486	2,604
ASCENT MEDIA GROUP CORP COM	22,600	611	601
ASHLAND INC NEW	31,690	536	889
ASIANFO HLDGS INC COM	83,300	1,408	1,434
ASPEN INSURANCE HOLDINGS	157,921	3,855	3,528
ASSOCIATED BANC CORP COM	199,960	3,472	2,500
ASSOCIATED ESTATES RLTY CORP	54,800	435	327
ASSURED GUARANTY LTD SHS	152,921	2,382	1,893
ASTORIA FINL CORP COM	194,350	1,308	1,668
AT & T INC COM	477,200	16,376	11,854
ATC TECHNOLOGY CORP COM	161,400	3,112	2,340
ATHEROS COMMUNICATIONS INC	277,110	7,233	5,332
ATLAS AIR WORLDWIDE HLDGS INC	99,090	2,810	2,298
ATMEL CORP COM	352,981	1,461	1,317
ATS MED INC	60,270	196	199
ATWOOD OCEANIC INC	7,500	126	187
AUXILIUM PHARMACEUTICALS INC	34,580	824	1,085
AVNET INC COM	42,550	597	895
AXIS CAPITAL HLDGS LTD SHS	81,200	2,169	2,126
BAKER MICHAEL CORP	24,205	943	1,025
BALDOR ELEC CO	29,910	426	712
BALL CORP COM	33,600	1,105	1,517
BALLY TECHNOLOGIES INC COM	22,903	869	685
BANK NEW YORK MELLON CORP COM	46,500	1,230	1,363
BANK OF HAWAII CORP	26,450	1,355	948
BANK OF THE OZARKS INC COM	60,400	1,317	1,306
BANKRATE INC COM	27,730	684	700

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
BANNER CORP COM	111,300	1,752	425
BARRETT BILL CORP	49,085	1,422	1,348
BARRETT BUS SVCS INC	111,100	1,358	1,167
BB&T CORP COM	121,200	2,268	2,664
BE AEROSPACE INC	61,555	973	884
BEACON ROOFING SUPPLY INC	56,660	877	819
BEBE STORES INC COM	287,600	1,692	1,979
BECKMAN COULTER INC COM	25,080	1,651	1,433
BELDEN INC	35,116	1,124	586
BELL MICROPRODUCTS INC COM	703,900	4,324	781
BEMIS INC COM	102,200	2,411	2,575
BENCHMARK ELECTRS INC	59,607	934	858
BERKLEY W R CORP COM	169,640	4,743	3,642
BERKSHIRE HATHAWAY INC DEL B	4,298	14,675	12,446
BERRY PETE CO CL A	8,950	123	166
BIG 5 SPORTING GOODS CORP	49,200	607	544
BIG LOTS INC COM	59,800	1,835	1,258
BIGBAND NETWORKS INC COM	48,020	316	248
BIO RAD LABS INC CL A	67,400	4,660	5,087
BIOSCRIP INC	564,336	2,661	3,341
BIOVAIL CORP COM	111,200	1,020	1,496
BLACKBOARD INC	81,500	3,292	2,352
BLOUNT INTL INC NEW COM	211,260	2,270	1,819
BOEING CO COM	85,000	3,934	3,613
BORDERS GROUP INC COM	145,600	616	536
BORG WARNER INC COM	40,000	749	1,366
BORLAND SOFTWARE CORP COM	891,100	5,501	1,150
BOSTON PRIVATE FINL HLDGS INC	463,480	5,400	2,076
BOTTOMLINE TECHNOLOGIES DEL	600	5	5
BRIDGEPOINT ED INC COM	78,290	820	1,331
BRIGHAM EXPL CO COM	370,820	1,778	1,298
BRINKER INTL INC COM	76,800	1,119	1,308
BRINKS CO	84,500	3,026	2,453
BRINKS HOME SEC HLDGS INC COM	88,300	2,246	2,500
BRISTOW GROUP INC COM	68,200	2,215	2,021
BROCADE COMMUNICATIONS SYS INC	153,800	646	1,206
BROWN & BROWN INC COM	43,710	874	871
BROWN SHOE INC NEW COM	97,961	2,087	709
BRUKER CORPORATION	231,888	1,397	2,147
BUCYRUS INTERNATIONAL INC	30,310	854	866
BWAY HLDG CO COM	45,000	737	789
CABELAS INC	46,800	537	576
CABOT OIL & GAS CORP COM	95,880	3,181	2,938
CACI INTL INC CL A	12,900	468	551
CAI INTL INC COM	270,400	3,861	1,379

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
CAL DIVE INTL INC DEL COM	84,900	782	733
CALAMOS ASSET MGMT INC CL A	35,003	581	494
CALIFORNIA PIZZA KITCHEN INC	139,000	1,967	1,847
CALLAWAY GOLF CO COM	89,968	974	456
CAMERON INTL CORP COM	135,000	4,410	3,821
CANTELL MEDICAL CORP	355,500	4,841	5,770
CAPELLA ED CO COM	21,220	1,081	1,272
CAPITAL SR LIVING CORP COM	258,250	2,132	1,175
CAPSTEAD MTG CORP	333,100	3,765	4,234
CARDIAC SCIENCE CORP NEW	356,004	3,200	1,431
CARDINAL FINL CORP COM	115,479	847	904
CARDINAL HEALTH INC COM	35,200	2,231	1,075
CARE INVT TR INC COM	218,700	3,054	1,137
CAREER ED CORP COM	68,600	1,351	1,707
CARLISLE COS INC COM	146,300	4,338	3,517
CARMAX INC	36,700	501	539
CARRIZO OIL & GAS INC COM	35,320	957	606
CARROLS REST GROUP INC COM	19,700	127	131
CARTER HLDGS INC	152,940	3,263	3,764
CASEYS GEN STORES INC	78,800	2,271	2,024
CATERPILLAR INC	86,600	5,399	2,861
CATO CORP CL A	265,800	4,371	4,636
CB RICHARD ELLIS GROUP INC	228,460	1,398	2,138
CBEYOND INC	71,290	984	1,023
CBIZ INC	136,893	1,130	975
CEC ENTMT INC COM	62,113	1,640	1,831
CELANESE CORP DEL COM SER A	73,804	794	1,753
CELERA CORP COM	121,556	1,261	926
CELGENE CORP	332,848	14,761	15,923
CENTENE CORP DEL	48,570	1,025	970
CENTERPOINT ENERGY INC	197,100	2,852	2,184
CENTEX CORP COM	65,110	734	551
CENTRAL PAC FINL CORP	58,639	1,063	220
CENVEO INC	153,600	464	650
CEPHALON INC COM	52,000	3,339	2,946
CF INDS HLDGS INC	13,930	898	1,033
CHARLES RIV LABORATORIES INTL	31,696	846	1,070
CHARLOTTE RUSSE HLDG INC	288,348	4,053	3,685
CHARMING SHOPPES INC PA COM	1,194,500	3,730	4,444
CHART INDS INC COM PAR \$0.01	195,995	4,848	3,563
CHATTEM INC COM	29,490	1,900	2,008
CHEESECAKE FACTORY (THE)	36,500	454	631
CHEVRON CORPORATION COM	189,600	12,771	12,561
CHIPOTLE MEXICAN GRILL INC CL	15,900	1,232	1,272
CHIKUITA BRANDS INTL INC	294,515	2,407	3,022

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
CHRISTOPHER & BANKS CORP COM	278,600	1,968	1,869
CHUBB CORP COM	85,800	4,413	3,422
CHURCHILL DOWNS INC	12,100	462	407
CIENA CORP COM NEW	83,160	848	861
CINCINNATI BELL INC	452,002	1,608	1,284
CINCINNATI FINL CORP COM	53,600	1,164	1,198
CINEMARK HLDGS INC COM	54,726	890	619
CIRCOR INTL INC COM	22,700	545	536
CISCO SYS INC COM	230,300	4,949	4,295
CITI TRENDS INC	168,500	3,381	4,361
CITRIX SYS INC COM	55,000	1,270	1,754
CITY NATL CORP COM	75,050	3,754	2,764
CLARCOR INC	79,200	2,569	2,312
CLECO CORP NEW COM	47,228	1,112	1,059
CLIFFS NAT RES INC COM	43,950	1,007	1,075
CMS ENERGY CORP COM	86,300	947	1,043
COACH INC COM	118,700	3,546	3,191
COCA COLA BOTTLING CO CONS	3,400	191	187
COGDELL SPENCER INC	100,467	352	431
COGENT COMMUNICATIONS GROUP	64,720	443	527
COLDWATER CREEK INC	454,000	2,193	2,769
COLE KENNETH PRODTNS INC CL A	79,900	1,941	562
COLLECTIVE BRANDS INC COM	137,700	1,271	2,006
COLUMBUS MCKINNON CORP N Y COM	182,600	3,991	2,310
COMCAST CORP NEW CL A	97,300	1,604	1,407
COMFORT SYSTEMS USA INC	24,500	341	251
COMMERCIAL METALS CO	112,260	1,197	1,800
COMMERCIAL VEHICLE GROUP INC	73,700	857	106
COMMONWEALTH BANKSHARES INC	89,500	1,427	458
COMMSCOPE INC COM	40,744	454	1,070
COMMUNITY HEALTH SYS INC NEW	129,060	3,100	3,259
COMPASS MINERALS INTL INC	67,720	2,721	3,719
COMPUTER PROGRAMS & SYSTEMS	25,760	911	987
COMPUWARE CORP	521,025	5,018	3,574
COMSTOCK RES INC NEW	103,921	5,192	3,435
COMSYS IT PARTNERS INC	222,100	1,902	1,299
COMTECH TELECOMMUNICATIONS	58,781	1,888	1,874
CONAGRA FOODS INC COM	191,500	3,222	3,650
CONCHO RES INC COM	36,570	1,169	1,049
CONCUR TECHNOLOGIES INC	31,691	681	985
CONOCOPHILLIPS	188,500	12,947	7,928
CONSOLIDATED GRAPHICS INC	73,599	2,465	1,282
CONTINENTAL AIRLS INC CL B	131,397	2,013	1,164
CONVERGYS CORP COM	67,300	513	625
CON-WAY INC	39,800	1,809	1,405

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
COOPER COS INC COM NEW	50,400	1,029	1,246
COOPER TIRE & RUBR CO	39,073	182	388
COPA HOLDINGS S A CL A	33,600	1,330	1,372
COPART INC	58,610	1,635	2,032
CORE LABORATORIES N V	14,670	1,529	1,278
CORE MARK HLDG CO INC	20,800	539	542
CORINTHIAN COLLEGES INC COM	229,310	3,754	3,882
CORPORATE EXECUTIVE BD CO COM	80,000	4,106	1,661
COSTAR GROUP INC COM	85,000	3,734	3,389
COSTCO WHSL CORP NEW COM	350,698	14,638	16,055
COVANTA HLDG CORP	164,750	4,031	2,794
CRACKER BARREL OLD CTRY STORE	37,305	1,312	1,041
CRAY INC COM NEW	55,820	354	440
CREDICORP LTD	51,100	2,777	2,974
CRM HOLDINGS LTD COM	819,450	4,843	983
CROWN HOLDINGS INC	182,550	4,349	4,407
CSG SYS INTL INC	99,630	1,764	1,319
CTS CORP	209,800	2,731	1,374
CUBIC CORP COM	17,800	412	637
CUBIST PHARMACEUTICALS INC	77,800	1,671	1,426
CUMMINS INC COM	50,000	2,316	1,761
CVR ENERGY INC COM	75,286	424	552
CVS CAREMARK CORP	118,400	3,535	3,773
CYBERONICS INC	104,640	2,293	1,740
CYBERSOURCE CORP DEL COM	78,880	1,078	1,207
CYPRESS BIOSCIENCES INC	112,540	1,003	1,060
CYPRESS SEMICONDUCTOR CORP	339,000	2,489	3,119
D R HORTON INC	100,600	700	942
DAVITA INC COM	237,000	12,940	11,722
DECKERS OUTDOOR CORP COM	41,790	3,297	2,937
DEL MONTE FOODS CO COM	337,500	2,200	3,166
DELPHI FINL GROUP INC CL A COM	132,900	1,805	2,582
DELUXE CORP COM	59,600	854	763
DEMANDTEC INC COM NEW	120,103	1,037	1,057
DENBURY RES INC COM NEW	255,900	2,881	3,769
DENDREON CORPORATION COM	11,800	260	295
DESTINATION MATERNITY CORP COM	302,000	5,781	5,037
DEVELOPERS DIVERSIFIED RLTY	86,784	3,079	424
DEVRY INC DEL COM	65,000	3,019	3,253
DIAMOND FOODS INC	27,800	751	776
DICE HLDGS INC COM	121,649	392	566
DIGITAL RIV INC COM	22,900	528	832
DIODES INC	81,966	1,795	1,282
DIRECTTV GROUP INC	57,100	1,388	1,411
DISCOVERY COMMUNICATIONS INC	260,000	6,327	5,556

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
DOLBY LABORATORIES INC CL A	60,000	2,086	2,237
DOLLAR FINL CORP	193,540	1,987	2,669
DOLLAR THRIFTY AUTOMOTIVE	74,900	513	1,045
DOMINOS PIZZA INC	90,500	597	678
DONEGAL GROUP INC CL A	237,721	3,158	3,616
DOUBLE TAKE SOFTWARE COM	53,370	401	462
DOVER CORP COM	33,100	957	1,095
DRESS BARN INC COM	138,580	2,076	1,982
DRESSER RAND GROUP INC	21,100	408	551
DRIL-QUIP INC COM	85,000	4,251	3,239
DTE ENERGY CO COM	83,400	3,301	2,669
DUPONT FABROS TECHNOLOGY INC	214,700	1,160	2,022
DXP ENTERPRISES INC COM NEW	156,327	1,917	1,793
DYCOM INDS INC	204,859	1,884	2,268
DYNAMEX INC	160,000	3,172	2,462
DYNCORP INTL INC COM CL A	87,200	1,371	1,464
DYNEGY INC DEL CL A	141,770	279	322
EARTHLINK INC COM	59,424	370	440
EATON VANCE CORP NON VTG COM	91,160	1,866	2,439
ECHOSTAR CORPORATION	92,000	2,792	1,466
EDISON INTL COM	102,100	4,692	3,212
EDWARDS LIFE SCIENCES CORP COM	15,400	757	1,048
ELECTRONICS FOR IMAGING INC	22,908	216	244
ELIZABETH ARDEN INC COM	255,000	3,460	2,226
EMC CORP MASS	342,000	5,404	4,480
EMC INS GROUP	60,675	1,310	1,263
EMCOR GROUP INC COM	10,800	275	217
EMERGENCY MED SVCS CORP CL A	28,720	1,175	1,057
EMERGENT BIOSOLUTIONS INC COM	41,981	968	602
EMERITUS CORP	90,900	680	1,201
EMS TECHNOLOGIES INC COM	40,617	869	849
ENCORE ACQUISITION CO COM	22,226	787	686
ENDO PHARMACEUTICALS HLDGS INC	121,900	2,358	2,184
ENDURANCE SPECIALTY HLDGS LTD	94,100	3,760	2,757
ENERGEN CORP	171,950	7,513	6,861
ENERGY CONVERSION DEVICES INC	77,970	2,221	1,103
ENGLOBAL CORP	7,000	40	34
ENNIS INC COM	178,300	3,629	2,222
ENPRO INDS INC	85,300	2,529	1,536
ENSIGN GROUP INC COM	237,050	3,348	3,373
ENTEGRIS INC COM	405,933	904	1,104
ENTERCOM COMMUNICATIONS CORP	89,596	2,148	137
EPIQ SYS INC COM	36,600	473	563
EQUIFAX INC COM	111,660	4,136	2,914
ERESEARCH TECHNOLOGY INC	96,500	994	598

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
ETHAN ALLEN INTERIORS INC COM	37,586	1,010	389
EURONET WORLDWIDE INC COM	125,084	2,006	2,425
EV3 INC COM	77,400	746	832
EVEREST RE GROUP INC COM	7,600	561	544
EXCO RES INC COM	334,630	3,576	4,323
EXIDE TECHNOLOGIES	105,747	642	394
EXPEDIA INC DEL	546,862	8,894	8,263
EXPEDITORS INTL WASH INC COM	469,085	11,282	15,639
EXTERRAN HLDGS INC COM	83,200	3,809	1,335
EXXON MOBIL CORP	305,400	20,827	21,351
EZCORP INC CL A NON VTG	278,933	3,177	3,007
F5 NETWORK INC COM	18,280	390	633
FAIRCHILD SEMICONDUCTOR INTL	552,604	3,986	3,863
FEDERAL MOGUL CORP CL A	111,310	772	1,052
FEDERATED INVS INC PA CL B	64,800	2,192	1,561
FGX INTERNATIONAL HOLDINGS	80,100	960	912
FIDELITY NATL INFORMATION SVCS	116,220	2,589	2,320
FIFTH ST FIN CORP COM	26,200	212	263
FIRS CASH FINANCIAL SERVICES	14,700	269	258
FIRST FINL BANCORP	92,839	851	699
FIRST FINL CORP IND COM	31,200	1,018	985
FIRST HORIZON NATIONAL CORP	173,036	1,612	2,076
FIRST MIDWEST BANCORP INC DEL	44,875	1,171	328
FIRST NIAGARA FINL GROUP INC	123,260	1,589	1,408
FIRST POTOMAC RLTY TR	62,343	826	608
FIRST REGL BANCORP	187,300	1,663	238
FIRSTENERGY CORP COM	54,700	2,948	2,120
FIRSTMERIT CORP	73,136	1,448	1,243
FIVE STAR QUALITY CARE INC	685,400	3,138	1,309
FLANDERS CORP	304,600	2,381	1,861
FLOW INTL INC	42,840	384	101
FLOWERS FOOD INC COM	112,300	2,372	2,453
FMC TECHNOLOGIES INC COM	27,000	794	1,015
FOOT LOCKER INC COM	45,626	276	478
FORCE PROTN INC	479,500	2,970	4,239
FOREST LABS INC CL A COM	68,000	2,287	1,707
FOREST OIL CORP	77,450	2,147	1,156
FORMFACTOR INC	47,046	1,138	813
FOSTER L B CO CL A	14,736	715	443
FOSTER WHEELER AG COM	35,300	1,142	838
FOUNDATION COAL HLDGS INC	36,160	592	1,016
FPIC INS GROUP INC COM	22,062	1,014	676
FRANKLIN RES INC COM	51,800	4,895	3,730
FREDS INC CL A	85,600	1,084	1,082
FTI CONSULTING INC COM	23,820	1,095	1,208

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
FUEL SYS SOL KIRKLAND & ELLIS	28,923	767	584
FUEL-TECH INC	75,770	901	735
FULTON FINL CORP PA	58,504	615	304
FURMANITE CORP COM	43,250	188	193
G III APPAREL GROUP LTD	109,122	1,594	1,254
GALLAGHER ARTHUR J & CO	54,400	1,339	1,161
GAMMON GOLD INC COM	73,300	479	489
GARDNER DENVER INC COM	67,290	2,060	1,694
GARMIN LTD REG SHS	120,300	2,107	2,866
GATX CORP COM	48,100	1,602	1,237
GEN PROBE INC NEW	27,090	1,468	1,165
GENERAL ELEC CO COM	107,300	3,891	1,258
GENESSE & WYO INC CL A	71,051	1,757	1,884
GENPACT LTD	110,000	1,379	1,293
GENTEX CORP COM	247,340	3,668	2,869
GENTIVA HEALTH SVCS INC	94,240	2,416	1,551
GEOEYE INC COM	162,719	3,791	3,834
GERBER SCIENTIFIC INC COM	279,750	3,575	699
GFI GROUP INC	547,940	2,473	3,693
GLG PARTNERS INC COM	206,510	765	845
GLOBAL CASH ACCESS HLDGS INC	245,720	1,682	1,956
GLOBAL INDS LTD COM	114,601	1,847	649
GLOBAL PMTS INC COM	238,300	8,529	8,927
GOLDMAN SACHS GROUP INC COM	21,300	2,677	3,140
GOODRICH CORP	48,600	2,445	2,429
GOODYEAR TIRE & RUBR CO COM	84,620	1,078	953
GOOGLE INC CL A	44,157	20,316	18,616
GRACO INC COM	134,000	3,797	2,951
GRAND CANYON ED INC COM	201,400	2,637	3,379
GRANITE CONSTR INC COM	11,948	427	398
GREAT ATLANTIC & PAC TEA INC	86,090	819	366
GREAT LAKES DREDGE & DOCK CORP	107,520	647	514
GREAT SOUTHN BANCORP INC	105,200	1,375	2,162
GREATBATCH INC COM	35,600	789	805
GREEN MTN COFFEE ROASTERS INC	28,550	701	1,688
GREENHILL & CO INC	15,690	818	1,133
GROUP 1 AUTOMOTIVE INC COM	78,000	1,611	2,030
GSE SYSTEMS INC	390,200	1,756	2,634
GT SOLAR INTL INC COM	125,400	505	668
GUESS INC COM	96,200	2,323	2,480
GYMBOREE CORP COM	15,390	565	546
HACKETT GROUP INC COM	632,400	2,365	1,473
HAEMONETICS CORP MASS COM	134,500	6,808	7,667
HALLIBURTON CO COM	143,500	5,209	2,970
HANCOCK HLDG CO	23,782	894	773

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
HANGER ORTHOPEDIC GROUP INC	244,800	3,291	3,327
HANOVER INS GROUP INC COM	122,706	5,112	4,676
HARRIS STRATEX NETWORKS INC	329,679	2,337	2,136
HARSCO CORP	91,600	2,496	2,592
HARVARD BIOSCIENCE INC	190,340	790	752
HAWAIIAN HLDGS INC	142,420	1,240	857
HCC INS HLDGS INC COM	101,500	2,529	2,437
HEALTH MGMT ASSOC INC NEW CL A	328,500	1,808	1,623
HEALTHCARE SVCS GROUP INC	256,038	2,259	4,578
HEALTHSOUTH CORP COM NEW	179,430	2,268	2,591
HEALTHSPRING INC COM	31,623	585	343
HEALTHTRONICS INC	895,100	4,453	1,799
HEARTLAND PMT SYS INC	21,200	181	203
HELEN OF TROY LTD NEW	61,500	1,173	1,033
HELIX ENERGY SOLUTIONS GROUP	55,838	600	607
HENRY JACK & ASSOC INC COM	210,000	3,450	4,358
HERBALIFE LTD USD COM SHS	158,300	6,076	4,993
HERCULES TECHNOLOGY GROWTH CAP	71,200	595	598
HEWITT ASSOCS INC	82,500	3,224	2,457
HEXCEL CORP NEW	118,866	1,225	1,133
HHGREGG INC COM	83,010	818	1,258
HIGHWOODS PPTYS INC COM	34,150	1,131	764
HIMAX TECHNOLOGIES INC	206,400	731	774
HITTITE MICROWAVE CORP	8,000	213	278
HOME DEPOT INC COM	66,600	1,813	1,574
HOME DIAGNOSTICS INC DEL COM	271,200	1,890	1,665
HOME FED BANCORP INC MD COM	66,940	668	682
HOME PROPERTIES INC	27,540	1,489	939
HOOVER HOLMES INC COM	1,241,700	3,889	546
HORIZON LINES INC CL A	325,820	3,699	1,258
HORNBECK OFFSHORE SVCS INC	33,072	1,604	707
HOUSTON WIRE & CABLE CO COM	117,900	1,640	1,404
HUB GROUP INC CL A	30,540	687	630
HUDSON CITY BANCORP INC COM	245,500	4,107	3,263
HUMAN GENOME SCIENCES INC COM	890,445	1,519	2,556
HUNT J B TRANS SVCS INC	23,950	714	732
HUNTINGTON BANCSHARES INC	301,929	2,407	1,262
HUNTSMAN CORP	89,082	234	448
I2 TECHNOLOGIES INC	306,750	4,987	3,850
IBERIABANK CORP COM	9,720	469	383
ICO HLDGS INC COM	472,000	3,163	1,284
ICONIX BRAND GROUP INC COM	103,190	1,544	1,587
ICU MED INC	62,300	1,713	2,564
IDACORP INC COM	84,706	2,615	2,214
IDENIX PHARMACEUTICALS INC	203,676	1,229	750

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
IESI-BFC LTD	29,300	301	341
IHS INC CL A	57,000	3,170	2,843
IMMUNOGEN INC	206,600	1,516	1,781
IMPAX LABORATORIES INC COM	137,950	829	1,015
INCYTE CORPORATION	173,480	385	571
INFINITY PPTY & CAS CORP	37,270	1,586	1,359
INFOGROUP INC COM	462,600	3,772	2,641
INFORMATICA CORP COM	252,270	3,626	4,337
INGLES MKTS INC CL A	80,100	1,227	1,221
INGRAM MICRO INC CL A COM	178,500	2,983	3,124
INLAND REAL ESTATE CORP	45,529	296	319
INNOPHOS HLDGS INC COM	94,113	2,105	1,590
INSIGHT ENTERPRISES INC COM	101,500	606	980
INSITUFORM TECHNOLOGIES INC	128,100	2,132	2,174
INSPIRE PHARMACEUTICALS INC	178,550	620	993
INTEGRA LIFESCIENCES HLDG CORP	54,614	2,288	1,448
INTEGRATED DEVICE TECH INC	170,426	1,414	1,029
INTERACTIVE BROKERS GROUP INC	318,089	8,511	4,940
INTERACTIVE DATA CORP COM	195,920	5,541	4,534
INTERCONTINENTAL EXCHANGE INC	159,670	15,075	18,241
INTERDIGITAL INC PA COM	55,700	1,619	1,361
INTERLINE BRANDS INC	190,080	2,941	2,600
INTERNATIONAL COAL GROUP INC	187,400	427	536
INTERNATIONAL GAME TECHNOLOGY	21,200	283	337
INTERNET CAP GROUP INC	27,410	165	184
INTERVAL LEISURE GROUP INC COM	106,733	756	995
INTEVAC INC COM	164,000	2,279	1,428
INTREPID POTASH INC COM	19,375	424	544
INVACARE CORP	152,750	3,838	2,696
INVERNESS MEDICAL INNOVATIONS	22,380	458	796
INVESCO LTD SHS	200,000	2,320	3,564
INVESTMENT TECH GRP COM NEW	36,507	948	744
IPC HOLDINGS LTD COM	89,000	2,447	2,433
IPC THE HOSPITALIST CO INC COM	46,344	898	1,237
IRON MTN INC PA COM	64,000	1,283	1,840
ISIS PHARMACEUTICALS	109,291	1,530	1,803
ISLE OF CAPRIS CASINOS INC	70,600	938	940
ITC HLDGS CORP	37,180	1,649	1,686
IXYS CORP DEL COM	97,000	1,062	982
J & J SNACK FOODS CORP	24,300	880	872
J2 GLOBAL COMMUNICATIONS INC	139,573	2,267	3,149
JABIL CIRCUIT INC COM	67,494	496	501
JACK IN THE BOX INC COM	73,900	1,705	1,659
JACKSON HEWITT TAX SVC INC	156,354	1,167	979
JANUS CAP GROUP INC	41,630	877	475

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
JARDEN CORP	96,000	2,324	1,800
JDA SOFTWARE GROUP INC	357,400	4,985	5,347
JM SMUCKER COMPANY	20,820	921	1,013
JOHNSON & JOHNSON COM	53,400	3,432	3,033
JONES APPAREL GROUP INC COM	291,450	2,550	3,127
JONES LANG LASALLE INC COM	101,180	5,033	3,312
JOS A BANK CLOTHIERS INC	81,560	2,582	2,811
JOY GLOBAL INC	81,900	3,489	2,925
JPMORGAN CHASE & CO COM	80,100	2,766	2,732
K12 INC COM	68,418	1,222	1,474
KAMAN CORP COMMON	203,700	3,189	3,392
KANSAS CITY SOUTHERN COM NEW	290,290	7,973	4,677
KB HOME COM	56,757	1,287	776
KBR INC COM	84,890	1,479	1,565
KBW INC COM	27,288	668	785
KENDLE INTL INC	177,414	3,854	2,172
KENEXA CORP	165,380	2,188	1,913
KENSEY NASH CORP	77,710	2,656	2,037
KEYCORP NEW COM	191,260	916	1,002
KEYNOTE SYS INC COM	55,200	468	422
KFORCE INC COM	75,100	699	621
KINDRED HEALTHCARE INC COM	47,200	699	584
KINETIC CONCEPTS INC	12,900	318	352
KING PHARMACEUTICALS INC COM	279,095	2,500	2,688
KINGSWAY FINL SVCS INC	262,700	1,874	754
KIRBY CORP COM	70,900	1,653	2,254
KIRKLANDS INC	53,010	445	637
KNIGHT CAP GROUP INC	127,940	2,010	2,181
KNIGHT TRANSN INC COM	49,180	743	814
KNOLOGY INC	22,839	186	197
KROGER CO COM	62,100	1,262	1,369
L-3 COMMUNICATIONS HLDGS INC	30,100	3,188	2,088
LABRANCHE & CO INC COM	35	0	0
LAM RESH CORP COM	98,610	2,829	2,564
LANCASTER COLONY CORP COM	57,500	1,954	2,534
LANCE INC	37,403	854	865
LANDEC CORP	261,200	1,391	1,774
LASALLE HOTEL PPTYS CUM SH BEN	46,200	554	570
LAWSON SOFTWARE INC NEW COM	165,900	825	931
LAZARD LTD SHS -A-	54,290	1,885	1,461
LEAP WIRELESS INTL INC	55,500	1,804	1,828
LEAPFROG ENTERPRISES INC CL A	263,160	1,646	603
LEARNING TREE INTL INC	229,600	3,038	2,365
LEGGETT & PLATT INC COM	61,992	1,229	944
LENNAR CORP CL A	102,660	932	995

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
LEXINGTON REALTY TRUST	124,604	2,172	424
LHC GROUP INC COM	77,710	1,953	1,726
LIFEPOINT HOSPS INC COM	44,956	1,501	1,180
LIMELIGHT NETWORKS INC COM	36,020	135	158
LINCARE HLDGS INC COM	14,300	367	336
LINCOLN EDL SVCS CORP	46,900	887	982
LINCOLN NATL CORP IND COM	70,300	2,362	1,210
LINEAR TECHNOLOGY CORP COM	124,200	2,796	2,900
LIONBRIDGE TECHNOLOGIES INC	881,700	5,707	1,622
LOGMEIN INC	4,560	73	73
LONGTOP FINL TECHNOLOGIES LTD	31,000	825	761
LSI INDS INC OHIO COM	281,000	4,479	1,531
LUBRIZOL CORP	75,530	3,193	3,573
LUMINEX CORP DEL COM	54,900	1,175	1,018
MAGELLAN HEALTH SVCS INC	171,097	6,443	5,615
MAIDEN HOLDINGS LTD SHS	89,670	428	588
MAIDENFORM BRANDS INC	240,000	2,933	2,753
MANITOWOC INC COM	89,222	578	469
MANTECH INTERNATIONAL CORP	137,230	5,921	5,906
MARATHON OIL CORP	153,200	4,218	4,616
MARINER ENERGY INC COM	181,452	3,552	2,132
MARKEL HOLDINGS	4,200	1,246	1,183
MARKETAXESS HLDGS INC	57,470	339	548
MARTEK BIOSCIENCES CORP	56,001	1,748	1,184
MARTEN TRANS LTD COM	32,437	554	673
MARTIN MARIETTA MATLS INC COM	28,000	2,878	2,209
MARVEL ENTMT INC	10,100	282	359
MASIMO CORP COM	3,540	95	85
MASTEC INC	131,712	1,737	1,544
MATRIX SVC CO	61,750	574	709
MATRIX INITIATIVES INC	14,400	242	80
MAX CAPITAL GROUP LTD	229,100	4,561	4,229
MAXIMUS INC COM	11,790	467	486
MAXYGEN INC COM	219,420	1,505	1,475
MCAFEE INC	39,220	1,451	1,655
MCCORMICK & SCHMICKS SEAFOOD	211,800	1,717	1,612
MCG CAPITAL CORP	447,412	5,347	1,087
MCKESSON CORP COM	64,500	3,683	2,838
MCMORAN EXPLORATION CO	238,400	2,446	1,421
MDU RESOURCES GROUP INC	124,475	2,329	2,361
MEADOWBROOK INS GROUP INC	580,185	3,827	3,789
MEDIA GEN INC CL A	34,352	1,295	72
MEDIACOM COMMUNICATIONS CORP	58,338	315	298
MEDICAL ACTION INDS INC	260,700	3,284	2,985
MEDICAL PPTYS TR INC	326,450	3,783	1,982

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
MEDICINES CO COM	82,350	1,496	691
MEDNAX INC COM	15,700	428	661
MEDTRONIC INC COM	68,400	2,529	2,386
MENTOR GRAPHICS CORP COM	141,101	1,195	772
MERIDIAN INTST BANCORP INC COM	25,390	230	189
MERIT MED SYS INC COM	25,340	477	413
MF GLOBAL LTD SHS	220,400	898	1,307
MFA FINANCIAL INC	165,403	1,146	1,145
MICREL INC	63,520	474	465
MICROSEMI CORP	80,554	819	1,112
MICROSOFT CORP COM	368,500	7,831	8,759
MINDRAY MED INTL LTD SPONSORED	127,630	4,241	3,563
MIPS TECHNOLOGIES INC COM	93,200	360	280
MKS INSTRS INC	42,173	603	554
MOHAWK INDS INC COM	38,000	2,161	1,356
MONARCH CASINO & RESORT INC	94,400	619	689
MONRO MUFFLER BRAKE INC	164,050	3,482	4,218
MONSANTO CO NEW COM	200,198	18,051	14,883
MOODYS CORP COM	108,700	2,826	2,864
MORGAN STANLEY	86,900	2,283	2,478
MORTONS RESTAURANT GROUP INC	277,600	1,936	833
MOVE INC COM	523,165	726	1,130
MSC SOFTWARE CORP COM	173,900	1,635	1,158
MSCI INC CL A	75,720	2,317	1,851
MTS SYS CORP	24,800	617	512
MUELLER WTR PRODS INC COM SER	209,863	703	785
MULTI FINELINE ELECTRONIX INC	56,840	1,082	1,216
MULTI-COLOR CORP	218,550	4,470	2,679
MURPHY OIL CORP COM	25,800	2,008	1,401
MYERS INDS INC	71,354	933	594
MYLAN INC COM	90,050	941	1,175
MYRIAD GENETICS INC	41,236	1,334	1,470
MYRIAD PHARMACEUTICALS INC	12,805	76	60
NABI BIOPHARMACEUTICALS	312,678	1,302	760
NABORS INDUSTRIES LTD SHS	63,540	975	990
NALCO HLDG CO COM	103,790	2,454	1,748
NATIONAL CINEMEDIA INC COM	154,400	3,764	2,125
NATIONAL OILWELL VARCO INC	445,105	13,050	14,537
NATIONAL RETAIL PPTYS INC COM	32,394	754	562
NAUTILUS INC	116,500	1,574	132
NAVIGANT CONSULTING INC COM	9,160	117	118
NAVIGATORS GROUP INC	15,047	729	669
NAVISTAR INTL CORP NEW COM	153,306	8,175	6,684
NCI INC CL A	15,140	416	461
NCR CORP NEW	149,234	1,534	1,765

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
NELNET INC CL A	60,205	853	818
NESS TECHNOLOGIES INC	229,661	1,912	898
NET 1 UEPS TECHNOLOGIES INC	341,950	6,522	4,647
NETAPP INC COM	155,100	2,121	3,059
NETEZZA CORP	247,876	2,165	2,062
NETFLIX COM INC	72,500	2,439	2,997
NETLOGIC MICROSYSTEMS INC	38,030	1,053	1,387
NETSCOUT SYS INC COM	60,100	873	564
NEUSTAR INC CL A	335,100	9,345	7,426
NEW JERSEY RES CORP	25,444	784	942
NEW YORK & CO INC	1,001,700	3,763	3,095
NEWBRIDGE BANCORP COM	255,000	2,436	528
NEWELL RUBBERMAID INC	108,470	1,186	1,129
NEWMARKET CORP	14,300	988	963
NEWPARK RES INC PAR \$0.01 NEW	327,700	1,807	934
NICE SYSTEMS LTD SPONSORED ADR	130,100	4,311	3,001
NIKE INC CL B COM	42,800	1,957	2,216
NN INC COM	343,200	2,797	577
NOKIA CORP SPON ADR SER A COM	220,100	4,216	3,209
NORTHGATE MINERALS CORP	575,900	1,308	1,232
NORTHRIM BANCORP INC	86,600	1,225	1,205
NORTHROP GRUMMAN CORP COM	82,100	4,690	3,750
NORTHWEST NAT GAS CO COM	27,237	1,062	1,207
NORTHWESTERN CORP	42,400	759	965
NOVAMED INC COM	651,850	2,338	2,575
NOVATEL WIRELESS INC COM NEW	332,900	2,066	3,003
NOVELL INC	227,700	844	1,031
NOVEN PHARMACEUTICALS INC COM	113,320	1,208	1,620
NOVO NORDISK A S ADR	255,831	16,559	13,933
NPS PHARMACEUTICALS INC	97,171	618	453
NRG ENERGY INC	91,300	2,114	2,370
NU SKIN ENTERPRISES INC CL A	72,482	1,032	1,109
NUANCE COMMUNICATIONS INC	123,110	1,942	1,490
NUTRI SYSTEMS INC COM NEW	52,215	614	757
NUVASIVE INC	36,290	1,536	1,619
NV ENERGY INC COM	276,400	4,738	2,982
NVE CORP	13,800	531	671
NYSE EURONEXT COM	197,800	5,215	5,390
O CHARLEYS INC	219,100	2,995	2,027
OCEANEERING INTL INC COM	56,500	2,591	2,554
OCH ZIFF CAP MGMT GROUP CL A	108,880	965	970
OCWEN FINL CORP COM NEW	61,300	559	795
ODYSSEY HEALTHCARE INC COM	281,750	2,703	2,896
ODYSSEY RE HLDGS CORP COM	72,200	3,138	2,887
OGE ENERGY CORP COM	94,300	3,093	2,671

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
OIL STS INTL INC COM	49,070	1,333	1,188
OLD DOMINION FGHT LINES INC	42,885	1,184	1,440
OLD NATIONAL BANCORP IND	63,699	1,027	626
OMEGA HEALTHCARE INVS INC	30,500	382	473
OMNICARE INC COM	100,500	2,499	2,589
OMNITURE INC COM	109,680	2,636	1,378
OMNIVISION TECHNOLOGIES INC	49,300	530	512
OMNOVA SOLUTIONS INC COM	4,200	13	14
ONEOK INC NEW COM	94,560	4,315	2,789
OPLINK COMMUNICATIONS INC	30,000	359	342
OPTIONSXPRESS HLDGS INC	211,000	4,692	3,277
ORBITAL SCIENCES CORP COM	254,000	3,775	3,853
ORIENTAL FINL GROUP INC COM	103,700	1,525	1,006
ORION MARINE GROUP INC COM	46,820	523	890
ORITANI FINL CORP COM	8,900	128	122
ORTHOFIX INTERNATIONAL N V	85,040	2,124	2,127
OSI PHARMACEUTICALS INC COM	89,240	3,205	2,519
OSI SYSTEMS INC COM	32,000	538	667
OSIRIS THERAPEUTICS INC NEW	23,500	420	315
OUTDOOR CHANNEL HLDGS INC	210,350	1,851	1,241
OWENS & MINOR INC NEW	33,170	1,209	1,454
OWENS CORNING NEW COM	77,200	1,170	987
OWENS ILL INC NEW	91,600	3,693	2,566
PACIFIC CONTL CORP COM	67,400	777	818
PACWEST BANCORP DEL COM	148,958	3,194	1,960
PALL CORP COM	46,100	1,792	1,224
PALM INC NEW	133,360	1,126	2,211
PALOMAR MED TECH INC NEW COM	43,200	598	636
PANERA BREAD CO CL A COM	24,300	1,057	1,212
PANTRY INC	98,800	1,984	1,640
PAPA JOHNS INTL INC COM	80,500	1,987	1,996
PAR PHARMACEUTICAL COS INC	165,600	1,879	2,509
PARAMETRIC TECHNOLOGY CORP COM	93,590	1,450	1,094
PAREXEL INTL CORP	40,920	601	588
PARK NATL CORP COM	6,080	375	343
PARKER DRILLING CO COM	242,100	1,241	1,051
PARKER HANNIFIN CORP COM	32,700	1,914	1,405
PARTNERRE HLDGS LTD BERMUDA	87,900	6,343	5,709
PATTERSON UTI ENERGY INC COM	158,000	1,970	2,032
PAYCHEX INC COM	83,200	2,089	2,097
PC MALL INC COM	196,700	1,553	1,330
PC-TEL INC COM	15,272	95	82
PDL BIOPHARMA INC COM	279,900	2,282	2,211
PEGASYSTEM INC	166,600	2,347	4,395
PENN NATL GAMING INC COM	111,330	2,678	3,241

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
PENSON WORLDWIDE INC COM	133,394	1,284	1,194
PEOPLES UTD FINL INC COM	98,480	1,639	1,484
PEPSI BOTTLING GROUP INC COM	93,100	2,359	3,151
PEPSICO INC COM	60,400	3,461	3,320
PERFECT WORLD CO LTD SPONSORED	33,600	499	961
PERICOM SEMICONDUCTOR CORP	44,811	586	377
PERRIGO CO COM	113,660	3,285	3,157
PETMED EXPRESS INC COM	45,725	712	687
PETROHAWK ENERGY CORP	212,980	2,683	4,749
PFIZER INC COM STK USD0.05	497,900	12,461	7,469
PHARMASSET INC COM	52,256	627	588
PHH CORP	26,700	424	485
PHILLIPS VAN HEUSEN CORP COM	31,047	1,131	891
PINNACLE ENTMT INC COM	69,300	905	644
PLATINUM UNDERWRITERS HLDGS	101,600	2,952	2,905
PLATO LEARNING INC COM	649,869	2,192	2,599
PLEXUS CORP	41,844	900	856
PMA CAPITAL CORP CL A COM	266,900	2,481	1,214
PMC SIERRA INC	279,320	2,294	2,223
PNM RES INC	405,553	5,300	4,343
POLO RALPH LAUREN CORP CL A	54,900	2,256	2,939
POMEROY IT SOLUTIONS INC	332,400	3,598	1,988
POOL CORP COM	114,300	2,243	1,893
PORTLAND GEN ELEC CO COM NEW	80,433	1,814	1,567
POWERWAVE TECHNOLOGIES INC COM	563,680	2,122	908
PREMIERE GLOBAL SVCS INC	204,686	2,440	2,219
PRESSTEK INC COM	380,800	2,285	529
PRICE T ROWE GROUP INC COM	46,700	1,890	1,946
PRICELINE COM INC	11,570	803	1,291
PRINCETON REVIEW INC COM	97,020	504	525
PRINCIPAL FINANCIAL GROUP INC	138,600	2,413	2,611
PROASSURANCE CORPORATION COM	55,500	2,741	2,565
PROCTER & GAMBLE CO COM	42,000	2,716	2,146
PROGRESS SOFTWARE CORP	45,727	1,300	968
PROS HLDGS INC COM	132,500	774	1,076
PROSPERITY BANCSHARES INC COM	46,760	1,581	1,395
PROVIDENCE SVC CORP	54,700	511	599
PROVIDENT FINL SVCS INC	62,600	934	570
PS BUSINESS PKS INC CALIF	15,300	646	741
PSS WORLD MED INC	39,000	656	722
PSYCHIATRIC SOLUTIONS INC	35,670	1,424	811
PUBLIC SVC ENTERPRISE GROUP	75,800	3,379	2,473
PULTE HOMES INC COM	167,430	1,879	1,478
QLOGIC CORP COM	73,200	1,247	928
QUALCOMM INC	86,200	3,503	3,896

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
QUANTA SVCS INC COM	911,026	26,179	21,072
QUEST SOFTWARE INC COM	74,000	1,142	1,032
QUESTAR CORP	35,720	1,042	1,109
QUESTCOR PHARMACEUTICALS INC	699,116	4,581	3,496
QUICKSILVER RES INC COM	193,100	2,528	1,794
RADIANT SYS INC COM	72,300	581	600
RALCORP HLDGS INC NEW COM	266,493	15,083	16,235
RANGE RES CORP COM	141,830	5,684	5,873
RAYONIER INC COM	50,700	2,167	1,843
RAYTHEON CO COM NEW	62,500	2,849	2,777
RC2 CORP	53,004	1,500	701
REALTY INCOME CORP MD COM	48,024	1,235	1,053
RED BACK MNG INC COM	106,800	617	932
REGAL BELOIT CORP	10,270	323	408
REGIS CORP MINN	40,200	511	700
REHABCARE GROUP INC COM	259,410	5,063	6,208
REINSURANCE GROUP AMER INC COM	36,750	1,508	1,283
RELIANCE STL & ALUM CO	52,700	2,398	2,023
RENAISSANCE RE HOLDINGS LTD	145,500	6,994	6,772
RENT A CTR INC NEW COM	97,856	1,932	1,745
RES CARE INC COM	33,700	793	482
RESEARCH IN MOTION LTD COM	181,500	11,601	12,903
RESMED INC	150,000	6,210	6,110
RESOURCES CONNECTION INC COM	205,000	4,002	3,520
RF MICRO DEVICES INC COM	362,800	903	1,364
RIGEL PHARM INC	55,644	444	674
RITCHIE BROS AUCTIONEERS INC	60,970	1,136	1,430
RLI CORP	17,437	884	781
ROBBINS & MYERS INC COM	29,170	544	562
ROBERT HALF INTL INC COM	63,840	1,216	1,508
ROCK-TENN CO CL A	63,220	2,357	2,412
ROCKWOOD HLDGS INC	69,273	514	1,014
RPC INC	58,400	667	488
RTI BIOLOGICS INC COM	232,375	621	997
RUBY TUESDAY INC	95,600	538	637
RUDDICK CORP COM	52,609	1,792	1,233
RUDOLPH TECHNOLOGIES INC COM	187,008	929	1,032
RUSH ENTERPRISES INC CL A	186,263	2,509	2,170
RUSH ENTERPRISES INC CL B	10,685	178	106
RUSS BERRIE & CO INC COM	145,600	2,208	569
RYDER SYS INC COM	64,020	1,845	1,787
RYLAND GROUP INC	186,967	4,677	3,134
S1 CORP COM	180,100	1,401	1,246
SAFEWAY INC NEW COM	77,900	2,458	1,587
SAIA INC COM	35,982	465	648

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
SALESFORCE COM INC	28,820	846	1,100
SANDERSON FARMS INC	94,611	3,902	4,257
SANDISK CORP	39,870	580	586
SAPIENT CORP	380,570	2,506	2,394
SBA COMMUNICATIONS CORP COM	417,890	12,252	10,255
SCHOOL SPECIALTY INC-COM	180,200	5,494	3,642
SCIENTIFIC GAMES CORP CL A	108,520	1,715	1,710
SEABRIGHT INS HLDGS INC	438,805	5,569	4,445
SEACOR HOLDINGS INC COM	9,100	670	685
SEAGATE TECHNOLOGY	108,400	497	1,134
SEATTLE GENETICS INC COM	106,748	1,286	1,038
SEI INVESTMENT CO COM	83,200	2,332	1,501
SEMPRA ENERGY COM	63,300	2,646	3,142
SEMTECH CORP	27,200	293	433
SENIOR HSG PPTYS TR SH BEN INT	36,481	813	595
SENSIENT TECHNOLOGIES CORP COM	82,300	2,370	1,858
SEPRACOR INC	309,281	5,428	5,363
SERACARE LIFE SCIENCES INC DEL	300,335	2,103	342
SHAW COMMUNICATIONS INC CL B	137,600	1,435	2,320
SHAW GROUP INC COM	54,100	1,696	1,483
SHOE CARNIVAL INC	147,200	3,014	1,756
SIGNATURE BK NEW YORK N Y	16,500	476	450
SILGAN HLDGS INC COM	24,044	1,330	1,179
SIRONA DENTAL SYS INC COM	18,970	505	379
SKECHERS U S A INC CL A COM	85,624	553	837
SKILLSOFT PUB LTD CO SPON ADR	78,334	567	611
SKYWEST INC COM	27,719	468	283
SKYWORKS SOLUTIONS INC	391,213	3,056	3,830
SL GREEN REALTY CORP	20,460	1,770	469
SMART BALANCE INC COM	133,680	921	910
SMITH A O CORP	16,110	599	525
SMITHFIELD FOODS INC COM	57,080	673	797
SOLERA HLDGS INC COM	90,400	2,060	2,296
SOLUTIA INC COM NEW	128,073	456	738
SONIC AUTOMATIC INC COM	60,600	549	616
SOURCEFIRE INC COM	69,291	432	859
SOUTHSIDE BANCSHARES INC	11,700	263	268
SOUTHWEST BANCORP INC OKLA	108,300	1,956	1,057
SPARTAN MTRS INC	151,300	809	1,714
SPARTAN STORES INC CO	29,500	671	366
SPARTECH CORP NEW	366,233	3,527	3,366
SPSS INC	177,200	4,261	5,913
SRA INTERNATIONAL INC CL A	218,930	4,480	3,844
STAGE STORES INC COM NEW	219,414	2,895	2,435
STANCORP FINL GROUP INC COM	51,200	1,508	1,468

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
STANDARD MICROSYSTEMS CORP	36,872	1,004	754
STANDARD PAC CORP NEW COM	102,735	665	209
STANDARD REGISTER CO COM	194,700	2,525	635
STANDEX INTL CORP COM	110,050	2,908	1,277
STANLEY INC COM	23,000	686	756
STARWOOD HOTELS & RESORTS COM	63,060	1,129	1,400
STEEL DYNAMICS INC COM	187,048	3,779	2,768
STEINER LEISURE LTD	20,300	568	620
STELLARONE CORP COM	108,842	1,801	1,410
STERICYCLE INC COM	82,000	3,576	4,225
STERIS CORP COM	78,027	2,293	2,035
STERLING BANCSHARES INC	237,888	1,613	1,506
STERLING CONSTR INC	132,850	2,404	2,027
STEWART INFORMATION SVCS CORP	53,081	931	756
STIFEL FINL CORP	33,860	1,396	1,628
STONE ENERGY CORP COM	133,100	926	988
STRAYER ED INC	15,000	2,639	3,272
STRYKER CORP	55,800	2,259	2,217
SUNOCO INC COM	115,900	3,853	2,689
SUNRISE SENIOR LIVING INC	176,690	420	292
SUNSTONE HOTEL INVS INC NEW	110,969	492	594
SUPERIOR ENERGY SERVICES INC	91,500	3,331	1,580
SUPERVALU INC COM	112,800	2,955	1,461
SUPPORT.COM INC	410,200	1,982	894
SUSQUEHANNA BANCSHARES INC PA	55,186	697	270
SVB FINL GROUP	100,000	2,478	2,722
SYBASE INC COM	197,440	5,063	6,188
SYMANTEC CORP COM	196,900	3,592	3,068
SYMMETRY MEDICAL INC	75,351	504	702
SYNAPTICS INC	78,100	1,873	3,019
SYNIVERSE HLDGS INC	188,181	2,927	3,017
SYNNEX CORP	14,500	360	362
SYNOVIS LIFE TECHNOLOGIES INC	26,300	539	546
SYSCO CORP COM	104,500	3,517	2,349
T-3 ENERGY SERVICES INC	32,381	1,088	386
TAKE-TWO INTERACTIVE SOFTWARE	161,100	1,401	1,526
TALEO CORP	112,425	1,848	2,054
TANGER FACTORY OUTLET CTR INC	34,690	1,162	1,125
TEAM INC	84,400	2,113	1,323
TECH DATA CORP COM	47,000	1,489	1,537
TEKELEC COM	238,050	3,535	4,006
TELECOMMUNICATION SYS INC CL A	88,480	587	629
TELEFLEX INC COM	34,200	1,766	1,533
TELEPHONE & DATA SYS INC COM	41,100	1,319	1,163
TELETECH HLDGS INC	41,890	343	635

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
TELLABS INC COM	301,260	1,202	1,726
TEMPLE INLAND INC COM	45,100	547	592
TEMPUR PEDIC INTL INC	163,060	1,511	2,131
TENNANT CO	51,300	1,463	943
TENNECO INC COM	58,328	539	618
TERADYNE INC COM	293,630	1,487	2,014
TERRA INDS INC	171,840	4,091	4,162
TESSERA TECHNOLOGIES INC	191,621	3,274	4,846
TETRA TECH INC NEW	43,902	1,028	1,258
TEVA PHARMACEUTICAL INDS ADR	357,035	11,940	17,616
TEXAS CAP BANCSHARES INC	118,800	1,964	1,838
TEXAS INSTRS INC COM	144,700	3,720	3,082
TEXAS ROADHOUSE INC	162,430	1,296	1,772
THERAVANCE INC	108,910	1,630	1,594
THOMAS PPTYS GROUP INC	370,900	1,787	582
THOMPSON CREEK METALS CO INC	227,200	1,983	2,322
TIBCO SOFTWARE INC COM	504,315	3,015	3,616
TICKETMASTER ENTERTAINMENT INC	117,650	896	755
TIFFANY & CO NEW COM	85,000	2,082	2,156
TIME WARNER CABLE INC COM	11,245	623	356
TIME WARNER INC NEW COM NEW	44,800	1,823	1,129
TIVO INC COM	65,760	651	689
TJX COS INC NEW COM	92,700	2,088	2,916
TNS INC	72,800	727	1,365
TOTAL SYS SVCS INC	150,900	3,423	2,021
TOWER GROUP INC	22,400	553	555
TRADESTATION GROUP INC COM	456,857	5,287	3,865
TRANSDIGM GROUP INC	153,100	5,258	5,542
TRANSOCEAN LTD ZUG NAMEN-AKT	43,000	3,001	3,194
TRAVELERS COS INC COM	112,800	6,005	4,629
TREEHOUSE FOODS INC	23,777	675	684
TRIQUINT SEMICONDUCTOR INC COM	59,200	239	314
TRIUMPH GROUP INC COM NEW	25,500	1,507	1,020
TRUE RELIGION APPAREL INC	87,648	1,470	1,955
TRUSTMARK CORP	18,760	438	362
TYCO INTERNATIONAL LTD SHS	104,400	2,224	2,712
TYLER TECHNOLOGIES INC	8,100	107	127
TYSON FOODS INC CL A	45,250	271	571
UCBH HLDGS INC COM	519,400	1,698	654
ULTRATECH INC COM	28,800	426	355
UNIFIRST CORP	26,100	790	970
UNION PAC CORP COM	60,000	3,252	3,124
UNITED FINL BANCORP INC MD COM	14,300	188	198
UNITED NATURAL FOODS INC	29,576	622	776
UNITED ONLINE INC COM	101,600	1,242	661

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
UNITED PARCEL SVC INC CL B	51,500	2,704	2,574
UNITED STATES STEEL CORP	44,200	1,142	1,580
UNITED STATIONERS INC COM	47,470	1,547	1,656
UNITED THERAPEUTICS CORP DEL	27,950	2,583	2,329
UNITEDHEALTH GROUP INC COM	109,500	3,140	2,735
UNITIL CORP	12,600	255	260
UNIVERSAL AMERICAN CORP	176,750	1,657	1,541
UNIVERSAL ELECTRS INC	108,400	1,603	2,186
UNIVERSAL HEALTH SVCS INC CL B	24,010	1,316	1,173
UNIVERSAL TECHNICAL INST INC	78,370	1,055	1,170
UNIVEST CORP PA	25,900	670	525
URBAN OUTFITTERS INC COM	108,460	2,807	2,266
URS CORP NEW	42,400	1,679	2,100
US BANCORP DEL COM NEW	682,326	15,537	12,227
USA MOBILITY INC	33,800	391	431
UTI WORLDWIDE INC SHS	377,000	6,722	4,298
VALASSIS COMMUNICATIONS INC	105,870	628	647
VALEANT PHARMACEUTICALS INTL	121,985	2,147	3,137
VALERO ENERGY CORP COM NEW	206,500	3,965	3,488
VALMONT INDS INC COM	13,900	1,416	1,002
VALUECLICK INC COM	143,100	950	1,505
VARIAN INC COM	25,501	1,269	1,006
VARIAN SEMICONDUCTOR EQUIPMENT	262,797	7,070	6,305
VCA ANTECH INC	66,470	1,451	1,775
VECTREN CORP COM	151,198	4,195	3,543
VEECO INSTRS INC DEL COM	98,624	1,705	1,143
VERIFONE HLDGS INC	194,205	1,805	1,458
VERISIGN INC COM	86,000	1,683	1,593
VERIZON COMMUNICATIONS COM	195,200	6,493	5,998
VIASAT INC COM	35,230	744	903
VIRGIN MEDIA INC	162,500	1,256	1,519
VIRGIN MOBILE USA INC CL A	131,040	523	527
VIOPHARMA INC COM	38,900	442	231
VISA INC COM CL A	250,610	14,359	15,603
VISHAY INTERTECHNOLOGY INC	156,000	866	1,059
VISTAPRINT LIMITED	71,560	2,007	3,052
VOLCANO CORP COM	69,120	1,022	966
WABCO HLDGS INC COM	112,000	3,839	1,982
WADDELL & REED FINL INC CL A	65,740	841	1,734
WALGREEN CO	387,445	16,569	11,391
WARREN RES INC	138,800	1,399	340
WASHINGTON FEDERAL INC	47,836	1,002	622
WASHINGTON REAL ESTATE INVT TR	46,292	1,418	1,036
WATSCO INC CL A	31,780	1,389	1,555
WD 40 CO	102,300	3,147	2,967

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2009

Issuer	Shares	Book Value	Market Value
WEB COM GROUP INC COM	280,800	2,021	1,581
WEBSTER FINL CORP WATERBURY CT	62,131	322	500
WEIS MKTS INC	24,700	801	828
WELLCARE HEALTH PLANS INC	135,000	5,558	2,496
WELLPOINT INC	103,200	4,472	5,252
WELLS FARGO & CO NEW COM	268,500	5,849	6,514
WERNER ENTERPRISES INC COM	33,826	731	613
WEST COAST BANCORP ORE NEW	109,500	1,508	223
WESTAMERICA BANCORPORATION COM	19,150	1,037	950
WESTAR ENERGY INC	139,700	3,148	2,622
WESTERN ALLIANCE	154,032	932	1,054
WESTERN DIGITAL CORP DEL COM	53,500	1,176	1,418
WESTERN REFNG INC COM	111,900	811	790
WESTERN UN CO COM	713,731	15,793	11,705
WET SEAL INC CL A COM	471,600	2,506	1,448
WEYCO GROUP INC	70,875	1,952	1,637
WHITING PETE CORP NEW	52,949	2,399	1,862
WHITNEY HLDG CO	48,520	624	444
WHOLE FOODS MKT INC	71,520	889	1,357
WILEY JOHN & SONS INC CL A	72,500	2,512	2,411
WILLBROS GROUP INC DEL COM	86,550	1,819	1,083
WILLIAMS SONOMA INC COM	102,900	1,157	1,221
WILLIS GROUP HOLDINGS LTD SHS	93,400	2,852	2,403
WILLIS LEASE FIN CORP	255,500	2,036	3,352
WIND RIV SYS INC	110,700	1,253	1,269
WINTRUST FINL CORP COM	16,850	339	271
WMS INDS INC COM	142,355	3,504	4,486
WORLD ACCEP CORP	81,184	1,699	1,616
WORTHINGTON INDS INC COM	35,700	490	457
WRIGHT EXPRESS CORP	291,140	6,616	7,415
WYNN RESORTS LTD	27,210	647	961
XENOPORT INC	49,320	2,065	1,143
XTO ENERGY INC COM	74,800	4,501	2,853
YAHOO INC	224,600	6,559	3,517
YAMANA GOLD INC	110,600	597	978
YINGLI GREEN ENERGY HLDG CO	78,180	485	1,059
YUM BRANDS INC	70,300	2,000	2,344
ZALE CORP NEW COM	239,100	1,021	823
ZIONS BANCORPORATION	27,685	400	320
ZORAN CORP	146,100	1,431	1,592
Total Domestic Equity		2,494,441	2,246,449

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000'S)
AS OF JUNE 30, 2009

<u>Issuer</u>	<u>Shares</u>	<u>Book Value</u>	<u>Market Value</u>
ANWORTH MTG ASSET CORP PFD SER	63,600	1,505	1,361
CARRIAGE SVCS CAP TR TERM INC	19,600	522	588
Total Convertible Preferred		2,027	1,949
Total Physical Equity		\$ 2,496,467	\$ 2,248,399

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
ALTERNATIVE INVESTMENTS (000's)
AS OF JUNE 30, 2009

	Shares/Par	Base Cost	Base Price	Base Market Value
Private Equity				
AQUILINE FINANCIAL SERVICES	45,987	\$ 54,609	\$ 1.00	\$ 45,987
PANTHEON USA FUND VII LP	29,224	36,875	1.00	29,224
PANTHEON EUROPE FUND V/A/L P	15,571	30,358	1.40	21,841
APAX EUROPE VII A LP	9,850	23,433	1.40	13,816
BRIDGEPOINT EUROPE IV A	2,026	4,267	1.40	2,842
CAROUSEL CAPITAL PARTNERS III LP	26,342	19,273	1.00	26,342
CRESTVIEW CAPITAL PARTNERS LP	2,135	2,135	1.00	(539)
PAUL CAPITAL PARTNERS IX LP	31,152	39,355	1.00	31,152
WARBURG PINCUS PRIVATE EQUITY	25,250	37,250	1.00	25,250
CVE-KAUFFMAN ENDOWMENT FUND I LP	8,847	10,600	1.00	8,847
CLAYTON DUBILIER & RICE VIII	569	900	1.00	569
LEXINGTON CAPITAL PARTNERS LP	4,095	3,922	1.00	4,095
GS MEZZANINE PARTNERS V	24,472	28,989	1.00	24,472
SQUARE 1 VENTURES LP	5,990	7,500	1.00	5,990
NORTHSTAR MEZZANINE PARTNERS V	12,366	15,556	1.00	12,366
NB SECONDARY OPPORTUNITIES	8,157	7,394	1.00	8,157
WELSH CARSON ANDERSON & STOWE XI	472	472	1.00	(397)
VENTURE INVESTMENT MANAGERS LP	2,544	3,000	1.00	2,544
INDUSTRY VENTURES FUND V, LP	11,471	10,000	1.00	11,471
MORGAN STANLEY - PRIVATE MARKETS	97,969	97,969	1.00	97,969
TCW - PRIVATE MARKETS	56,973	56,973	1.00	56,973
APOLLO - PRIVATE MARKETS	33,879	33,879	1.00	33,879
GOLDMAN SACHS - PRIVATE MARKETS	75,363	75,363	1.00	75,363
Total Private Equity	530,705	600,073		538,214
Hedge Funds				
PURE ALPHA FUND II SERIES CXLI	158	196,447	1,242.71	196,237
FRONTPOINT MULTI-STRATEGY FUND	350,000	350,000	1.03	359,804
MORGAN STANLEY COMPLETION	608,709	608,709	0.88	509,750
GAM USA INC	5,843	644,840	97.61	570,319
DUETSCHKE BANK (CAYMAN) LIMITED	3,026	302,595	84.61	256,021
GROSVENOR PURE ALPHA STRATEGY	650,000	650,000	83.93	545,534
GOTTEx MARKET NEUTRAL PLUS SC	7,500	750,000	88.75	665,625
ABSOLUTE RECOVERY HEDGE FD LP	225,000	225,000	0.93	210,281
MORGAN STANLEY - HEDGE FUND	464,865	464,865	1.00	464,865
MARINER - HEDGE FUND	295,078	295,078	1.00	295,078
GOLDMAN SACHS - HEDGE FUND	58,996	58,996	1.00	58,996
DE SHAW - HEDGE FUND	333,510	375,544	1.03	344,901
Total Hedge Funds	3,002,685	4,922,073		4,477,409

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
ALTERNATIVE INVESTMENTS (000's)
AS OF JUNE 30, 2009

	Shares/Par	Base Cost	Base Price	Base Market Value
Global Asset Allocation				
GMO STRATEGIC OPPURTUNITY	13,975	315,546	16.96	237,015
PUTNAM GLOBAL TACTICAL ASSET	8,618	466,809	46.33	399,293
BRIDGEWATER ALL WEATHER	670	667,296	888.02	594,550
GMO MULTI-STRATEGY FUND	78,120	78,120	1.19	92,835
Total Global Asset Allocation	101,383	1,527,771		1,323,693
Opportunistic Credit				
ING CLARION DEBT OPP FUND III	21,108	20,000	1.00	21,108
AVENUE EUROPE SPECIAL SITUATIONS	66,678	89,041	1.40	93,526
AG CAPITAL RECOVERY PARTNERS VI LP	29,987	36,000	1.00	29,987
SANKATY CREDIT OPP IV	132,887	120,000	1.00	132,887
SELENE RES MORTGAGE OPP FUND, LP	38,323	36,550	1.00	38,323
TCW - OPP CREDIT	294,466	294,466	1.00	294,466
MARINER - OPP CREDIT	268,920	268,920	1.00	268,920
APOLLO - OPP CREDIT	22,811	22,811	1.00	22,811
GOLDMAN SACHS - OPP CREDIT	71,974	71,974	1.00	71,974
DE SHAW - OPP CREDIT	35,000	35,000	0.97	33,937
Total Opportunistic Credit	982,154	994,761		1,007,939
Real Estate				
MORGAN STANLEY - REAL ASSETS	41,533	41,533	1.00	41,533
GOLDMAN SACHS - REAL ASSETS	85,163	85,163	1.00	85,163
Total Real Estate	126,696	126,696		126,696
Total Alternatives	4,743,623	\$ 8,171,374		\$ 7,473,951

APPENDIX F

SOUTH CAROLINA RETIREMENT SYSTEMS
SWAP HOLDINGS (000'S)
AS OF JUNE 30, 2009

Asset Class	Counterparty	Benchmark	Original Trade Notional	Current Notional	Unrealized Gain / Loss Since Trade
Domestic Equity	Barclays	S&P 500 Index	\$ 111,682	\$ 131,823	\$ 20,140
	Morgan Stanley	Russell 2000	150,000	143,627	(6,373)
			261,682	275,450	13,767
International Equity	UBS	MSCI EAFE + Canada Index	250,000	272,104	22,104
	Morgan Stanley	MSCI EAFE + Canada Index	250,000	271,034	21,034
	Morgan Stanley	MSCI EAFE + Canada Index	250,000	299,294	49,294
	UBS	MSCI EAFE + Canada Index	100,000	121,101	21,101
	BNP Paribas	MSCI EAFE + Canada Index	119,408	126,637	7,229
	Deutsche Bank	MSCI EAFE + Canada Index	178,168	191,453	13,285
	Deutsche Bank	MSCI EAFE + Canada Index	122,401	164,201	41,800
			1,269,977	1,445,825	175,848
Emerging Equity	Morgan Stanley	MSCI Emerging Markets Index	250,000	180,988	(69,012)
	Credit Suisse	MSCI Emerging Markets Index	225,000	223,540	(1,460)
	BNP Paribas	MSCI Emerging Markets Index	61,813	95,173	33,360
	J.P. Morgan	MSCI Emerging Markets Index	173,565	258,377	84,813
	Morgan Stanley	MSCI Emerging Markets Index	77,199	115,073	37,874
	J.P. Morgan	MSCI Emerging Markets Index	42,934	66,159	23,224
	J.P. Morgan	MSCI Emerging Markets Index	49,235	71,673	22,438
	Deutsche Bank	MSCI Emerging Markets Index	132,325	178,284	45,958
			1,012,071	1,189,267	177,196
Emerging Debt	J.P. Morgan	J.P. Morgan EMBI Plus	103,860	116,323	12,463
	J.P. Morgan	J.P. Morgan EMBI Plus	151,860	166,231	14,371
	J.P. Morgan	J.P. Morgan EMBI Plus	164,720	166,202	1,482
			420,440	448,756	28,316
Gain / Loss realized during Period ¹			-	-	(89,209)
Grand Totals			\$ 2,964,170	\$ 3,359,298	\$ 305,918

APPENDIX F

SOUTH CAROLINA RETIREMENT SYSTEMS
 SWAP HOLDINGS (000'S)
 AS OF JUNE 30, 2009

Asset Class	Counterparty	Benchmark	Original Trade Notional	Current Notional	Unrealized Gain / Loss Since Trade
Collateral held at Broker²					
	Morgan Stanley		64,210,000		
	Credit Suisse		57,330,000		
	UBS		15,230,000		
	Deutsche Bank		62,729,000		
	J.P. Morgan		57,245,000		
	BNP Paribas		14,140,000		

¹Realized gains from 03/31/09 through 06/30/09 are removed from unrealized gains

²Negative amounts indicate collateral held at broker on our behalf; amounts not in thousands

APPENDIX G

SOUTH CAROLINA RETIREMENT SYSTEMS
FUTURES HOLDINGS (000's)
AS OF JUNE 30, 2009

Futures Product	Net Contract Position	Maturity	Currency	Settle Price	Multiplier	Local Currency	US Dollar	Notional Exposure
S & P 500 EMINI INDEX FUT (CME)	675	Sep-09	USD	915.50	50	1.00	1.00	\$ 30,898,125
TOTAL US LARGE CAP								30,898,125
S&P MID 400 EMINI (CME)	3,632	Sep-09	USD	576.70	100	1.00	1.00	209,457,440
RUSSELL 2000 MINI INDEX (CME)	44	Sep-09	USD	507.20	100	1.00	1.00	2,231,680
TOTAL US SMALL/MID CAP								211,689,120
SPI 200 INDEX FUTURE (SFE)	646	Sep-09	AUD	3,901.00	25	1.24	0.81	50,933,280
FTSE 100 INDEX FUTURE (LIF)	2,154	Sep-09	GBP	4,218.00	10	0.61	1.65	149,625,742
S&P/TSE 60 INDEX FUTURE (MSE)	622	Sep-09	CAD	627.10	200	1.16	0.86	67,172,893
CAC 40 EURO INDEX FUTURE (MNP)	1,364	Jul-09	EUR	3,136.00	10	0.71	1.40	59,998,410
DAX INDEX FUTURE (EUX)	280	Sep-09	EUR	4,819.50	25	0.71	1.40	47,320,502
IBEX 35 INDEX FUTURE (MFM)	188	Jul-09	EUR	9,717.00	10	0.71	1.40	25,623,554
S & P/MIB INDEX FUTURE (MIL)	167	Sep-09	EUR	19,088.00	5	0.71	1.40	22,356,109
DJ EURO STOXX 50 FUTURE (EUX)	4,888	Sep-09	EUR	2,398.00	10	0.71	1.40	164,410,554
HANG SENG INDEX FUTURE (HKG)	197	Jul-09	HKD	18,420.00	50	7.75	0.13	23,411,074
TOPIX INDEX FUTURE (TSE)	1,886	Sep-09	JPY	924.50	10,000	96.49	0.01	180,712,660
TOTAL INTERNATIONAL EQUITY								791,564,778
US TREAS BOND (CBT)	(45)	Sep-09	USD	118.36	1,000	1.00	1.00	(5,326,172)
US 2YR TREAS NTS FUT (CBT)	(223)	Sep-09	USD	108.11	2,000	1.00	1.00	(48,216,781)
US 5YR TREAS NTS FUTURE (CBT)	(157)	Sep-09	USD	114.72	1,000	1.00	1.00	(18,010,844)
US 10 YR TREAS NTS FUTURE(CBT)	(94)	Sep-09	USD	116.27	1,000	1.00	1.00	(10,928,969)
TOTAL US FIXED INCOME								(82,482,766)
TOTAL FUTURES NOTIONAL EXPOSURES								\$ 951,669,257

APPENDIX H

EXPLANATION OF STATISTICAL CONCEPTS*

ANNUALIZED RETURN

Methodology: The Modified Dietz method is used when analyzing monthly returns. This calculation method is used to determine the performance of an investment portfolio based on time-weighted cash flows. In the absence of daily portfolio valuations, the Modified Dietz method weights individual cash flows by the amount of time that those cash flows are held, or absent, from the portfolio. The returns are annualized by taking the n th root of the product of the individual monthly returns where n is the length of the measurement period.

Meaning: The annualized rate of return for an investment is the multi-period geometric average return for a period greater than 1 year, which is calculated to determine a comparable annual return.

Importance: Annualized returns allows for the performance of investments to be compared for time periods other than one year. The result is an approximation of a time-weighted return. Annual returns are calculated by rolling up individual monthly returns. Returns for periods greater than one year.

ANNUALIZED STANDARD DEVIATION

Methodology: Typically standard deviation is calculated using quarterly returns. The square of all of the deviations from the mean in a data set are summed up, and then divided by the total number of points in that data set to get the variance. The square root of the variance is then taken to arrive at the standard deviation. For periods greater than 1 year, the formula is annualized by multiplying the formula by 2.

$$\sigma = \sqrt{\frac{1}{N} \sum_{i=1}^N (x_i - \bar{x})^2},$$

Meaning: Standard deviation is a statistical measure of the movement around an average.

Importance: Standard deviation is used as a proxy for the level of risk or volatility of an investment or portfolio. The higher the standard deviation the riskier or more volatile the investment, and vice versa.

SHARPE RATIO

Methodology: The Sharpe Ratio takes portfolio return for measurement period, subtracts the risk-free rate (90 day T-Bill Return) for that same time period, and divides the result by the portfolio standard deviation for that time period.

$$S = \frac{R - R_f}{\sigma} = \frac{E[R - R_f]}{\sqrt{\text{var}[R - R_f]}},$$

Meaning: The Sharpe Ratio illustrates an investment's risk-adjusted return, and is used to assess the relative performance of investments per unit of risk taken. The Sharpe Ratio indicates the unit of excess return generated per unit of risk taken. A Sharpe Ratio above 1 is favorable, because it indicates that the manager is generating more return for every one unit of risk taken. A Sharpe Ratio less than 1 indicates that returns are coming at a relatively high level of risk. A negative Sharpe Ratio indicates that a risk-free asset would perform better than the security being analyzed, relative to the amount of risk taken.

Importance: The Sharpe Ratio indicates whether an investment's returns can be attributed to good investment decisions or result from taking on excess risk.

R-SQUARED

Methodology: Calculate R-Squared by taking the square-root of the correlation coefficient since there is only one independent variable.

Meaning: A statistical measure that represents the percentage that the movements of an investment can be explained by the movements of its respective index.

Importance: Values for R-Squared range from 0 to 1. 0 indicates that 0% of the movement in the investment can be explained by movements in the benchmark (no correlation). 1 means that 100% of the movement in the investment can be explained by movements in the benchmark (perfect correlation).

ANNUALIZED ALPHA

Methodology: Manager/Portfolio return for a given time period minus manager/portfolio benchmark return for that same time period.

Meaning: Alpha is the excess return of an investment as compared to its respective index.

Importance: Alpha allows one to determine whether or not active investment decisions have been beneficial. Positive Alpha indicates that active investment decisions have yielded a return greater than what a passive investment would yield, and vice versa.

CORRELATION

Methodology: Covariance is calculated by multiplying the deviations of two data sets from their respective means, summing the multiples, and dividing by the total number of data points.

$$\text{cov}(X, Y) = \sum_{j=1}^N \frac{(x_j - \bar{x})(y_j - \bar{y})}{N}$$

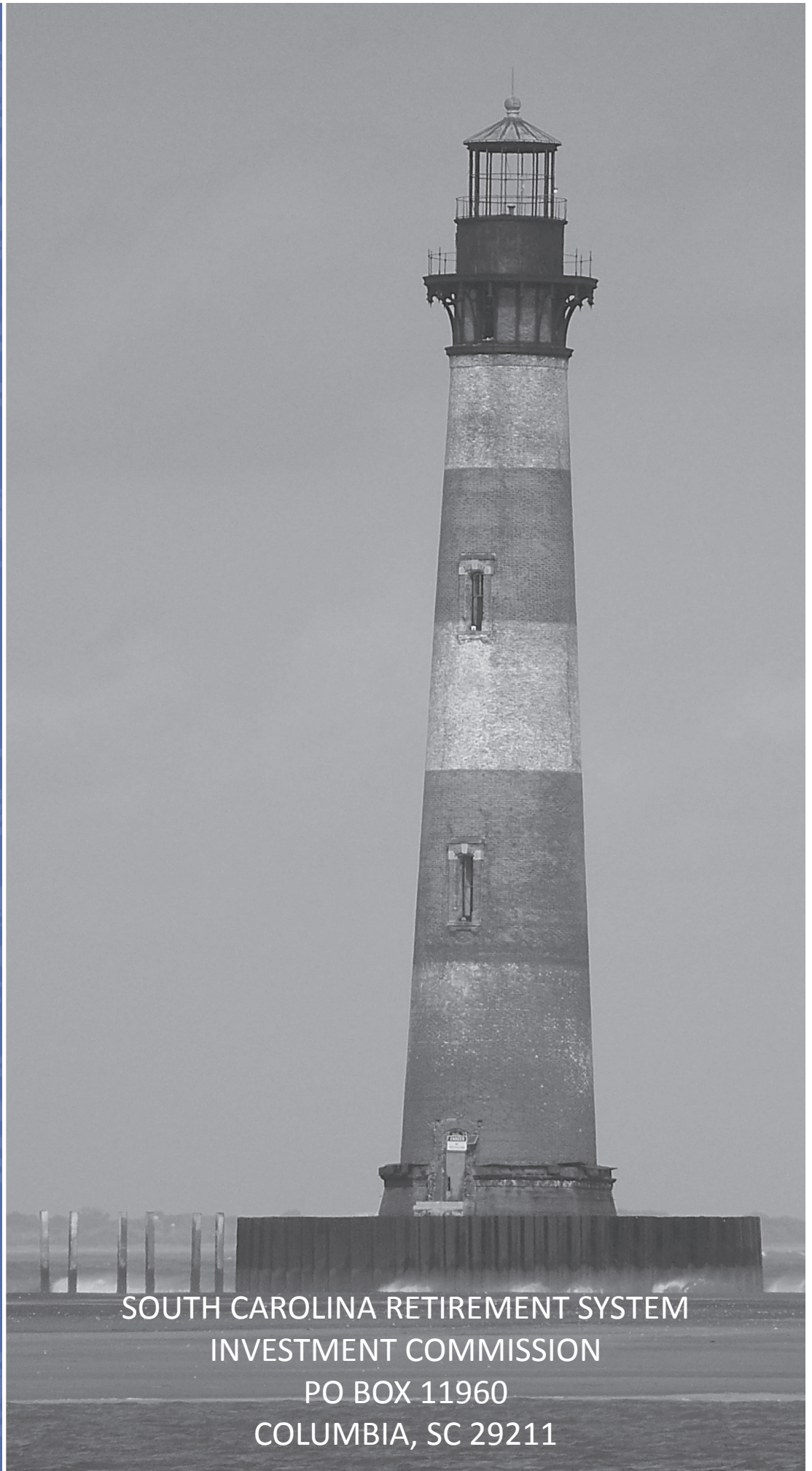
The covariance is then divided by the standard deviations of both data sets.

$$\text{cor}(X, Y) = \frac{\text{cov}(X, Y)}{\sigma_X \sigma_Y}$$

Meaning: Correlation measures the degree to which two investments tend to move in tandem with one another. This number is always between -1 and 1. A correlation of 1 indicates that the investments are perfectly correlated and move in lock-step with one another. A correlation of -1 indicates that the investments are perfectly negatively correlated and that the investments move exactly opposite to one another.

Importance: Correlation among assets in a portfolio affects the level of diversification in that portfolio. A portfolio that holds investments that are not highly correlated is considered more diversified than one that holds investments that are highly correlated.

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SOUTH CAROLINA RETIREMENT SYSTEM
INVESTMENT COMMISSION
PO BOX 11960
COLUMBIA, SC 29211