

ANNUAL INVESTMENT REPORT

SOUTH CAROLINA RETIREMENT SYSTEM INVESTMENT COMMISSION
2009-2010



SOUTH CAROLINA RETIREMENT SYSTEM INVESTMENT COMMISSION

ANNUAL INVESTMENT REPORT FISCAL YEAR ENDED JUNE 30, 2010

CAPITOL CENTER
1201 MAIN STREET, SUITE 1510
COLUMBIA, SC 29201

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

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CHAIRMAN & CEO/CIO REPORT

Allen R. Gillespie, CFA
Chairman

Blaine Ewing, III
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



1201 Main Street, Suite 1510
COLUMBIA, SOUTH CAROLINA 29201-3261

James R. Powers

S. Travis Pritchett

Reynolds Williams
Chairman *Emeritus*

Nancy E. Shealy
General Counsel

November 30, 2010

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) and Staff, the RSIC's 2009-2010 *Annual Investment Report*. 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. The RSIC provides the *Annual Investment Report* in compliance with South Carolina Code Ann. §9-16-90(B), which requires detailed investment reports on an annual basis.

Capital Market Summary

The massive intervention by central banks around the globe throughout 2008 and 2009 appears to have stymied the economic erosion, as fears of a global depression abated and market volatility declined from its peak in late 2008. The recovery, however, has been aided by higher debt-to-GDP ratios in many developed countries, resulting in expectations of anemic growth in these economies. This has raised concerns of a potential "double dip" recession in 2011. Despite this looming economic uncertainty, global capital market asset values continued to experience a robust recovery as interest rates remained low and the residual positive effects of stimulus packages persisted.

For fiscal year ending (FYE) 2010, the High Yield market was the best performing asset class returning 26.8% as measured by the Barclays Capital U.S. High Yield index; and the NCREIF Property Index (Real Estate) was the worst performing, falling 1.5%. Within other fixed income markets, Emerging Market Debt was up 18.4%, while Core Fixed Income returned 9.5%. Equity markets were lead by Mid-Cap, Small-Cap and Emerging Market indices, each up over 20%. Large cap U.S. stocks (S&P 500 Index) were up 14.4% and Developed International equity markets (MSCI EAFE Index) gained 6.4%.

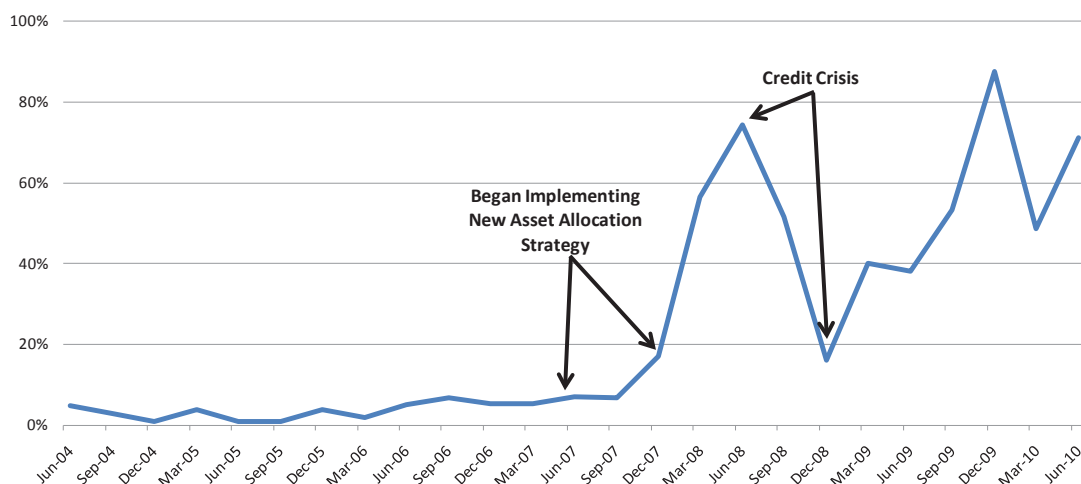
FYE 2010 Investment Performance Review

The Retirement System's Investment Portfolio (Portfolio) returned 13.8%, net of fees, for FYE 2010, exceeding the Policy benchmark return of 10.6% by 3.2%. As of FYE 2010, the Portfolio's market value was \$22.9 billion, up from \$21.0 billion a year earlier. The net increase of \$1.9 billion included the impact of \$899 million of net cash outflows for retiree obligations. The Portfolio's positive performance relative to the Policy and Strategy Benchmarks was primarily due to superior manager performance.

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When compared to other large pension plans, the Portfolio's return for the fiscal year was in the 71st percentile, up from the prior year and greatly improved over previous periods. It is important to note that the Portfolio accomplished this with substantially less equity risk and a higher cash allocation than the average public pension fund (source: Callan Associates).

RSIC Rolling 1-Year Percentile Rank as of June 30, 2010*



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

The RSIC's decision last year to shift to a lower risk portfolio with a higher amount of credit-oriented strategies worked better than expected. The RSIC's Opportunistic Credit portfolio was the strongest performer (up 23.3% in aggregate), while the Hedge Fund portfolios were the weakest performers (still up 9.1% in aggregate). On a relative basis, the Global Fixed Income portfolio was the top performer, up 15.7% compared to the Barclays Capital Global Aggregate Index return of 5.0%, creating 10.7% of excess return.

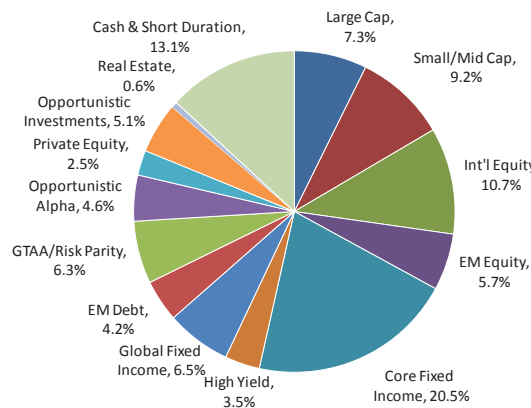
Asset Allocation Targets

The asset allocation targets were unchanged during the year. The Portfolio's target equity allocation continues to be much lower than most other public pension funds for two reasons. First, this significantly reduces the Portfolio's dependence upon the performance of equity markets, thus improving the risk profile through diversification. Second, in early 2009 the RSIC recognized an opportunity to earn equity-like returns with far less risk by investing in certain fixed income investments. In retrospect, this is precisely what has occurred. The RSIC's allocations to High Yield, Global Fixed Income, Emerging Market Debt, and Opportunistic Credit each outperformed the S&P 500 during the year.

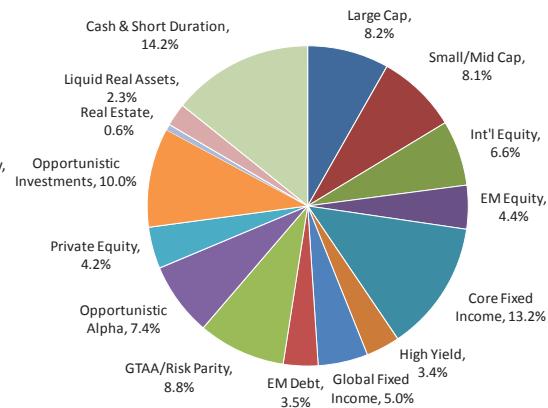
Similarly, the RSIC determined that the real estate market was likely to underperform during the year. Consistent with this view, the Portfolio had very little exposure (less than 1% of assets) to Real Estate throughout the year. This was the only asset class with a benchmark (NCREIF Property Index) that posted a negative return during the year. Due to the extent of the decline in recent years, the RSIC has

recently begun to prioritize investments in Real Estate as the market has started to show signs of a recovery.

Portfolio Exposure as of June 30, 2009



Portfolio Exposure as of June 30, 2010



Strategic Planning

In 2009 the Commission approved a three-year strategic plan, which identified a series of goals that are critical elements in building a best-in-class investment management organization. These goals are detailed in the 2009-2010 *Annual Investment Report*, along with the RSIC's mission, vision, and values statements.

Looking Ahead

While Fiscal Year 2010 produced strong, double-digit returns for most financial markets, our expectations are for relatively modest returns over the next several years. We believe that the best opportunities to achieve higher returns will be through significant investment in private markets, real estate, and emerging markets. Additionally, we intend to increase our emphasis on controlling the total cost of the Portfolio.

We are committed to serving the best interests of the participants and beneficiaries 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 Investment Commission's Chairman and CEO/CIO.

Sincerely,

Allen Gillespie, CFA
Chairman

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

CONSULTANT'S REPORT



NEPC, LLC

September 13, 2010

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

As investment consultant for the South Carolina Retirement System Investment Commission (RSIC), NEPC, LLC (NEPC) is pleased to submit this summary outlining the structure and performance of the RSIC investment portfolio for Fiscal Year ended June 30, 2010.

During the past fiscal year the Federal Open Market Committee (FOMC) held rates steady at the target range of 0.0 – 0.25% as it saw little risk of near term inflation, coupled with continuing signs of a less than robust economic recovery. Official unemployment remained relatively high, with much of the improvement in the official figures due to Americans dropping out of the job search, and therefore no longer counting as unemployed in the government estimates. The 2010 US Census provided a brief sustenance of jobs but was quickly unwound. Residential housing continued to linger on the edge of recovery and continued decline. The expiration of the federal tax credit in April, expanded to include existing homeowners as well as first time buyers, was marked by a drop off in sales for both new and existing homes. Prices through the 2nd quarter were up 1.3% from a year earlier. GDP numbers, as released by the Bureau of Economic Analysis, reflected the wavering economic recovery. After a sharp increase in real GDP in the 4th quarter of 2009, growth tapered off as many government stimulus programs came to an end and consumer spending and private investment failed to emerge as a source of strength.

For Fiscal Year ended June 30, 2010, the RSIC portfolio returned 14.1%. This was slightly ahead of the median public fund in our universe.

As of June 30, 2010, the RSIC investment portfolio totaled \$22.9 billion and had an asset allocation, taking into consideration the net positions of the Beta Overlay program, consisting of 7.4% Cash, 7.8% Global Fixed Income, 17.6% US Core Fixed Income, 5.1% High Yield Fixed Income, 16.2% Domestic Equity, 6.6% International Developed Equity, 4.4% to Emerging Market Equity, 8.8% Global Asset Allocation, 10.7% Hedge Funds, 4.2% Private Equity, 0.8% Real Estate, 8.2% Opportunistic Credit, and 2.3% in Commodities.

This allocation around the set ranges was wholly reasonable and prudent and was within statutory limits. NEPC will continue to work with the RSIC to monitor the structure and portfolio in an effort to optimize the portfolio's risk/return profile.

It is NEPC's privilege to serve as investment counsel to the RSIC, and we look forward to continuing to help the RSIC take advantage of market opportunities.

Sincerely,

Partner

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CAMBRIDGE | ATLANTA | CHARLOTTE | DETROIT | LAS VEGAS | SAN FRANCISCO

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 long-term periods, 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 Fiscal Year Ending (“FYE”) 2010, 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, D.B.A. 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, targeting approximately 40% percent of the Portfolio’s allocation to alternative asset classes, including 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, D.B.A.; Allen R. Gillespie, CFA, Vice Chairman; and James R. Powers, Chairman

JAMES R. POWERS, CHAIRMAN, JULY 1, 2008 - JUNE 30, 2010

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, JULY 1, 2008 - JUNE 30, 2010

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 US 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 Rotary 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 US Army War College.

Mr. Williams served as a Director of IRIX Pharmaceuticals. He was Chairman of the Board of Florence National Bank. Mr. Williams was 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, Mr. Williams was named Business Person of the Year by the Greater Florence Chamber of Commerce. The USC School of Law recognized Mr. Williams as a Compleat Lawyer, for his 30+ years of "exemplary service" to the bar and the public. South Carolina Lawyers' Weekly named him a 2009 "Leader in the Law." 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 Chellis, of Summerville, is a graduate of the Citadel and served as a Captain in the United States Air Force. Mr. Chellis was elected as South Carolina's State Treasurer on August 3, 2007 by the South Carolina General Assembly.

Prior to becoming State Treasurer, Mr. Chellis served as State Representative from District 94 for eleven years. During his tenure in the General Assembly, 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.

In addition to his role as State Treasurer, Mr. Chellis serves as

Chairman of the State Board of Financial Institutions, a member of the State Investment Commission, and a member of the State's Budget and Control Board.

Mr. Chellis is a CPA and served as president of the South Carolina Association of CPA's.

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-1990's. In the 1980's, 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, under Governors Richard Riley and Carroll Campbell, to the Joint Insurance Study Committee of the S.C. Legislature and a member of the Treasurer's Task Force on cost of living. 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, South Carolina. He is a consultant and expert witness on pensions and insurance issues and has been the retiree representative with the Investment 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 System.

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%,

17.6%, and 8.4%, 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 adopted 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 of 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 asset allocation strategies and recommendations on the appropriate mix of investment management 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 oral, on investment strategies, instruments, managers, and other related issues, as requested by the Commission, CEO/CIO, or Staff. The Consultant also provides advice and input to the CEO/CIO and Staff on a variety of other investment-related issues.

DISCLOSURE OF MATERIAL INTEREST

As of June 30, 2010, 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”).

STRATEGIC PLAN

During the course of FYE 2009 the Staff and Commission began implementing 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

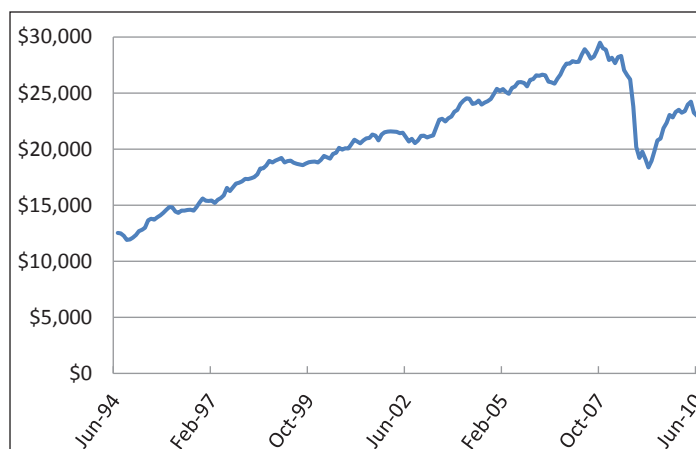
TOTAL FUND REVIEW

As of June 30, 2010, the Portfolio had a combined market value of \$22.9 billion. The Portfolio's net return for FYE 2010, was 13.8%, while the three and five-year annualized returns were -3.7% and 1.3%, respectively. The chart featured to the right depicts the growth of the Portfolio (including the payment of benefits) since FYE 1994.

MARKET OVERVIEW

FYE 2010 was characterized by global economic recovery following the conclusion of the Great Recession in June 2009. In the developed world, the pace of growth was limited by high unemployment and sovereign debt issues. Conversely, healthy balance sheets and low unemployment in many emerging market economies allowed for their outpaced recovery.

TOTAL FUND GROWTH (MILLIONS)



The financial system was the principal beneficiary of the global economy's return to growth. Recovering market fundamentals and supportive technicals fueled a sustained rally in both global equity and credit markets. Improved operating results and record setting new debt issuance alleviated bankruptcy concerns, causing corporate credit spreads to tighten and equity prices to appreciate. The S&P 500 and the Barclays US High Yield Index returned 14.4%, and 26.8%, respectively, during FYE 2010.

The return of functioning credit markets also aided the recovery in real estate markets. While defaults remained elevated, both commercial and residential real estate values began to show signs of stabilization. In the residential market, home prices were supported by increased demand as a result of tax credits for first time buyers and affordability that reached all time highs. The commercial real estate market was also bolstered by the recovery in credit markets as many borrowers were able to refinance debt at low rates and avoid defaults.

Hedge fund strategies were generally positive during FYE 2010. As markets stabilized and volatility declined, investors realized profits in equity and credit-related strategies. Furthermore, pricing distortions that resulted from the market collapse of late 2008 and early

INDEX RETURNS FOR FYE 2010

	Q1	Q2	Q3	Q4	1 year	3 year	5 year
S&P 500	15.6%	6.0%	5.4%	(11.4%)	14.4%	(9.8%)	(0.8%)
Russell 2500	20.1%	5.1%	9.2%	(10.0%)	24.0%	(8.0%)	1.0%
MSCI EAFE Net	19.5%	2.2%	0.9%	(14.0%)	5.9%	(13.4%)	0.9%
MSCI EME Net	20.9%	8.5%	2.4%	(8.4%)	23.2%	(2.5%)	12.7%
Barclays US Aggregate	3.7%	0.2%	1.8%	3.5%	9.5%	7.6%	5.5%
Barclays Global Aggregate	6.2%	(0.8%)	(0.3%)	(0.0%)	5.0%	6.8%	5.0%
Barclays US High Yield	14.2%	6.2%	4.6%	(0.1%)	26.8%	6.5%	7.2%
JP Morgan EMBI Global Diversified	10.4%	1.6%	4.3%	1.3%	18.4%	8.3%	8.1%
90 Day US Treasury Bills	0.1%	0.0%	0.0%	0.0%	0.2%	1.7%	2.9%
Merrill Lynch US Treasuries 0-3 Years Index	0.6%	0.0%	0.5%	0.9%	2.1%	3.9%	3.9%
50% MSCI World Net; 50% Citi WGBI	11.7%	1.1%	1.0%	(6.4%)	6.9%	(1.7%)	3.0%
HFRX Global Hedge Fund	5.1%	2.2%	1.6%	(2.8%)	6.2%	(5.6%)	0.5%
Venture Economics - All Private Equity*	2.0%	2.9%	3.3%	3.7%	12.4%	(3.1%)	N/A
NCREIF	(3.3%)	(2.1%)	0.8%	3.3%	(1.5%)	(4.7%)	3.8%
1/3 Barclays HY; 1/3 S&P/LSTA LLI; 1/3 Barclays MBS	8.9%	3.5%	3.6%	0.5%	17.4%	1.4%	4.0%
50% DJ/UBS Commodity; 50% Barclays Inflation-Linked	3.9%	5.2%	(1.8%)	(1.4%)	5.8%	(1.0%)	0.8%

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

Source: Bloomberg & NEPC

2009 presented arbitrage opportunities for managers across asset classes.

The last quarter of FYE 2010 saw volatility return to global financial markets as sovereign debt issues in Europe and persistent high unemployment in the U.S. caused concerns over the sustainability of the economic recovery in the developed world.

PERFORMANCE

For FYE 2010, the Portfolio's total investment return was 13.8%. During the same period, the actively-managed Equity portfolios returned 14.7% while the actively-managed Fixed Income portfolios returned 13.1%. Opportunistic Credit was the best performing asset class during the fiscal year, returning 23.3%. The Portfolio's return of 13.8% for FYE 2010 outperformed both the Policy Benchmark return of 10.6% and Strategy Benchmark return of 10.7%. Thus, both asset allocation decisions as well as manager selection decisions contributed to the Portfolio's out-performance in FYE 2010.

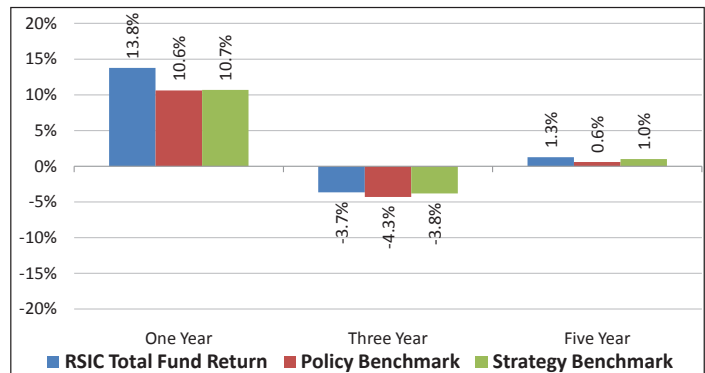
POLICY & STRATEGY BENCHMARKS

The 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.

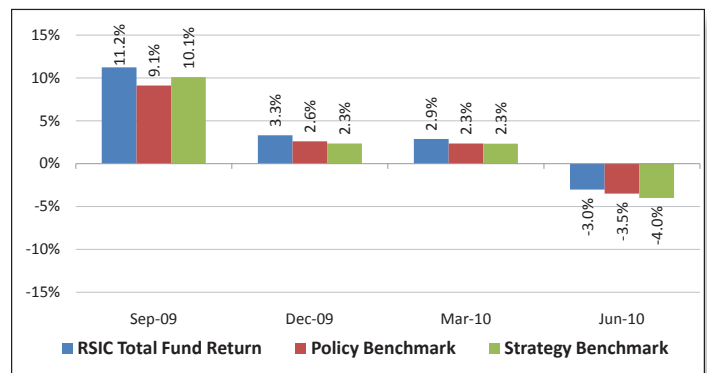
Whereas the Policy Benchmark uses predetermined policy weights, the Strategy Benchmark uses the Portfolio's actual weights. The difference between returns of the Policy and Strategy Benchmarks represents the value added from strategic decisions to deviate from the policy asset allocation. For example, if International Equity is the worst performing asset class, and within the ranges set by the commission, 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 actual investments in the International Equity asset class outperform the passive index, the selection of these managers adds value to the Portfolio.

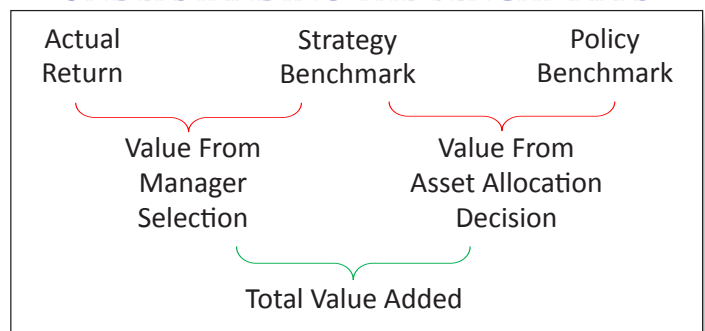
ANNUALIZED RETURNS AS OF JUNE 30, 2010



GROSS OF FEE QUARTERLY RETURNS



UNDERSTANDING THE BENCHMARKS



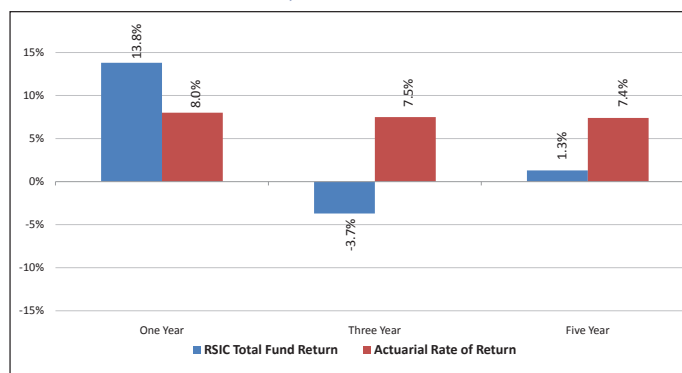
PERFORMANCE VS. PEERS

The Portfolio's performance of 13.8% was greater than many other large public funds. During FYE 2010, the Portfolio ranked in the 71st percentile within the large public fund universe. It is important to note that the Portfolio accomplished this with substantially less equity risk and a higher cash allocation than the average large public pension fund.

PERFORMANCE VS. ACTUARIAL RETURN

The Portfolio's performance of 13.8% significantly outperformed the assumed rate of return of 8.0%. Due to the volatility 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.

RSIC ACTUAL VS. ACTUARIAL RETURN AS OF JUNE 30, 2010



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 investment. 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 included revised target weights and ranges. In addition, as detailed to the right, the new Policy targets introduced 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.

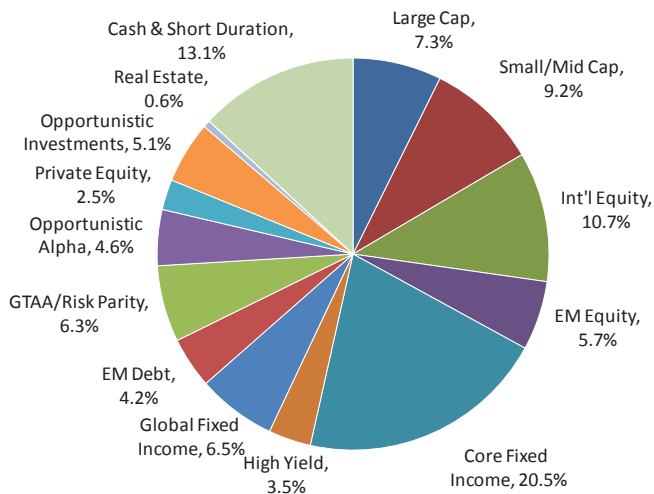
RSIC POLICY ALLOCATION AS OF JUNE 30, 2010

Asset Class	Policy Benchmark Weight	Allocation Range	Policy Benchmark
Domestic Large Cap	10%	0% - 25%	S&P 500
Domestic Small/Mid Cap	5%	0% - 10%	Russell 2500
International Large Cap	10%	0% - 20%	MSCI EAFE
Emerging Markets	5%	0% - 20%	MSCI EME
Public Equity	30%	0% - 70%	
Cash ¹	6% - 10%	0% - 100%	90 Day T-Bills
Short Duration ¹	0% - 4%	0% - 100%	ML 0-3 Month US Treasuries
Core Fixed Income	10%	5% - 50%	Barclays U.S. Aggregate
Global Fixed Income	4%	0% - 25%	Barclays Global Aggregate
High Yield Fixed Income	3%	0% - 15%	Barclays U.S. High Yield
Emerging Markets Debt	3%	0% - 15%	JP Morgan EMBI Diversified
Public Debt	30%	30% - 100%	
GAA	10%	0% - 20%	50% MSCI World; 50% Citi WGBI
Hedge Funds	5%	0% - 10%	HFRX Global Hedge Fund
Private Equity	7%	0% - 12%	Venture Economics
Opportunistic Credit	8%	0% - 15%	Blended Benchmark ²
Real Estate	5%	0% - 10%	NCREIF
Liquid Real Assets	5%	0% - 10%	50% DJ/UBS; 50% Barclays WGIL
Alternatives	40%	0% - 50%	

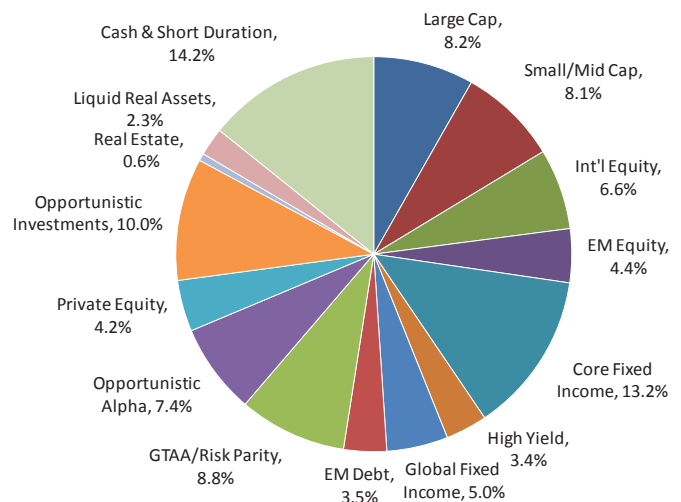
¹Policy weights of Cash and Short Duration will equal 10% in aggregate. Target weights will be reset monthly to reflect the actual weights of the prior month.

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 2009



RSIC PORTFOLIO EXPOSURE FYE 2010



BETA OVERLAY

The RSIC engages a Beta Overlay manager, Russell Implementation Services, Inc. ("Russell"), to facilitate the management of the Portfolio's asset allocation. 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, 2009 and June 30, 2010.

SUMMARY BETA OVERLAY EXPOSURES

Managers	June 30, 2009		June 30, 2010	
	% of Portfolio	\$'s of Portfolio	% of Portfolio	\$'s of Portfolio
Large Cap	0.8	162.7	4.5	1,027.4
Small Cap	1.7	355.3	2.4	546.7
International	10.6	2,237.4	6.6	1,512.3
Emerging	5.7	1,189.3	4.4	1,012.5
Net Equity	18.8%	\$3,944.7	17.9%	\$4,098.9
Core Fixed	(0.4)	(82.5)	0.0	0.0
International	0.0	0.0	0.0	0.0
High Yield	0.0	0.0	0.0	0.0
Emerging	2.1	448.8	0.0	0.0
Net Fixed Income	1.7%	\$366.3	0.0%	\$0.0
Commodities	0.0%	\$0.0	2.3%	\$518.9
Total	20.5%	\$4,311.0	20.1%	\$4,617.8

All figures shown are in millions

STATISTICS¹

The table below illustrates the statistical performance data for the Portfolio as of June 30, 2010.

Total Fund	1 Year	3 Year	5 Year
Annualized Return	14.1%	-3.4%	1.5%
Annualized Standard Deviation	11.6%	15.8%	12.6%
Sharpe Ratio	1.2	-0.3	-0.1
R ² *	97.5%	97.0%	97.1%
Annualized Alpha*	3.6%	0.9%	0.9%
Correlation*	98.8%	98.5%	98.5%

* As compared to Policy Index

Source: NEPC

¹ See Appendix I on page 82 for more detail regarding the statistical concepts and methodology.

MANAGER RETURNS (NET OF FEES)¹

	Market Value	% of Fund	3 Month	YTD	1 Year	Annualized Returns		
						3 Year	5 Year	10 Year
PENSION COMPOSITE GROSS	\$ 22,951,136,031		-3.0%	-0.2%	14.1%	-3.4%	1.5%	4.0%
PENSION COMPOSITE NET	\$ 22,951,136,031		-3.0%	-0.4%	13.8%	-3.7%	1.3%	3.7%
FINANCIAL COMPOSITE	\$ 13,441,953,189		-3.2%	-0.8%	11.6%	-4.1%	0.9%	3.6%
STRATEGY INDEX			-4.0%	-1.7%	10.7%	-3.8%	1.0%	3.8%
POLICY INDEX			-3.5%	-1.3%	10.6%	-4.3%	0.6%	3.6%
PHYSICAL PUBLIC EQUITY								
TOTAL DOMESTIC EQUITY	\$ 1,651,614,458	7.2%	-11.6%	-6.7%	14.7%	-10.0%	-0.9%	-0.5%
RUSSELL 3000			-11.3%	-6.0%	15.7%	-9.5%	-0.5%	-0.9%
TOTAL LARGE CAP COMPOSITE	\$ 356,576,038	1.6%	-7.5%	-4.0%	17.4%	-12.3%	-2.8%	n/a
TOTAL LARGE CAP ACTIVE COMPOSITE	\$ 356,576,038	1.6%	-7.5%	-4.0%	17.4%	-13.2%	-3.7%	n/a
RUSSELL 1000			-11.4%	-6.4%	15.2%	-9.5%	-0.6%	-1.2%
LARGE CAP GROWTH COMPOSITE	\$ 59,820	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Legg Mason	\$ 40,771	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
WCM	\$ 19,049	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
RUSSELL 1000 GROWTH			-11.7%	-7.6%	13.6%	-6.9%	0.4%	-5.1%
LARGE CAP VALUE COMPOSITE	\$ 356,516,218	1.6%	-10.4%	-5.1%	14.1%	-14.7%	-3.5%	n/a
Aronson, Johnson, Ortiz	\$ 356,516,218	1.6%	-10.4%	-5.1%	14.1%	-12.3%	n/a	n/a
RUSSELL 1000 VALUE			-11.1%	-5.1%	16.9%	-12.3%	-1.6%	2.4%
TOTAL SMID CAP COMPOSITE	\$ 755,752,945	3.3%	-9.7%	-2.0%	22.5%	-8.6%	0.6%	n/a
RUSSELL 2500			-10.0%	-1.7%	24.0%	-8.0%	1.0%	4.2%
SMID CAP GROWTH COMPOSITE	\$ 559,804,885	2.4%	-9.7%	-3.9%	23.4%	-8.9%	1.6%	n/a
TimesSquare Capital	\$ 358,863,885	1.6%	-8.6%	-3.6%	23.6%	n/a	n/a	n/a
Turner Investments	\$ 200,941,000	0.9%	-11.6%	-4.4%	20.2%	-8.9%	1.6%	n/a
RUSSELL 2500 GROWTH			-9.8%	-1.8%	21.4%	-7.1%	1.8%	-1.1%
SMID CAP VALUE COMPOSITE	\$ 195,948,060	0.9%	-8.2%	0.6%	19.2%	n/a	n/a	n/a
TSW	\$ 195,948,060	0.9%	-8.2%	0.6%	19.2%	n/a	n/a	n/a
RUSSELL 2500 VALUE			-10.2%	-1.6%	26.5%	-9.3%	-0.1%	7.6%
TOTAL SMALL CAP COMPOSITE	\$ 539,285,475	2.3%	-7.6%	1.4%	26.7%	-8.8%	1.7%	3.7%
RUSSELL 2000			-9.9%	-2.0%	21.5%	-8.6%	0.4%	3.0%
SMALL CAP CORE COMPOSITE	\$ 272,002,849	1.2%	-10.7%	-1.6%	22.5%	-7.7%	1.6%	4.1%
Pyramis	\$ 272,002,849	1.2%	-10.5%	-1.6%	22.5%	-8.0%	1.7%	4.1%
RUSSELL 2000			-9.9%	-2.0%	21.5%	-8.6%	0.4%	3.0%
SMALL CAP GROWTH COMPOSITE	\$ 93,247	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Clarivest	\$ 93,247	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
RUSSELL 2000 GROWTH			-9.2%	-2.3%	18.0%	-7.5%	1.1%	-1.7%
SMALL CAP VALUE COMPOSITE	\$ 267,189,379	1.2%	-10.1%	-0.3%	24.9%	-7.6%	0.6%	n/a
Benson	\$ 123,673,432	0.5%	-9.3%	-0.2%	23.7%	-9.7%	-0.8%	n/a
Integrity	\$ 143,515,947	0.6%	-10.2%	0.7%	28.8%	-6.4%	2.5%	n/a
RUSSELL 2000 VALUE			-10.6%	-1.6%	25.1%	-9.9%	-0.5%	7.5%
FIXED INCOME								
FIXED INCOME COMPOSITE	\$ 6,790,628,773	29.6%	1.1%	3.9%	13.1%	7.4%	6.2%	7.0%
CORE FIXED INCOME	\$ 2,613,773,205	11.4%	3.9%	5.8%	10.8%	7.3%	5.9%	6.3%
Internal Core Fixed Income	\$ 263,789,753	1.1%	2.3%	4.0%	6.0%	5.0%	4.6%	6.1%
Blackrock	\$ 910,030,330	4.0%	3.4%	5.1%	9.4%	n/a	n/a	n/a
Blackrock Transition	\$ 142,610,044	0.6%	6.7%	10.7%	n/a	n/a	n/a	n/a
Mariner Fixed Income	\$ 16,515,079	0.1%	28.1%	28.8%	n/a	n/a	n/a	n/a
Jamison, Eaton, and Wood	\$ 207,015,078	0.9%	3.2%	n/a	n/a	n/a	n/a	n/a
PIMCO	\$ 1,073,812,921	4.7%	3.6%	5.6%	9.9%	n/a	n/a	n/a
BARCLAYS CAPITAL U.S. AGGREGATE			3.5%	5.3%	9.5%	7.6%	5.5%	6.5%
GLOBAL FIXED INCOME	\$ 2,277,290,793	9.9%	-0.3%	2.4%	15.7%	n/a	n/a	n/a
Amundi (Credit Agricole)	\$ 438,619,489	1.9%	-0.2%	2.4%	14.3%	n/a	n/a	n/a
Loomis Sayles	\$ 538,630,930	2.3%	0.0%	5.3%	24.6%	n/a	n/a	n/a
Mondrian	\$ 806,394,481	3.5%	0.0%	1.3%	9.9%	n/a	n/a	n/a
Western Asset Management	\$ 493,645,893	2.2%	-1.0%	3.1%	20.2%	n/a	n/a	n/a
BARCLAYS CAPITAL GLOBAL AGGREGATE			0.0%	-0.3%	5.0%	6.8%	5.0%	6.4%
HIGH YIELD FIXED INCOME	\$ 688,618,541	3.0%	-0.8%	4.2%	25.7%	n/a	n/a	n/a
Loomis Sayles NHIT	\$ 377,235,885	1.6%	-1.1%	4.3%	25.4%	n/a	n/a	n/a
Penn Capital	\$ 68,393,241	0.3%	-0.8%	5.9%	29.9%	n/a	n/a	n/a
Post HY	\$ 198,661,740	0.9%	-1.8%	n/a	n/a	n/a	n/a	n/a
TCW HY	\$ 44,327,675	0.2%	-0.1%	3.8%	n/a	n/a	n/a	n/a
BARCLAYS CAPITAL U.S. HIGH YIELD			-0.1%	4.5%	26.8%	6.5%	7.2%	7.3%

MANAGER RETURNS (NET OF FEES)

		Market Value	% of Fund	3 Month	YTD	1 Year	Annualized Returns		
							3 Year	5 Year	10 Year
EMERGING MARKET DEBT									
Cap Guardian	\$	454,439,416	2.0%	-1.3%	3.2%	16.3%	n/a	n/a	n/a
JP MORGAN EMR'G BOND GLOBAL DIVERSIFIED				1.2%	5.6%	18.4%	8.3%	8.1%	10.9%
Short Duration									
ERISA Short Duration	\$	504,935,917	2.2%	1.1%	n/a	n/a	n/a	n/a	n/a
Post Limited Term	\$	251,570,901	1.1%	n/a	n/a	n/a	n/a	n/a	n/a
ML US Treasuries 0-3 Yr				0.9%	1.4%	2.1%	3.9%	3.9%	n/a
Cash and Cash Equivalents									
Cash	\$	361,199,004	1.6%	0.0%	0.0%	0.0%	1.1%	n/a	n/a
Internal Cash	\$	1,352,583,590	5.9%	0.0%	0.0%	0.3%	n/a	n/a	n/a
3M LIBOR				0.1%	0.2%	0.3%	2.1%	3.3%	3.0%
3M T-BILLS				0.0%	0.0%	0.2%	1.6%	2.8%	2.7%
PRIVATE EQUITY									
TOTAL PRIVATE EQUITY COMPOSITE									
	\$	500,584,737	2.2%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL BUYOUTS									
Apax Europe	\$	23,074,973	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Bridgepoint Europe	\$	10,884,593	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Carousel Capital	\$	20,512,021	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Crestview Partners	\$	27,926,730	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Clayton, Dubilier, & Rice	\$	27,982,986	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Welsh, Carson, Anderson & Stowe	\$	6,704,621	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL VENTURE GROWTH									
Square 1 Ventures	\$	16,498,424	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Truebridge Capital	\$	15,570,778	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Warburg Pincus	\$	45,116,080	0.2%	n/a	n/a	n/a	n/a	n/a	n/a
Venture Investment Managers	\$	5,823,976	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Truebridge Capital II	\$	680,000	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Azalea	\$	2,381,970	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL SECONDARIES									
Neuberger Berman	\$	15,588,215	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Industry Ventures	\$	24,184,073	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Lexington Partners II	\$	7,842,641	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Paul Capital	\$	43,200,924	0.2%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL MEZZANINE									
Goldman Sachs	\$	38,360,584	0.2%	n/a	n/a	n/a	n/a	n/a	n/a
Northstar Capital	\$	18,124,300	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL DIVERSIFIED FUND OF FUNDS									
Pantheon Europe	\$	30,815,181	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
Pantheon USA	\$	44,409,479	0.2%	n/a	n/a	n/a	n/a	n/a	n/a
OTHER									
Aquiline	\$	69,902,188	0.3%	n/a	n/a	n/a	n/a	n/a	n/a
Ranieri - SC Conduit	\$	5,000,000	0.0%	n/a	n/a	n/a	n/a	n/a	n/a
Strategic Partnerships									
TOTAL STRATEGIC PARTNERSHIPS									
Goldman Sachs Partnership	\$	1,066,210,866	4.6%	0.5%	1.6%	6.9%	n/a	n/a	n/a
Morgan Stanley Partnership	\$	1,912,927,332	8.3%	0.7%	1.5%	7.0%	n/a	n/a	n/a
Mariner Partnership	\$	864,856,030	3.8%	2.4%	6.2%	22.5%	n/a	n/a	n/a
TCW Partnership	\$	438,803,641	1.9%	3.0%	10.1%	32.1%	n/a	n/a	n/a
Apollo Partnership	\$	270,173,759	1.2%	-2.5%	1.9%	23.5%	n/a	n/a	n/a
Reservoir	\$	31,554,074	0.1%	0.5%	0.6%	n/a	n/a	n/a	n/a
HEDGE FUNDS									
TOTAL HEDGE FUNDS									
HFRX GLOBAL HEDGE FUND INDEX		3,207,533,148	14.0%	-0.9%	1.0%	9.1%	-0.6%	n/a	n/a
				-2.8%	-1.2%	6.2%	-5.6%	0.5%	3.8%
TOTAL DIRECT HEDGE FUNDS									
Bridgewater	\$	367,273,473	1.6%	9.2%	14.2%	23.1%	13.3%	n/a	n/a
D.E. Shaw	\$	349,424,061	1.5%	-5.3%	-5.3%	1.3%	0.2%	n/a	n/a
W.L.Ross	\$	193,895,821	0.8%	0.0%	0.0%	-7.8%	n/a	n/a	n/a
Loomis Sayles Long/Short	\$	248,533,327	1.1%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL HEDGE FUND OF FUNDS									
Entrust	\$	313,667,849	1.4%	-3.6%	-0.1%	22.6%	n/a	n/a	n/a
GAM	\$	568,416,197	2.5%	-5.4%	-4.7%	-0.4%	n/a	n/a	n/a
Gottex	\$	564,422,888	2.5%	-0.4%	1.1%	9.7%	n/a	n/a	n/a
Grosvenor	\$	601,899,532	2.6%	-1.8%	0.8%	10.5%	n/a	n/a	n/a
Morgan Stanley/SCLP Hedge Funds ²									
CREDIT ORIENTED HEDGE FUNDS									
Apollo - Hedge Funds ²									

MANAGER RETURNS (NET OF FEES)

							Annualized Returns		
		Market Value	% of Fund	3 Month	YTD	1 Year	3 Year	5 Year	10 Year
GTAA/RISK PARITY									
TOTAL GLOBAL ASSET ALLOCATION	\$	2,009,430,963	8.8%	-2.2%	0.8%	13.2%	n/a	n/a	n/a
50% MSCI WORLD, 50% CITI WGBI				-6.4%	-5.4%	6.9%	-1.7%	3.0%	3.1%
TOTAL RISK PARITY	\$	1,376,370,304	6.0%						
Bridgewater	\$	698,766,062	3.0%	4.4%	8.1%	16.7%	n/a	n/a	n/a
Putnam Investments	\$	677,604,242	3.0%	-3.8%	-0.3%	19.0%	n/a	n/a	n/a
90D T-Bills + 5%				1.3%	2.5%	5.2%	6.7%	7.9%	7.7%
TOTAL GLOBAL TACTICAL ASSET ALLOCATION	\$	633,060,659	2.8%						
GMO	\$	633,060,659	2.8%	-7.2%	-6.1%	4.6%	n/a	n/a	n/a
50% MSCI WORLD, 50% CITI WGBI				-6.4%	-5.4%	6.9%	-1.7%	3.0%	3.1%
OPPORTUNISTIC CREDIT									
TOTAL OPPORTUNISTIC CREDIT	\$	862,677,617	3.8%	1.6%	6.9%	23.3%	n/a	n/a	n/a
BLENDED OPPORTUNISTIC CREDIT BENCHMARK				0.5%	4.1%	17.4%	3.3%	1.4%	n/a
TOTAL DIRECT INVESTMENTS									
Angelo Gordon	\$	45,752,327	0.2%	-3.0%	2.5%	19.3%	n/a	n/a	n/a
D.E. Shaw Opp Credit	\$	68,241,822	0.3%	-2.2%	1.5%	9.0%	n/a	n/a	n/a
Sankaty Advisors	\$	161,164,197	0.7%	1.8%	6.9%	29.3%	n/a	n/a	n/a
Selene Partners	\$	130,596,494	0.6%	13.2%	17.2%	21.4%	n/a	n/a	n/a
Avenue Capital	\$	175,125,332	0.8%	-6.9%	-4.0%	13.4%	n/a	n/a	n/a
ING Clarion	\$	27,415,164	0.1%	2.2%	1.1%	25.0%	n/a	n/a	n/a
Strategos	\$	239,329,447	1.0%	1.8%	6.1%	n/a	n/a	n/a	n/a
WL Ross Whole Loans	\$	15,052,834	0.1%	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL STRATEGIC PARTNERSHIPS									
Mariner - Opp Credit ²									
TCW - Opp Credit ²									
Apollo - Opp Credit ²									
Goldman Sachs - Opp Credit ²									
REAL ASSETS									
TOTAL REAL ASSETS									
TOTAL STRATEGIC PARTNERSHIPS									
Morgan Stanley - Real Assets ²									
Goldman Sachs - Real Assets ²									
NCREIF PROPERTY INDEX				3.3%	4.1%	-1.5%	-4.7%	3.8%	7.2%
OVERLAY									
TOTAL RUSSELL OVERLAY									
Russell Overlay ³	\$	1,735,082,380	7.6%	-2.3%	-2.1%	2.1%	-3.4%	n/a	n/a
Russell Swaps	\$	(112,299,547)	-0.5%	n/a	n/a	n/a	n/a	n/a	n/a
Other									
US REIF Columbia	\$	7,476,361	0.0%	2.3%	6.8%	n/a	n/a	n/a	n/a
Residual Assets	\$	98,845	0.0%	2.5%	13.6%	n/a	n/a	n/a	n/a

¹The Manager Returns (Net of Fees) Report was created by NEPC at the request of the Commission and has not been reviewed, approved, or verified by the listed entities. For purposes of creating the FYE 2010 Annual Investment Report, the Staff referenced the Manager Returns (Net of Fees) Report. Differences in the reporting methodology of NEPC and the Custodian create discrepancies between the accounts' market values and returns reported by each institution. To calculate the net of fee returns, NEPC used the investment managers' statements as of June 30, 2010, and accounted for the effects of management fees, carried interest, and other investment expenses, if applicable. For auditing purposes, the Custodian must record final account values prior to the receipt of all June 30, 2010, manager statements. Due to this constrained reporting time frame the Custodian must use estimates based on an account's market value from the most recent statement available and accounting for any known cash flows.

²Market Values and returns included as part of Strategic Partnerships

³Returns provided by Russell

Source: NEPC

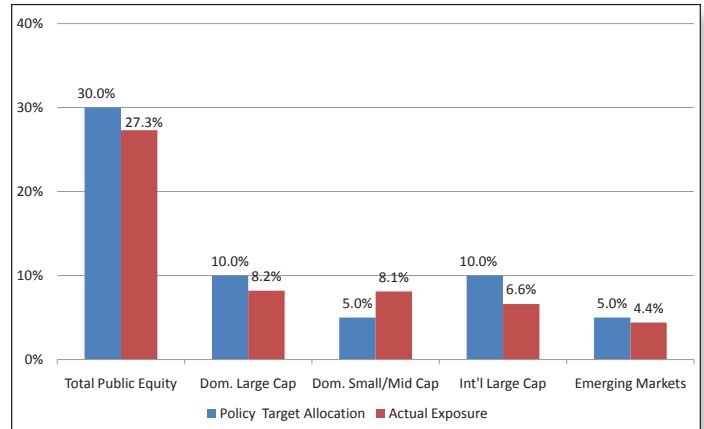
PUBLIC EQUITY REVIEW

As of FYE 2010, the physical Public Equity portfolio had a market value of \$1,651.6 million, representing 7.2% of the Portfolio, and net of fees performance of 14.7%. Passive index exposures made up the remainder of the Public Equity portfolio, bringing the allocation to 27.3% at the end of FYE 2010. The reduced exposure from the prior year is attributed to periodic rebalancing of the Portfolio.

PORTFOLIO DEVELOPMENTS

- At the beginning of FYE 2010, the physical Public Equity portfolio consisted of eleven externally managed accounts valued at \$2,298.8 million. Consistent with the Commission's views regarding active and passive investment strategies, two US large cap equity managers were terminated during the fiscal year. Two additional US equity managers were terminated due to a change of Staff's conviction in the investment thesis for each investment.
- The Staff completed an extensive due diligence process for emerging markets managers during FYE 2010. The recommendations are scheduled to be implemented in FYE 2011, which will mean a shift from passive to active exposure for this asset class.

PUBLIC EQUITY EXPOSURE¹ AS OF JUNE 30, 2010



PORTFOLIO STRUCTURE

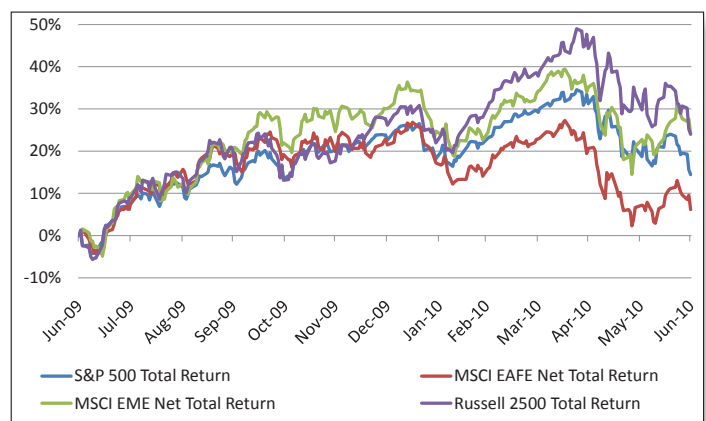
The Public Equity portfolio has a target policy allocation of 30% with an approved range of 0% to 70%. The allocation is achieved through both portfolios of physical securities managed by external managers, and passive exposures managed in the Beta Overlay Program. The Commission views passive exposure (commonly known as indexing) as the preferred method of investment for the markets in which managers are most likely to struggle to earn net of fee returns above the index. This affords the Commission the ability to pursue excess returns from active management while precisely and inexpensively managing the Public Equity asset allocation.

As of FYE 2010, the total public equity exposure was underweight its target allocation by 2.7%. The majority of this underweight was contributed by the developed international equity portfolio, reflecting Staff's tactical view of the sovereign debt issues affecting Europe at the time.

MARKET OVERVIEW

The first three quarters of FYE 2010 saw a continuation of the rally in the equity markets that began in March 2009. During the first quarter, both mature and developing equity markets generated robust returns across all market capitalizations as it became more apparent that the world economy had avoided a depression. Within the US, the 20% returns for Small-mid-cap ("SMID-cap") equity (Russell 2500 Index) exceeded both large-cap (Russell 1000 Index) and small-cap equity (Russell 2000 Index) returns by 4.0% and 0.8%, respectively. As the year progressed, confidence was tested by sovereign debt concerns in Dubai and periphery countries of the European Union, in particular Portugal, Ireland, Spain, and Greece. During the next two quarters of FYE

EQUITY INDEX CUMULATIVE RETURN



Source: Bloomberg

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

2010, investors favored emerging markets and US equities over the developed international markets (Morgan Stanley Capital International Europe, Australia, and Far East, or MSCI EAFE), which only returned 2.2% and 0.9% during the second and third quarters, respectively. In the third quarter of FYE 2010, the US equity markets generated the greatest returns as they were viewed as potentially more insulated from the effects of a double dip recession emanating from the sovereign debt markets.

The fourth quarter of FYE 2010, saw a sharp drawdown across global equity markets as the risk of sovereign debt defaults required action on the part of the European Union, European Central Bank, and the International Monetary Fund. Developed international equity markets generated the worst return for the quarter at -13.8%, while emerging equity markets fell only -8.4%. Volatility rose sharply to levels not seen since mid-2009 as investor sentiment plunged. Even with the significant decline during the quarter, equity markets closed FYE 2010 with positive annual returns. In aggregate, SMID-cap outperformed large-cap and small-cap equities, and value stocks outperformed growth stocks by a significant margin.

PERFORMANCE

The physical Public Equity portfolio generated strong net of fee returns of 14.7; however, the Portfolio's large-cap and SMIDcap value managers underperformed relative to their respective benchmarks. The returns of developed international and emerging markets equity exposures mirrored returns of their respective benchmarks due to the nature of synthetic implementation. Overall, the Public Equity portfolio generated strong absolute returns, although disappointing performance from several managers resulted in the Public Equity portfolio's underperformance relative to the policy benchmark's return.

STATISTICS

Public Equity	1 Year	3 Year	5 Year
Annualized Return	14.7%	-10.0%	-0.9%
Annualized Standard Deviation	21.2%	25.3%	20.3%
Sharpe Ratio	1.1	-0.5	-0.2
R ² *	89.1%	94.5%	94.6%
Annualized Alpha*	12.2%	9.9%	3.3%
Correlation*	90.9%	93.2%	93.1%

* As compared to S&P 500 Index

Source: NEPC

MANAGER PERFORMANCE AS OF JUNE 30, 2010

Managers	Market Value	% of Fund	Annualized Returns		
			1 Year	3 Year	5 Year
Total Physical Public Equity Composite	\$1,651,614,458	7.2%	14.7%	-10.0%	-0.9%
<i>Russell 3000</i>			15.7%	-9.5%	-0.5%
Legg Mason	40,771	0.0%	n/a	n/a	n/a
WCM	19,049	0.0%	n/a	n/a	n/a
<i>Russell 1000 Growth</i>			13.6%	-6.9%	0.4%
Aronson, Johnson, Ortiz	356,516,218	1.6%	14.1%	-12.3%	n/a
<i>Russell 1000 Value</i>			16.9%	-12.3%	-1.6%
TimesSquare Capital	358,863,885	1.6%	23.6%	n/a	n/a
Turner Investments	200,941,000	0.9%	20.2%	-8.9%	1.6%
<i>Russell 2500 Growth</i>			21.4%	-7.1%	1.8%
TSW	195,948,060	0.9%	19.2%	n/a	n/a
<i>Russell 2500 Value</i>			26.5%	-9.3%	-0.1%
Pyramis	272,002,849	1.2%	22.5%	-8.0%	1.7%
<i>Russell 2000</i>			21.5%	-8.6%	0.4%
Clarivest	93,247	0.0%	n/a	n/a	n/a
<i>Russell 2000 Growth</i>			18.0%	-7.5%	1.1%
Benson	123,673,432	0.5%	24.3%	-9.3%	-0.5%
Integrity	143,515,947	0.6%	28.8%	-6.4%	2.5%
<i>Russell 2000 Value</i>			25.1%	-9.9%	-0.5%

Source: NEPC

Commentary by: Jared O'Connor

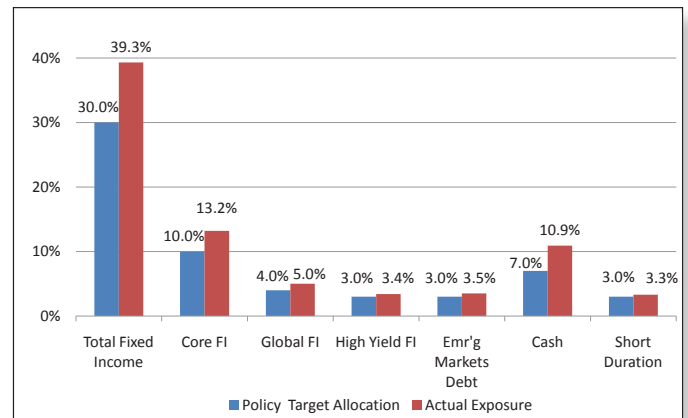
FIXED INCOME REVIEW

As of June 30, 2010, the total physical Fixed Income portfolio market value, excluding cash, was \$6,790.6 million, representing 29.6% of the Portfolio. The Fixed Income portfolio's performance for FYE 2010 was 13.1%.

PORTFOLIO DEVELOPMENTS

- During FYE 2010 the Commission approved a "Short-Duration" strategy within the Cash allocation of the portfolio.
- In January 2010, RSIC funded Jamison Eaton & Woods ("Jamison") with \$200mm.
- In March 2010, RSIC funded Capital Guardian with an additional \$285mm.
- In April 2010, \$150mm was redeemed from Loomis Sayles High Yield portfolio.
- In May 2010, \$400mm was redeemed from Amundi to reduce RSIC's allocation to Global Fixed Income.
- RSIC funded two allocations to Post Advisory Group:
 - \$200mm in a High Yield Plus strategy (March 2010)
 - \$250mm in a Limited Term High Yield strategy (May 2010).

FIXED INCOME EXPOSURE¹ AS OF JUNE 30, 2010



PORTFOLIO STRUCTURE

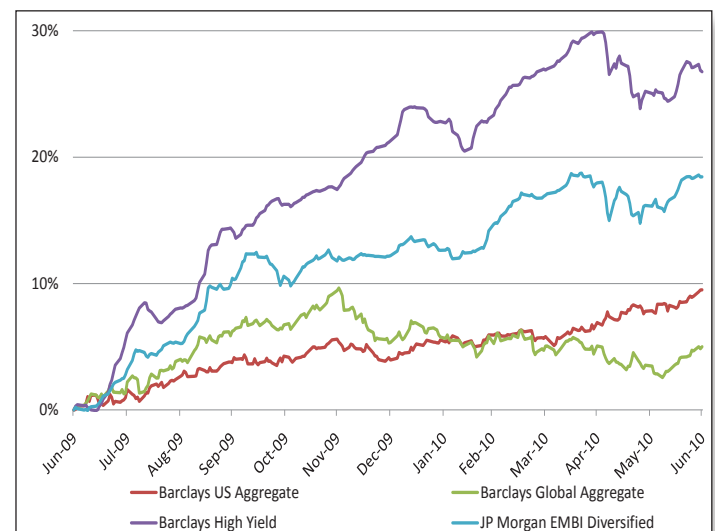
The Fixed Income portfolio has a target allocation of 30%, and is comprised of four distinct asset classes: Core Fixed Income, High Yield, Global Fixed Income, and Emerging Market Debt. Differences between target allocation versus actual allocation are due to strategic decisions made by the Commission and CIO.

MARKET OVERVIEW

The Fixed Income markets during FYE 2010 reflected a complete reversal from FYE 2009 trends. FYE 2009 was characterized by periods of extreme risk aversion as investors were confronted with numerous shocks, including: the demise of storied financial institutions, focused selling into liquid markets, frozen credit conditions, and a rapidly weakening global economy. Collectively, this led to heightened risk aversion, plunging Treasury yields, and unprecedented widening in the spread sectors.

By the beginning of FYE 2010 the economy was starting to move forward, financial markets were largely functioning in a normal manner, and risk aversion had been replaced by a robust risk appetite. Treasury yields moved higher in December 2009 as the yield curve steepened to near record levels. Not only did spread sectors substantially outperform Treasuries, but in sharp contrast to FYE 2009, lower quality securities outperformed higher quality securities.

FIXED INCOME CUMULATIVE RETURN



Source: Bloomberg

No single event triggered the dramatic change in fixed income markets. Certainly contributing to the turnaround was the US government's aggressive attempt to avert a meltdown in financial markets. As economic data transitioned from deteriorating to showing signs

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

of stabilization, investor sentiment improved and supported significant tightening in spread sectors.

As FYE 2010 moved forward, the bond market was overshadowed by macro risks: increasing concerns over sovereign credits, such as Greece, and increased issuance of US Treasuries, funding a mounting fiscal deficit. Despite these risks, investors maintained a strong appetite for risk and higher yields. This appetite led to a robust demand for riskier assets within spread sectors (non-US Treasuries) and volatility within the bond market remained relatively low.

At the end of FYE 2010, investors reverted back to a negative sentiment. Investors had become more risk averse with an intense focus on the uncertain implications related to unfavorable macroeconomic factors, including: signs of slower economic growth, renewed deflation fear, increased fiscal deficit, and high unemployment levels. The summation of these factors reinstituted the fear of a “double-dip” recession, which led to volatility and a strong rally in bond prices.

During FYE 2010, the Fed maintained a targeted federal funds rate at 0% to 0.25% and appears to be firmly on hold as it stated that “economic conditions warrant exceptionally low levels of the federal funds rate for an extended period.” Short-term rates, which are often tied to the federal funds rate, remain at historically low levels. Such levels continue to place pressure on money market funds’ ability to generate positive absolute returns on behalf of investors

CORE FIXED INCOME

As of June 30, 2010, the market value of the Core Fixed Income portfolio was \$2,613.8 million, or 11.4% of the Portfolio versus the policy target of 10.0%. The FYE 2010 performance for Core Fixed Income was 10.8% versus a return of 9.5% for the BarCap U.S Aggregate Index. The portfolio’s outperformance relative to its benchmark was primarily due to an overweight exposure in the corporate credit sector, and allocations to non-agency residential mortgage backed securities (“RMBS”), and commercial mortgage backed securities (“CMBS”) during the third quarter of FYE 2010.

STATISTICS

Core Fixed Income	1 Year	3 Year	5 Year
Annualized Return	10.8%	7.3%	5.9%
Annualized Standard Deviation	3.7%	3.7%	3.4%
Sharpe Ratio	2.9	1.6	0.9
R ² *	86.2%	75.9%	77.7%
Annualized Alpha*	1.5%	0.7%	1.3%
Correlation*	4.2%	53.3%	48.4%

* 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 through investment grade fixed income instruments, including: US Treasuries, agency securities, investment grade corporate bonds, and mortgage-backed securities. The Core Fixed Income portfolio also serves as a funding source for new investment strategies within the Portfolio. During FYE 2010 approximately \$600 million was liquidated and reallocated to fund other mandates and capital calls.

As of June 30, 2010, the Portfolio had contracts with three external investment firms. Pacific Investment Management Company (“PIMCO”) manages a core plus portfolio, which allows latitude to invest in high quality fixed income investments, emerging market securities, and high yield bonds. BlackRock and Jamison manage core fixed income portfolios. Residual bonds remaining in the internal Core Fixed Income portfolio were transferred to two of the three external Core Fixed Income managers for a managed liquidation.

GLOBAL FIXED INCOME

As of June 30, 2010, the market value of the Global Fixed Income portfolio was \$2,277.3 million, or 9.9% of the Portfolio versus the policy target of 4.0%. The FYE 2010 performance for Global Fixed Income was 15.7% versus a return of 5.0% for the BarCap Global Aggregate Index. The portfolio’s outperformance relative to the benchmark was due to country and currency allocations, as well as exposure to investment grade and high yield sectors.

STATISTICS

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 US equities. The portfolio should provide returns slightly higher than a domestic portfolio over a full market cycle in return for accepting increased country and currency risk.

Global Fixed Income	1 Year	3 Year	5 Year
Annualized Return	15.7%	n/a	n/a
Annualized Standard Deviation	10.1%	n/a	n/a
Sharpe Ratio	1.6	n/a	n/a
R ² *	71.0%	n/a	n/a
Annualized Alpha*	10.7%	n/a	n/a
Correlation*	76.8%	n/a	n/a

* As compared to BarCap Global Aggregate Bond Index

Source: NEPC

HIGH YIELD FIXED INCOME

As of June 30, 2010, the market value of the High Yield Fixed Income portfolio was \$688.6 million, equal to the Policy target of 3.0%. The FYE 2010 performance for the High Yield portfolio was 25.7% versus a return of 26.8% for the BarCap US High Yield Bond Index. Exposures to investment grade industrial names and allocations to non-USD denominated securities were the drivers of performance for FYE 2010. The slight underperformance was mainly driven by issuer and bond selection.

STATISTICS

High Yield Fixed Income	1 Year	3 Year	5 Year
Annualized Return	25.7%	n/a	n/a
Annualized Standard Deviation	12.2%	n/a	n/a
Sharpe Ratio	2.1	n/a	n/a
R ² *	94.8%	n/a	n/a
Annualized Alpha*	-1.1%	n/a	n/a
Correlation*	84.3%	n/a	n/a

* As compared to Barclays Capital U.S. High Yield 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.

EMERGING MARKET DEBT

As of June 30, 2010, the market value of the Emerging Market Debt portfolio was \$454.4 million, or 2.0% of the Portfolio versus the Policy target of 3.0%. The FYE 2010 performance for the Emerging Market Debt portfolio was 16.3% versus a return of 18.4% for the JP Morgan EMBI Global Diversified Index. The underperformance for the year was due to manager's exposure within country allocation and bond selection. Currency exposure was the primary driver of performance.

The Emerging Market Debt portfolio invests primarily in fixed income and hybrid securities of developing country issuers which are actively traded in an over-the-counter market. The objective of the Emerging Market Debt portfolio is long-term growth of capital and income by investing in USD denominated and non-USD denominated sovereign debt, and corporate bonds.

MANAGER PERFORMANCE AS OF JUNE 30, 2010

		Market Value	% of Fund	3 Month	YTD	1 Year	Annualized Returns	
							3 Year	5 Year
FIXED INCOME COMPOSITE	\$	6,790,628,773	29.6%	1.1%	3.9%	13.1%	7.4%	6.2%
CORE FIXED INCOME	\$	2,613,773,205	11.4%	3.9%	5.8%	10.8%	7.3%	5.9%
Internal Core Fixed Income	\$	263,789,753	1.1%	2.3%	4.0%	6.0%	5.0%	4.6%
Blackrock	\$	910,030,330	4.0%	3.4%	5.1%	9.4%	n/a	n/a
Blackrock Transition	\$	142,610,044	0.6%	6.7%	10.7%	n/a	n/a	n/a
Mariner Fixed Income	\$	16,515,079	0.1%	28.1%	28.8%	n/a	n/a	n/a
Jamison, Eaton, and Wood	\$	207,015,078	0.9%	3.2%	n/a	n/a	n/a	n/a
PIMCO	\$	1,073,812,921	4.7%	3.6%	5.6%	9.9%	n/a	n/a
<i>BARCLAYS CAPITAL U.S. AGGREGATE</i>				3.5%	5.3%	9.5%	7.6%	5.5%
GLOBAL FIXED INCOME	\$	2,277,290,793	9.9%	-0.3%	2.4%	15.7%	n/a	n/a
Amundi (Credit Agricole)	\$	438,619,489	1.9%	-0.2%	2.4%	14.3%	n/a	n/a
Loomis Sayles	\$	538,630,930	2.3%	0.0%	5.3%	24.6%	n/a	n/a
Mondrian	\$	806,394,481	3.5%	0.0%	1.3%	9.9%	n/a	n/a
Western Asset Management	\$	493,645,893	2.2%	-1.0%	3.1%	20.2%	n/a	n/a
<i>BARCLAYS CAPITAL GLOBAL AGGREGATE</i>				0.0%	-0.3%	5.0%	6.8%	5.0%
HIGH YIELD FIXED INCOME	\$	688,618,541	3.0%	-0.8%	4.2%	25.7%	n/a	n/a
Loomis Sayles NHIT	\$	377,235,885	1.6%	-1.1%	4.3%	25.4%	n/a	n/a
Penn Capital	\$	68,393,241	0.3%	-0.8%	5.9%	29.9%	n/a	n/a
Post HY	\$	198,661,740	0.9%	-1.8%	n/a	n/a	n/a	n/a
TCW HY	\$	44,327,675	0.2%	-0.1%	3.8%	n/a	n/a	n/a
<i>BARCLAYS CAPITAL U.S. HIGH YIELD</i>				-0.1%	4.5%	26.8%	6.5%	7.2%
EMERGING MARKET DEBT	\$	454,439,416	2.0%	-1.3%	3.2%	16.3%	n/a	n/a
Cap Guardian	\$	454,439,416	2.0%	-1.3%	3.2%	16.3%	n/a	n/a
<i>JP MORGAN EMR'G BOND GLOBAL DIVERSIFIED</i>				1.2%	5.6%	18.4%	8.3%	8.1%
Short Duration	\$	756,506,818	3.3%	1.1%	n/a	n/a	n/a	n/a
ERISA Short Duration	\$	504,935,917	2.2%	1.1%	n/a	n/a	n/a	n/a
Post Limited Term	\$	251,570,901	1.1%	n/a	n/a	n/a	n/a	n/a
<i>ML US Treasuries 0-3 Yr</i>				0.9%	1.4%	2.1%	3.9%	3.9%

Source: NEPC

PRIVATE EQUITY REVIEW

As of FYE 2010 the Private Equity portfolio's direct investments had a market value of \$500.6 million, representing 2.2% of the Portfolio. The market value of private equity investments, including those within Strategic Partnerships, represented 4.2% of the Portfolio.

PORTFOLIO DEVELOPMENTS

During FYE 2010, four new direct Private Equity commitments were approved by the Commission. Totaling \$266.5 million, commitments were divided up as follows:

- \$100.0 million to a fund that primarily focuses on the financial service industry.
- \$100.0 million to a fund that targets secondary private equity investments.
- \$50.0 million to a venture capital fund of funds.
- \$16.5 million to a regional private equity firm that has a geographic focus on the southeastern portion of the US.

PORTFOLIO STRUCTURE

The Private Equity portfolio has a target allocation of 7.0% of the Portfolio. Currently, the market value in the private equity asset class makes up 4.2% of the Portfolio. Total commitments to Private Equity are approximately \$2.7 billion and are expected to be funded over the next three to five years.

Investments in private equity are made through capital calls from the fund manager. As the managers find new opportunities in the market, they make formal requests to investors for capital to fund the investment transactions. Investors are legally bound to supply capital per the partnership agreement and each call is based on the investors' pro-rata share of overall commitment to the fund.

The Portfolio has exposure to private equity through direct investments and through strategic partnership investments. The 22 direct fund investments represent approximately 57% of total private equity commitments, with strategic partnerships making up the balance. The Private Equity portfolio is well diversified based on geography, strategy, and sector (see the related charts for additional detail).

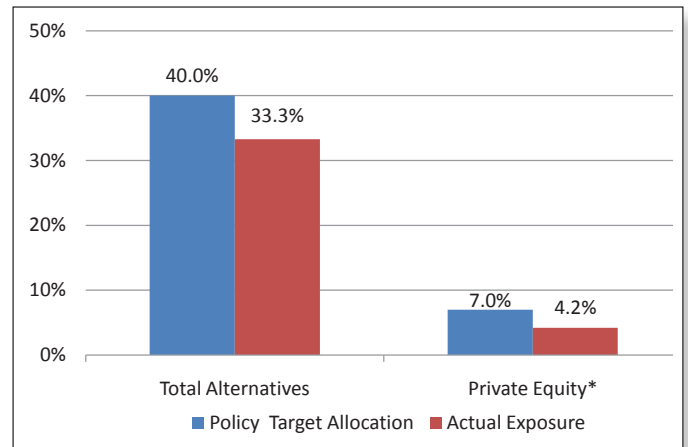
MARKET OVERVIEW

During the FYE 2010, there were fundamental improvements to the private equity market. Merger and acquisition activity rose due to the increased availability of leverage. This leverage was supplied to companies with strong balance sheets and consistent sources of cash flow.

Currently, there are still high levels of uncalled capital from the funds that were originated between 2004 and 2008. This uncalled capital caused large private equity firms to seek opportunities in the middle market, creating upward pressure on portfolio companies' purchase prices. Additionally, the rise in purchase prices can also be attributed to private equity firms' desire to invest this capital prior to the end of the investment period.

Some of the new funds currently being raised by Private Equity firms are smaller than their predecessor funds due to the limited amount of capital available from limited partners. As a result of the smaller size, the number of transactions is expected to be reduced.

PRIVATE EQUITY EXPOSURE AS OF JUNE 30, 2010



* Private Equity Actual Weight represents market value of total capital called.

Additionally, the investment period may be shortened, and the private equity firms could return to the market with a successive fund raising effort within a short period of time (24-36 months).

Private equity managers have three primary sources of liquidity: strategic buyers, financial buyers, and public markets. Strategic buyers consist of companies looking to expand their existing business through the purchase of similar businesses located in a new market or who have a comparable product. Financial buyers include other private equity firms that believe they can add value to a company through better management. The public markets include initial public offerings ("IPOs"). All three of these exit options have experienced increased activity over the last 12 months.

PERFORMANCE

Due to the early age of the portfolio, limited performance information is currently available. Private equity is considered a long term asset class, and the capital that is invested today could take 5-10 years to be returned to the Portfolio. Approximately 40% of the committed capital is invested and the remaining 60% is expected to be called over the next 3-5 years.

The private equity asset class is subject to a J-curve effect. In early years, fees and expenses are paid, which pushes the early returns into negative territory. Then, as managers create value within the portfolio, valuation of the investment increases, offsetting the early reductions and creating positive gains for the investors.

Ultimately, the true value of the investment is not known until exit. However, given the ongoing interaction with existing managers and improving market conditions, RSIC is comfortable with current positions and believes that over time, private equity will be a key driver of value for the Portfolio.

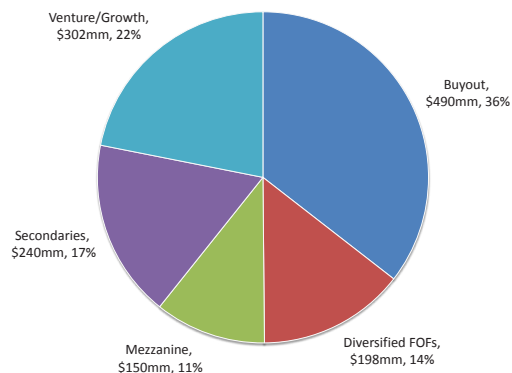
PRIVATE EQUITY PORTFOLIO SUMMARY

Total Private Equity Investments (in millions)	Vintage Year	Total Capital Committed	Total Capital Called	Total Market Value	Strategy	Primary Geographic Location
Apax Europe VII-B ¹	2007	47,995,150	29,847,650	23,074,973	Buyout	Europe
Aquiline Financial Services Fund	2005	100,000,000	72,284,216	69,902,188	Buyout	United States
Azalea Fund III	2009	16,500,000	2,227,500	2,381,970	Venture/Growth	United States
Bridgepoint Europe IV ¹	2008	61,998,709	13,370,082	10,884,593	Buyout	Europe
Carousel Capital Partners III	2006	30,000,000	22,312,312	20,512,021	Buyout	United States
Clayton, Dubilier, and Rice VIII	2009	100,000,000	25,371,879	27,982,986	Buyout	United States
Crestview Partners II	2008	100,000,000	28,216,679	27,926,730	Buyout	United States
GS Mezzanine Partners V	2007	100,000,000	45,000,000	38,360,584	Mezzanine	United States
Industry Ventures Fund V	2009	40,000,000	22,000,000	24,184,073	Secondaries	United States
Lexington Middle Market II	2008	50,000,000	8,220,045	7,842,641	Secondaries	United States
NB Secondary Opportunities Fund II	2008	50,000,000	13,551,994	15,588,215	Secondaries	United States
Northstar Mezzanine Partners V	2007	50,000,000	21,459,412	18,124,300	Mezzanine	United States
Pantheon Europe Fund V ^{1,2}	2006	73,294,938	38,257,213	30,815,181	Diversified FOFs	Europe
Pantheon USA Fund VII ³	2006	125,000,000	48,125,000	44,409,479	Diversified FOFs	United States
Paul Capital Partners IX	2007	100,000,000	50,228,361	43,200,924	Secondaries	United States
Ranieri - SC Conduit	2010	25,000,000	5,000,000	5,000,000	Venture/Growth	United States
Square 1 Venture 1	2007	30,000,000	12,745,750	16,498,424	Venture/Growth	United States
Truebridge Fund I	2007	40,000,000	17,200,000	15,570,778	Venture/Growth	United States
Truebridge Fund II	2009	40,000,000	800,278	680,000	Venture/Growth	United States
Venture Investment Managers	2008	50,000,000	7,000,000	5,823,976	Venture/Growth	United States
Warburg, Pincus Private Equity X	2007	100,000,000	52,250,000	45,116,080	Venture/Growth	Global
Welsh Carson Anderson & Stowe XI	2009	50,000,000	8,119,371	6,704,621	Buyout	United States
Total Direct Program		\$1,379,788,797	\$543,587,742	\$500,584,737		

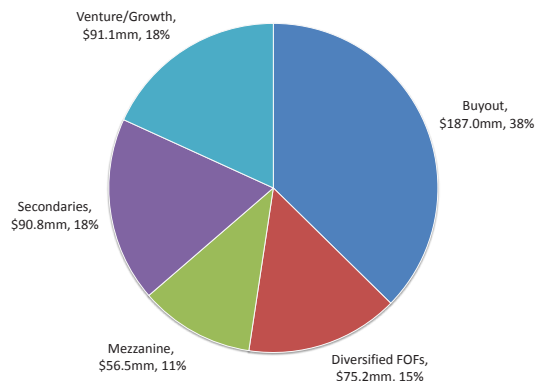
Source: NEPC

PRIVATE EQUITY PORTFOLIO SUMMARY

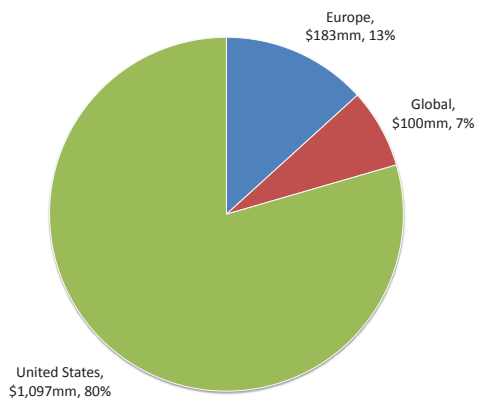
STRATEGIC ALLOCATION (CAPITAL COMMITTED)



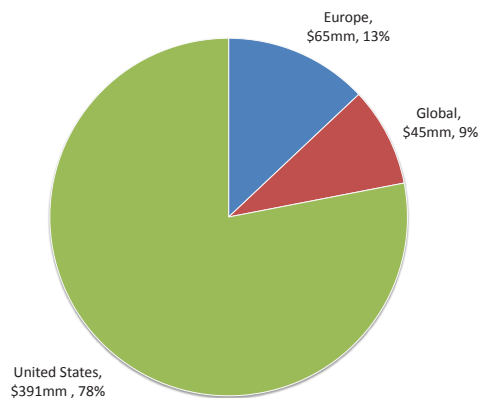
STRATEGIC ALLOCATION (MARKET VALUE)



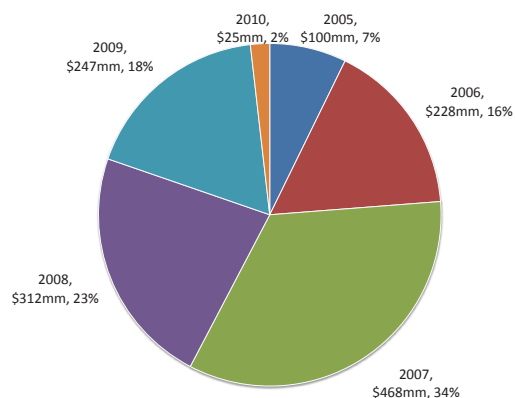
GEOGRAPHIC ALLOCATION (CAPITAL COMMITTED)



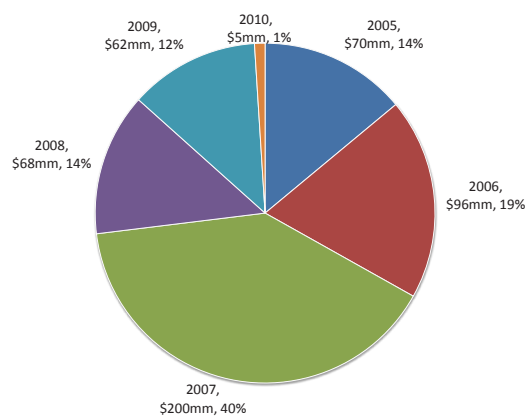
GEOGRAPHIC ALLOCATION (MARKET VALUE)



VINTAGE YEAR (CAPITAL COMMITTED)



VINTAGE YEAR (MARKET VALUE)



HEDGE FUNDS REVIEW

As of FYE 2010, the Portfolio's Hedge Fund Composite ("Composite") comprised 14.0% of the Portfolio, with a market value of \$3.2 billion (excluding Strategic Partnership exposures). The Composite's performance for the FYE 2010 was 9.1%, compared to 6.2% for the HFRX Global Hedge Fund Index.

PORTFOLIO DEVELOPMENTS

- In January 2010, the RSIC approved the transition from investing in fund of hedge funds to investing directly in hedge funds.
- Loomis Sayles was added to the Composite in May 2010 with an allocation of \$250 million.
- Redemptions from fund of hedge funds totaled approximately \$800 million as of June 30, 2010.

PORTFOLIO STRUCTURE

The Composite consists of two types of investment strategies: Opportunistic (hedge funds) and Absolute Return. The distinction between Opportunistic and Absolute Return is based on whether the strategy is generally market-neutral or directional. The Absolute Return component is intended to provide consistent positive returns without any net market exposure. Therefore, in most market environments, the performance of an Absolute Return investment is expected to be uncorrelated to the performance of other asset classes. The Opportunistic component consists of those hedge fund investments that are generally directional in nature and do not seek to be market-neutral.

The Opportunistic and Absolute Return components are managed as a single portfolio. The Absolute Return component is substantially larger than the Opportunistic component. From an asset allocation perspective, the Absolute Return allocation is not considered to be a separate asset class, but rather a complement to the synthetic exposures in the Beta Overlay program. The Opportunistic hedge fund investments are treated as a distinct asset class, with a 5% target allocation.

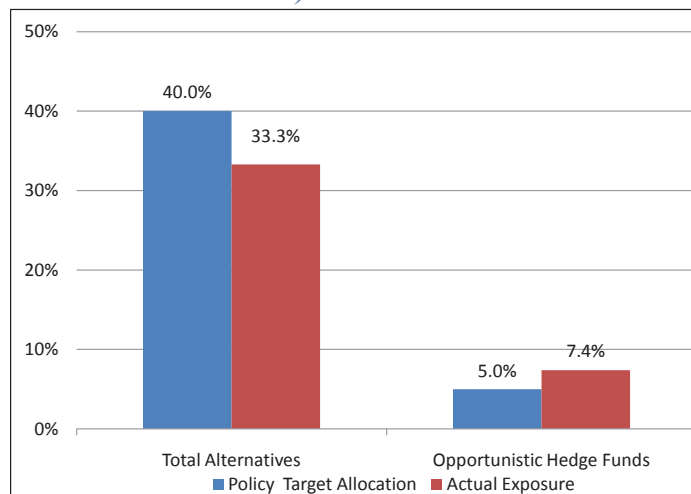
The Composite invests in both direct hedge funds and hedge fund of funds, which broadly speaking, use three main strategies to generate returns: relative value, event driven, and directional.

Each of the three main strategies can be further defined by sub-strategies:

- Relative value includes sub-strategies such as relative value credit, other arbitrage, equity long/short high hedge, mortgage arbitrage, fixed income arbitrage, convertible arbitrage, statistical arbitrage, volatility arbitrage, and closed end fund.
- Event driven includes sub-strategies such as event-driven credit, distressed, restructurings and value, private placements, and merger/risk arbitrage.
- Directional includes macro, equity long/short opportunistic, commodity trading advisor/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.

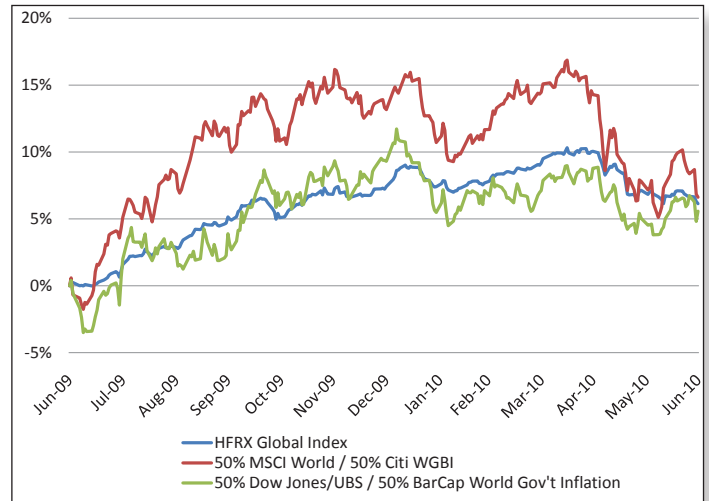
HEDGE FUND EXPOSURE AS OF JUNE 30, 2010



MARKET OVERVIEW

In the first half of FYE 2010, the Hedge Fund Composite ("Composite") and its benchmark, the HFRX Global Hedge Fund Index, returned 8.2% and 7.4%, respectively. The main contributors to the Composite's outperformance were investments in long-biased credit, macro, and four of the five fund of hedge funds managers. The main detractors from the Composite's overall performance were investments in distressed long/short, multi-strategy, and one of the five fund of hedge funds managers. In the second half of FYE 2010, the Composite and the HFRX Global Hedge Fund Index returned 1.3% and -1.2%, respectively. The main contributors to the Composite's outperformance continued to be investments in long-biased credit, macro, and four of the five fund of hedge funds managers. The main detractors from the Composite's overall performance continued to be investments in distressed long/short, multi-strategy, and one of the five fund of hedge funds managers.

ALTERNATIVE INDEX CUMULATIVE RETURN



Source: Bloomberg

The HFRI Fund of Funds Composite, the benchmark for hedge fund of funds, outperformed the HFRX Absolute Return Index, the benchmark for direct hedge funds, for FYE 2010 with each index returning approximately 4.7% and -3.0%, respectively. The HFRX Global Hedge Fund Index outperformed both the HFRX Absolute Return Index and the HFRI Fund of Funds Composite for FYE 2010 with a return of approximately 6.2%.

PERFORMANCE

The Composite and the HFRX Global Hedge Fund Index, its benchmark, returned 9.1% and 6.2%, respectively. The major contributors of the Composite's performance were credit, multi-strategy, and long-short equity managers. The major detractors were distressed long/short managers.

STATISTICS

Hedge Fund	1 Year	3 Year	5 Year
Annualized Return	9.1%	-0.6%	n/a
Annualized Standard Deviation	5.2%	9.2%	n/a
Sharpe Ratio	1.7	-0.2	n/a
R ² *	92.1%	87.4%	n/a
Annualized Alpha*	8.3%	10.0%	n/a
Correlation*	89.8%	63.3%	n/a

* As compared to HFRX Global Hedge Fund Index

Source: NEPC

MANAGER PERFORMANCE AS OF JUNE 30, 2010

Managers	Market Value	% of Fund	Annualized Returns		
			1 Year	3 Year	5 Year
Total Hedge Fund Composite	\$3,207,533,148	14.0%	9.1%	-0.6%	n/a
Bridgewater	367,273,473	1.6%	23.1%	13.3%	n/a
D.E. Shaw	349,424,061	1.5%	1.3%	0.2%	n/a
W.L.Ross	193,895,821	0.8%	-7.8%	n/a	n/a
Loomis Sayles Long/Short	248,533,327	1.1%	n/a	n/a	n/a
Entrust	313,667,849	1.4%	22.6%	n/a	n/a
GAM	568,416,197	2.5%	-0.4%	n/a	n/a
Gottex	564,422,888	2.5%	9.7%	n/a	n/a
Grosvenor	601,899,532	2.6%	10.5%	n/a	n/a
HFRX GLOBAL HEDGE FUND INDEX			6.2%	-5.6%	0.5%

Source: NEPC

Commentary by: J.P. Boyd & Hershel Harper

GLOBAL ASSET ALLOCATION REVIEW

The Global Asset Allocation (“GAA”) portfolio began FYE 2010 underweight versus its 10% target allocation by 3.7%, with a market value of \$1,323.7 million. Due to both strong performance as well as additional investment, the portfolio value at the conclusion of FYE 2010 reached \$2,009.4 million.

PORTFOLIO DEVELOPMENTS

- The GAA portfolio returned 13.2% while the portfolio’s policy benchmark earned just 6.9% for the year. The major cause of the portfolio’s exceptional returns was the tactical decision made by some managers to favor equities and high yield bonds as the markets rallied the first nine months ending March 2010. Another contributing factor was the ability of managers to recognize growth in emerging markets.
- In addition to strong performance, the GAA portfolio also benefited from a reduction in management fees compared to FYE 2009. The weighted average fees were 0.51% during FYE 2010, compared to approximately 0.80% in the prior year.

PORTFOLIO STRUCTURE

The GAA portfolio has a target policy allocation of 10% with an approved range of 0% to 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 currently comprised of two strategies: Global Tactical Asset Allocation (“GTAA”) and Risk Parity.

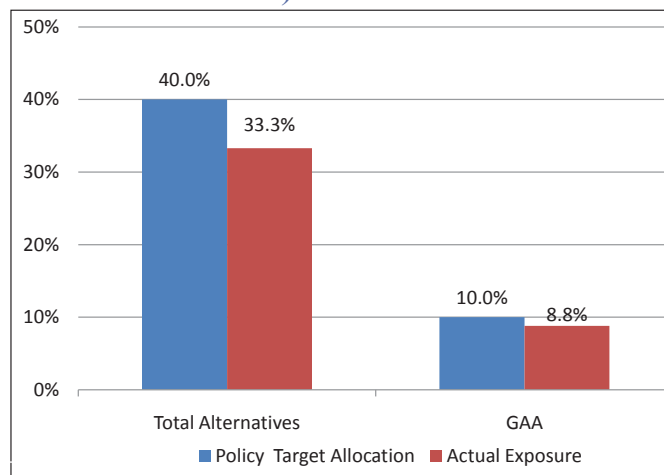
GTAA strategies attempt to add value over full market cycles by recognizing and exploiting asset allocation opportunities. This is achieved by shifting portfolio exposures across multiple asset classes and geographic regions. Risk Parity strategies attempt to generate consistent returns over time by balancing risks from each asset class. In doing so, performance of a Risk Parity portfolio is less dependent upon any specific economic environment.

MARKET OVERVIEW

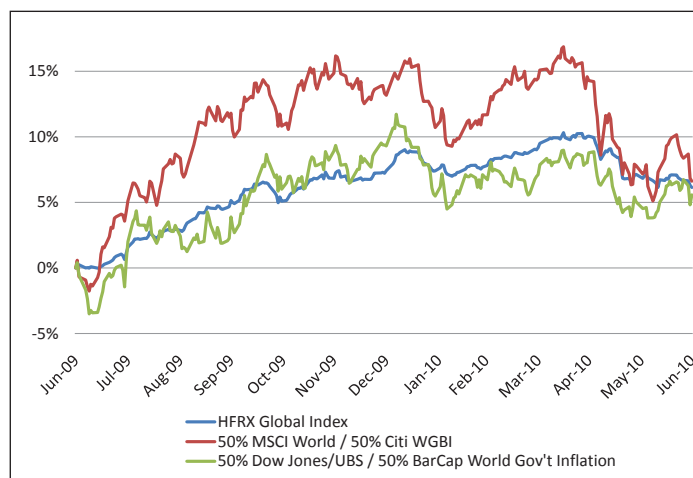
Whereas investors were punished for owning anything other than the safest assets in FYE 2009, investors were rewarded for taking risk during the FYE 2010. The rally, which began in March 2009, continued until early 2010 when concerns regarding the health of the European economies caused a ripple effect across the global financial markets. The strength in equity markets was echoed in the credit markets, which continued to repair the damage caused by the global financial crisis. Domestic High Yield bonds outperformed most broad equity asset classes.

While the global economy emerged from recession in the middle of 2009, several major forces continued to influence the pace of recovery. For example, unemployment remained high in the developed markets, a fact which influenced consumer spending trends. This trend, combined with a lack of private credit cre-

GAA EXPOSURE AS OF JUNE 30, 2010



EQUITY & FIXED INCOME INDEX CUMULATIVE RETURN



Source: Bloomberg

ation and continued weakness in the housing market, has resulted in a modest deleveraging of household balance sheets.

At a macro level, many developed world governments attempted to compensate for the lack of private credit creation through both fiscal and monetary stimulus during and after the financial crisis. While this appeared to help calm the markets in early 2009, economists have increasingly questioned the marginal utility of subsequent monetary stimulus. During 2010, as it became clear that the economic recovery was not as robust as had been anticipated, bond markets began to question the ability of several European governments to service their debt levels. Investors, reacting to fears of default and the potential impact on the Euro, exhibited the classical flight to quality as they sold equities and bought US Treasury securities.

Despite challenges in developed economies, growth projections for emerging market economies remained strong throughout FYE 2010. The problems that afflicted the developed world (lack of credit creation, high household leverage, weak consumer confidence, etc.) were not as relevant in emerging markets. One reason for the incongruence is that these economies had never enjoyed the luxury of being able to borrow to the extent of the developed world. Also, the continued emergence of a middle class in many emerging market countries has become an important growth engine and reduced the dependence upon exports as a source of economic expansion.

The major fixed income markets continued to perform well as interest rates declined and inflation fears abated. The rate of default for high yield bonds declined throughout the year, which helped investor confidence recover. Uncertainty surrounding potential European sovereign defaults and subsequent fiscal austerity measures caused investors to reduce exposure to global bonds in favor of US Treasuries.

PERFORMANCE

The Portfolio's Risk Parity strategies generated strong returns both in absolute terms and relative to their benchmarks. The Portfolio's GTAA strategy underperformed its benchmarks due primarily to a conservative market outlook and a belief that quality US equities offer the most attractive risk/reward proposition - a belief that did not add value during the broad-based rally in equity markets. Overall, the portfolio significantly outpaced its benchmark (by 6.27% net of fees). It is important to note that the degree to which managers' returns exceeded the benchmark was not simply a manifestation of how much equity exposure was in their portfolios.

STATISTICS

Global Asset Allocation	1 Year	3 Year	5 Year
Annualized Return	13.2%	n/a	n/a
Annualized Standard Deviation	9.0%	n/a	n/a
Sharpe Ratio	1.5	n/a	n/a
R ² *	92.9%	n/a	n/a
Annualized Alpha*	15.2%	n/a	n/a
Correlation*	93.4%	n/a	n/a

* As compared to 50% MSCI World/50% Citi WGBI

Source: NEPC

MANAGER PERFORMANCE AS OF JUNE 30, 2010

Managers	Market Value	% of Fund	Annualized Returns		
			1 Year	3 Year	5 Year
Total GAA Composite	\$2,009,430,963	8.8%	13.2%	n/a	n/a
Bridgewater	698,766,062	3.0%	16.7%	n/a	n/a
Putnam Investments	677,604,242	3.0%	19.0%	n/a	n/a
90D T-Bills + 5%			5.2%	6.7%	7.9%
GMO	633,060,659	2.8%	4.6%	n/a	n/a
50% MSCI WORLD, 50% CITI WGBI			6.9%	-1.7%	3.0%

Source: NEPC

Commentary by: Geoff Berg

OPPORTUNISTIC CREDIT REVIEW

As of June 30, 2010, the total Opportunistic Credit portfolio market value was \$862.7 million, representing 3.8% of the Portfolio. The target allocation is 8%, with a maximum range up to 15%. The Portfolio has an exposure to Opportunistic Credit of 10%, with the remaining 6.2% allocation consisting of investments within Strategic Partnerships.

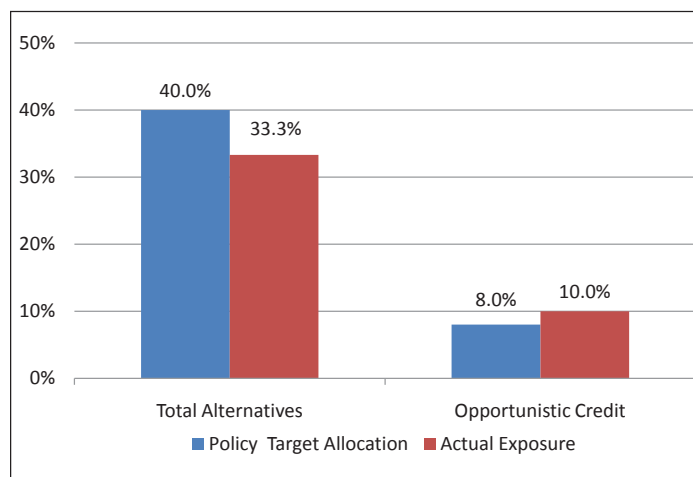
PORTFOLIO DEVELOPMENTS

RSIC added three managers to the Opportunistic Credit portfolio in FYE 2010. The addition was driven by compelling opportunities in the market and the desire to diversify the portfolio across a broad spectrum of market opportunities.

Additions to the portfolio include the following:

- **Strategos:** The focus of this investment is to provide a workout solution of legacy asset-backed positions within the securities lending collateral portfolio. As the workout continues, investments within the portfolio can include asset-backed securities ("ABS"), CMBS, and non-agency RMBS. This manager was funded in-kind with securities lending ABS legacy assets in October 2009.
- **WL Ross PPIP (Whole loans):** The focus of this investment is to take advantage of the distressed mortgage market. PPIP is a government program designed to improve liquidity in the troubled RMBS and CMBS markets. This manager was funded in June 2010.
- **Selene:** The focus of this investment is to take advantage of the distressed residential mortgage market. The RSIC approved an investment in Selene Residential Mortgage Opportunity Fund II in March 2010 and will close in FYE 2011.

OPPORTUNISTIC CREDIT EXPOSURE AS OF JUNE 30, 2010



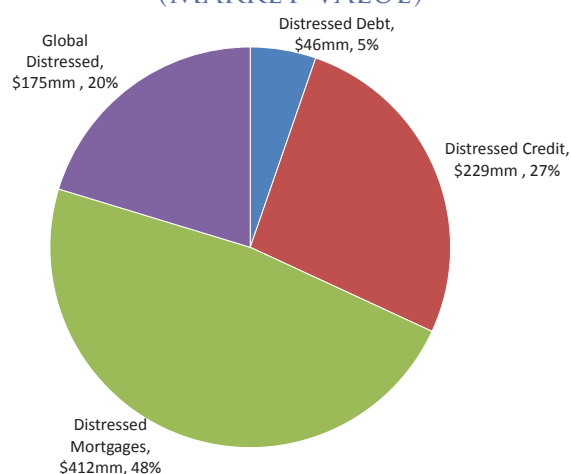
PORTFOLIO STRUCTURE

Investments in this portfolio include distressed debt, distressed residential mortgages, commercial mortgage-backed securities, bank loans, debtor-in-possession ("DIP") financing, and non-performing loans ("NPL"). The portfolio is comprised of direct investments with Opportunistic Credit managers and investments held within various Strategic Partnerships. Differences in target allocation versus actual allocation are due to the call down structure of these investments and the opportunities the managers are seeing in the market.

MARKET OVERVIEW

Traditionally, the Opportunistic Credit market allows investors to invest in company debt that is trading at a discount because the issuing company is over-levered. The company can be performing well, have a good management team, and generate significant margins, but be financially constrained by excess debt. The common phrase to describe this type of company is a "good company with a bad balance sheet."

STRATEGIC ALLOCATION (MARKET VALUE)



Many investors recognize opportunities in debt markets and are actively pursuing them with an abundance of capital, straining the already limited supply. However, additional supply is expected to become available over the next five years, as approximately \$1 trillion of bank loans and high yield bonds mature. Not all of these loans will be able to be extended, and alternate sources of capital will be needed to refinance these obligations.

With current default rates and corresponding Treasury yields both at all time lows, it is expected that defaults will increase when Treasury yields rise. Treasury yields may be driven up as a defense mechanism against inflation, which could occur over the next 18-36 months.

The middle market also presents a fair amount of deal flow for opportunistic credit investments. This includes companies with Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") of \$10 million to \$100 million. Currently, this market has approximately \$300 billion in debt that is expected to mature by 2014. Credit spreads on this segment of the market have remained higher than the historical average, indicating there could be some excess supply in the market or a demand for additional capital.

Regardless of market fluctuations, the key to successful investing is identifying the better managers in the market and having patience to invest over a long period of time. Based on fundamentals in the market today, there appears to be a robust amount of investment opportunities.

PERFORMANCE

As of FYE 2010, the Opportunistic Credit portfolio returned 23.3% over the previous 12 months, versus 17.4% from the blended benchmark. The key drivers of return have been price improvements within the high yield market due to spread tightening, low default expectations, and specific industry and credit selections within portfolios. The underperformance of individual managers was due to mark-to-market pricing within portfolios.

STATISTICS

Opportunistic Credit	1 Year	3 Year	5 Year
Annualized Return	23.3%	n/a	n/a
Annualized Standard Deviation	8.7%	n/a	n/a
Sharpe Ratio	2.7	n/a	n/a
R ² *	80.6%	n/a	n/a
Annualized Alpha*	6.5%	n/a	n/a
Correlation*	76.8%	n/a	n/a

* As compared to 1/3 BC High Yield, BC MBS, S&P LSTA Leveraged Loan

Source: NEPC

MANAGER PERFORMANCE AS OF JUNE 30, 2010

Managers	Market Value	% of Fund	Annualized Returns		
			1 Year	3 Year	5 Year
Total Opportunistic Credit Composite	\$862,677,617	3.8%	23.3%	n/a	n/a
Angelo Gordon	45,752,327	0.2%	19.3%	n/a	n/a
D.E. Shaw Opp Credit	68,241,822	0.3%	9.0%	n/a	n/a
Sankaty Advisors	161,164,197	0.7%	29.3%	n/a	n/a
Selene Partners	130,596,494	0.6%	21.4%	n/a	n/a
Avenue Capital	175,125,332	0.8%	13.4%	n/a	n/a
ING Clarion	27,415,164	0.1%	25.0%	n/a	n/a
Strategos	239,329,447	1.0%	n/a	n/a	n/a
WL Ross Whole Loans	15,052,834	0.1%	n/a	n/a	n/a
BLENDED OPPORTUNISTIC CREDIT BENCHMARK¹			17.4%	3.3%	1.4%

Source: NEPC

Commentary by: Dave Klauka & Nicole Waites

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 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 each Manager’s specific expertise, the Partnerships seek to obtain superior long-term risk adjusted returns by making opportunistic allocations to investments such as: opportunistic credit, absolute return strategies, private equity, real estate, real assets, and direct co-investment in public and private securities.

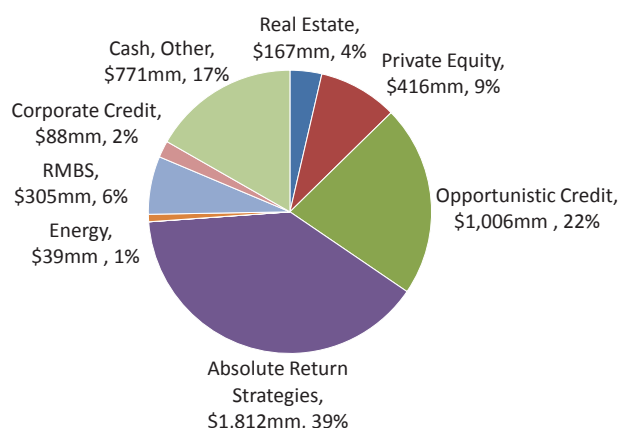
Each Partnership has its own investment committee (“Committee”) to direct the investment decision-making processes in accordance with the investment parameters as set by the RSIC. Each Committee is made up of senior investment professionals from the Manager and the RSIC’s CEO/CIO. The RSIC determines the Retirement System’s commitment amount, and managers are required to invest a meaningful amount of capital into the Partnership to align their interest with the RSIC’s interest.

STRATEGIC PARTNERSHIP SUMMARY AS OF JUNE 30, 2010

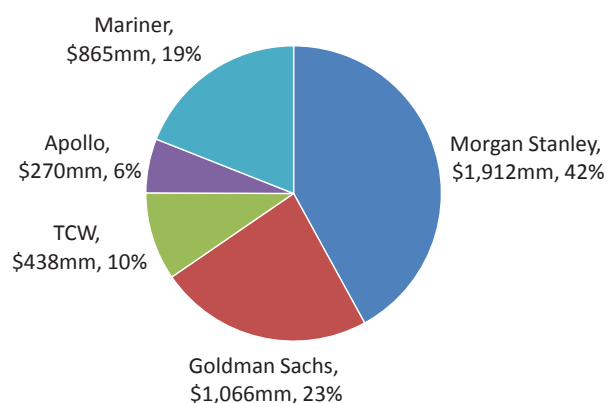
Partnership	Committed to Fund (mm)	Contributions (mm)	Withdrawals (mm)	Distributions (mm)	Unfunded Commitment (mm)	6/30/10 Market Value (mm)
Morgan Stanley	\$1,000	\$2,073*	\$0	\$0	\$0	\$1,912
Goldman Sachs	1500	1500	(500)	0	0	1066
TCW	750	548	0	166	202	439
Apollo	750	296	0	49	454	270
Mariner	750	750	0	0	0	865
Total	\$4,750	\$5,167	(\$500)	\$215	\$656	\$4,552

* In-Kind transfers of FrontPoint Partners and Morgan Stanley AIP Completion Fund

STRATEGY ALLOCATION AS OF JUNE 30, 2010



STRATEGIC PARTNERSHIP ALLOCATION AS OF JUNE 30, 2010



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

The MSSCLP began in February 2008 with an initial funding of \$1 billion. Due to Morgan Stanley’s expertise and global presence in institutional asset management, the MSSCLP focuses on a variety of alternative strategies. In order to fund private investments and as a source of liquidity, the Partnership has invested the majority of assets into absolute return strategies/fund of funds. Other investments include private equity, real estate, and co-investments. As of June 30, 2010, the MSSCLP’s asset allocation was 2% real estate, 11% private equity, 61% absolute return strategies, and 26% cash. During FYE 2010, RSIC decided to merge FrontPoint Partners and the Morgan Stanley Alternative Investment Partners Completion Fund into the MSSCLP. The Partnership is holding a large cash allocation

to take advantage of co-investment opportunities with idiosyncratic risks, to guard against uncertainty in the capital markets, and to fund future capital calls for private investments.

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

The TCW Partnership agreement was finalized in September 2008 with a commitment of up to \$750 million. RSIC transferred its interests in TCW related investments into the TCW Partnership and will fund the remaining commitments with cash. The TCW Partnership’s allocation is focused towards credit related strategies consistent with the Committee’s expertise. During FYE 2010, the TCW Partnership approved a separate account structure for high yield and special situation bank loans. The TCW Partnership has continued to take advantage of dislocations in residential mortgage-backed securities and other credit instruments. As of June 30, 2010, the asset allocation was 9% mezzanine debt, 63% residential mortgage-backed securities, 8% energy, 18% corporate credit, and 2% cash.

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

The Mariner SP agreement was finalized in October 2008 with a commitment of up to \$750 million. Mariner Investment Group’s unique investment platform provides RSIC with access to credit related strategies. The Partnership was funded by transferring the RSIC’s interest in Mariner Partners, L.P. and with \$400 million of additional assets. Consistent with Mariner Investment Group’s investment platform, Mariner SP is focused on sovereign debt, distressed debt, corporate credit, and mortgages. During FYE 2010, Mariner SP approved several new investments: A residential mortgage-backed security strategy, a tail risk hedging strategy, a government bond arbitrage strategy, a commercial mortgage strategy, and a strategy that focuses on interest only residential mortgage-backed securities. As of June 30, 2010, the asset allocation was 3% real estate, 50% opportunistic credit, 46% absolute return strategies, and 1% cash.

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. Initially, the Goldman Sachs SP invested in two co-investments: a private equity buyout and a non-US multi-family real estate transaction. During FYE 2009 the Partnership maintained a large cash position and was very conservative with its investment decisions. During FYE 2010, Goldman Sachs and RSIC have been diligently working on a risk framework for RSIC’s Portfolio. In the current market environment, the Partnership is well positioned to access senior credit, distressed credit, absolute return strategies, and private real asset opportunities. As of June 30, 2010, the asset allocation was 10% real estate, 8% private equity, 45% opportunistic credit, 13% absolute return strategies, and 24% cash.

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

The Apollo SP agreement was finalized in December 2008, although funding did not begin until the third quarter of FYE 2009. The RSIC initially committed up to \$750 million to the Apollo SP, but due to market conditions during the first and second quarters of FYE 2009, the RSIC reduced the commitment to \$200 million. During the August 2009 Commission meeting, the RSIC ratified the initial commitment. During FYE 2010, the Committee invested in a strategy that takes advantage of distressed debt in the middle market; a co-investment in oil and gas exploration and production; and a co-investment in a portfolio of non-performing loans. The Partnership has been discussing making investments in real estate, bank loans, and real assets when opportunities become more attractive. As of June 30, 2010, the asset allocation was 30% private equity, 31% opportunistic credit, 38% absolute return strategies, and 1% cash.

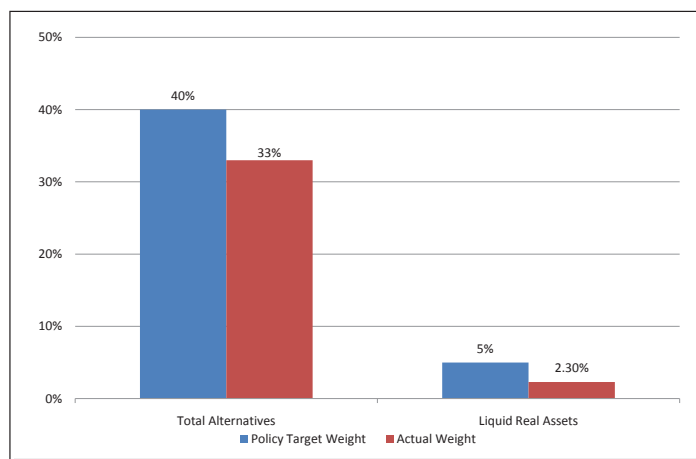
REAL ASSET REVIEW

For most of the fiscal year, the Portfolio had zero exposure to Liquid Real Assets, an asset class defined by the RSIC as half Global Treasury Inflation Protected Securities (“TIPS”) and half Commodities. In February 2010, the RSIC decided to not be underweight in Commodities and added passive exposure equal to 2.5% of the Portfolio. The Global TIPS allocation remained at 0% throughout the year.

REAL ASSETS OVERVIEW

RSIC delayed the allocation to real assets when it began diversifying the Portfolio’s assets due to high valuations in real assets and commodities. Real assets encompass an array of investment strategies whose values are sensitive to inflation and include TIPS, commodities, commodity oriented hedge funds, energy, and infrastructure. Real assets provide significant diversification due to 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 chart on the following page). Furthermore, real assets can provide protection against high inflation, benefit from rising input prices, and offer purchasing power protection to investors with inflation-sensitive liabilities. Global fiscal and monetary policy makers are implementing robust policies to protect against potential deflation and foster economic growth, which could lead to high inflation if the two scenarios are not managed effectively.

REAL ASSET EXPOSURE AS OF JUNE 30, 2010



MARKET OVERVIEW

The dislocation and deleveraging in the markets that occurred during 2008 and continued over the past year has resulted in compelling opportunities within a variety of real asset strategies. As central banks around the world increase the money supply to create liquidity and confidence in the markets, the potential for meaningful appreciation for non-currency-based real assets has increased.

INVESTMENT OPPORTUNITIES

RSIC is continuing to evaluate various strategies to exploit attractive opportunities in liquid real asset markets. Additionally, the RSIC will consider a wide variety of potential investment vehicles through which it will gain these exposures. For example, due to the nature of volatility in commodities markets, obtaining commodity exposure through a long/short strategy may offer an attractive approach to investing by allowing an investor to capture momentum and protecting downside risk. In the meantime, the Commission will continue to gain its exposure passively through synthetic index instruments.

CORRELATION MATRIX

Correlation Matrix	Cash	Treasuries	Credit	MBS	TIPS	High Yield	Global Bonds	Emerging Market Debt	Large Cap	Small/Mid Cap	International Equity	Emerging Equity	Private Equity	Real Estate	Commodities
Cash	1.00														
Treasuries	0.20	1.00													
Credit	0.15	0.95	1.00												
MBS	0.25	0.90	0.90	1.00											
TIPS	0.00	0.80	0.70	0.70	1.00										
High Yield	-0.05	0.35	0.50	0.45	0.25	1.00									
Global Bonds	0.10	0.55	0.50	0.45	0.40	0.10	1.00								
Emerging Market Debt	0.10	0.10	0.50	0.20	0.20	0.65	-0.15	1.00							
Large Cap	0.05	0.20	0.50	0.35	0.05	0.60	0.00	0.60	1.00						
Small/Mid Cap	-0.05	0.10	0.30	0.20	0.00	0.60	-0.10	0.55	0.90	1.00					
International Equity	-0.10	0.15	0.25	0.20	0.00	0.40	0.40	0.50	0.70	0.55	1.00				
Emerging Equity	-0.10	0.00	0.20	0.05	0.00	0.45	-0.05	0.80	0.55	0.60	0.60	1.00			
Private Equity	-0.10	0.05	0.25	0.15	0.00	0.60	0.00	0.25	0.75	0.85	0.50	0.25	1.00		
Real Estate	0.40	-0.05	-0.05	0.00	0.00	-0.10	-0.05	-0.10	0.15	0.05	0.10	-0.10	0.00	1.00	
Commodities	0.10	-0.05	-0.05	-0.05	0.20	0.00	0.00	0.10	0.00	-0.05	0.00	0.10	0.00	0.00	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 2010. The correlation 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.

Source: NEPC

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 2010).

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

REAL ESTATE REVIEW

As of June 30, 2010, the Real Estate portfolio had a market value of \$173.4 million, representing 0.6% of the Portfolio. The policy target for this asset class is 5.0% of the Portfolio, or approximately \$1.2 billion.

MARKET OVERVIEW

Real estate offers diversification benefits due to lower correlation with the more traditional asset classes (i.e. public equities and fixed income). Additionally, real estate offers some protection against inflation because of its ability to retain value during a period of rising prices.

From mid-2008 until the fourth quarter of 2009, the broader real estate market experienced steady declines in valuations. Accordingly, the RSIC made the decision to delay investing in real estate.

In the first quarter of 2010, first signs of strength became apparent to the market. The NCREIF expressed its first positive return in 18 months, returning 0.8% for the quarter. During the second quarter of 2010, the NCREIF increased another 3.3%, bringing the six month return for 2010 to 4.1%.

Typically, real estate demand is driven by strong economic fundamentals, especially job growth. The economy experienced weak job creation throughout FYE 2010. The expectation is real estate fundamentals are expected to take some time to improve.

Debt availability continues to increase. Currently, financing is available for properties that demonstrate strong fundamentals (fully leased, desirable location, strong local economy, well maintained, etc). Although banks and financial institutions still need to address the problem of non-performing loans before coming back into the market, some life companies are willing to provide capital on core properties with stable fundamentals.

Over the long term the market sentiment is bullish. As economic conditions continue to improve, large declines in property valuations are expected to recover. Across various sectors of the real estate market, value is being created through the purchase and improvement of existing properties, rather than through new development.

PORTFOLIO DEVELOPMENTS

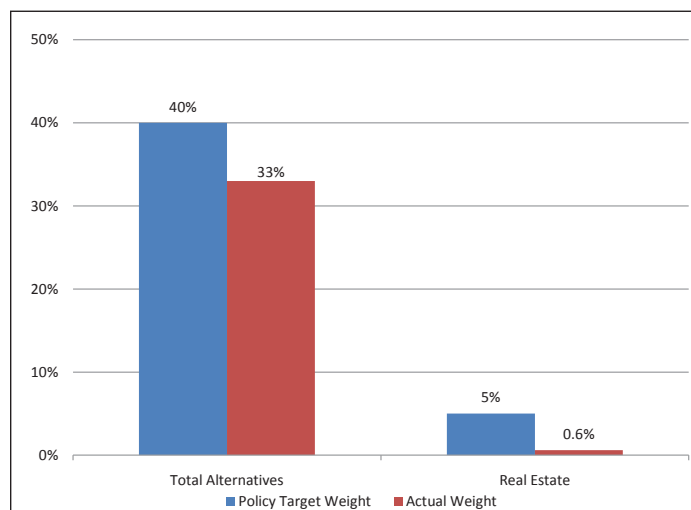
In November 2009, RSIC implemented its plan to allocate approximately \$1.2 billion of new capital to real estate over the next five years. Based on current market information, RSIC decided to commit approximately \$125 million to two funds during FYE 2010. The two funds would focus on an opportunistic real estate strategy. As of June 30, 2010, the due diligence process was being completed, and five prospective managers had been identified. Final selection will be completed during FYE 2011.

PORTFOLIO STRUCTURE

As of FYE 2010, the Real Estate portfolio is constructed of four strategic partnerships. Three of the partnerships are with large, well established financial institutions. The fourth was structured to purchase an office building in downtown Columbia, SC. The building currently houses the RSIC as well as other state agencies and local businesses.

Ultimately, RSIC plans to have approximately 40% of its real estate assets invested in Core properties, 20% in Value-Add, 20% in Opportunistic, and 20% in Real Estate Debt. Of the four real estate strategies, Core properties offer the lowest volatility with the lowest level of returns (6%-9%) and Opportunistic properties offer the highest volatility with the highest level of returns (12-18%).

REAL ESTATE EXPOSURE¹ AS OF JUNE 30, 2010



PERFORMANCE

FYE 2010 performance for the Real Estate portfolio was 12.02% versus the NCREIF benchmark of -1.48%. The positive performance was primarily driven by the investments of the Goldman Sachs Strategic Partnership. This Partnership contributed a 23.3% return to the portfolio and was a key driver for the overall Real Estate returns.

SECURITIES LENDING

PORTFOLIO STRUCTURE

The RSIC participates in a securities lending program, managed by BNY Mellon, whereby securities are loaned for the purpose of generating additional income. BNY Mellon is responsible for making loans of securities to various broker-dealers and collecting cash collateral equivalent to at least 102% of the security loaned. If the collateral value falls below 100%, the borrower must post additional collateral. The cash collateral is invested in short duration securities and monitored on an ongoing basis. In conjunction with generating revenue, the collateral pool seeks to maintain a net asset value ("NAV") of \$1.00, which is determined by dividing the market value of the assets by the cost of those assets.

PORTFOLIO DEVELOPMENTS

On June 30, 2010, the NAV of the collateral pool was \$0.76. The Lehman Brothers bankruptcy continues to adversely affect the collateral pool. At the end of June 2010, the market value of the collateral pool was approximately \$325 million, with an amortized cost of approximately \$429 million, which represents an unrealized loss of \$104 million due to the Lehman Brothers exposure.

The RSIC took steps in the previous fiscal year to minimize the risk within the securities lending program. The re-investment of the cash collateral continues to be restricted to short-term, very low risk securities. Due to these restrictive guidelines, as well as the current low interest rate environment, the gross securities lending revenue for the fiscal year was \$4.3 million, a significant decrease from \$24.0 million in the prior year.

In October 2009, the RSIC decided to transfer the asset-backed positions in the collateral pool to an external manager. The decision was made due to the manager's expert knowledge on the complexity of these asset-backed securities.

SECURITIES LENDING STATISTICS

Asset Class	Average Lendable Securities (MV)	Average Utilization (MV)	Average Utilization (%)	Average Spread (%)
US Agency Debt	\$18,078,077	\$0	0.00	0.00
US Corporate Bonds	1,172,588,808	33,367,541	2.85	0.74
US Equities	1,851,126,872	190,896,042	10.31	1.09
US Mortgage Backed Securities	473,189,796	68,139,379	14.40	0.21
US Treasuries	985,888,610	197,815,170	20.06	0.29

Source: BNY Mellon

EXPENSES

OVERVIEW

Investment management fees for FYE 2010 increased \$139.2 million, or 82.0%, to \$308.9 million. These sharp increases were expected as the Portfolio continued to diversify into alternative asset classes such as absolute return, private equity, and opportunistic credit strategies, which traditionally charge higher investment management fees. Fixed income fees also increased sharply as assets were moved from internal to external managers. Investment service, or bank fees, declined 50.5% to \$1.4 million. This decline was a result of reduced securities lending income due to reduction in lending balances and last year's earnings adjustment. General administrative expenses declined 10.9% to \$3.4 million. Overall, total investment management expenses increased from 0.8% to 1.4% of total assets.

Net of fees securities lending income for FYE 2010 was \$4.3 million down \$19.7 million or 81.9% from FYE 2009. This decline was a result of sharply lower interest rates and the declining availability of lendable securities due to RSIC's more restrictive investment guidelines. Longer-term lendable fixed income securities declined as portions of the fixed income portfolio were liquidated to fund the acquisition of externally managed funds of various asset classes. These declines were offset in part by an increase of lendable short-duration bonds. As in FYE 2009, lendable equity securities continued to decline as investments were reduced or replaced with equivalent futures' exposures.

Total investment expenses are expected to increase as the Portfolio is further diversified into asset classes such as international equities, private equity, and real estate, which traditionally maintain higher expense ratios. Additionally, investment management fees will continue to increase as low-cost synthetic exposures are replaced with active management fees. In each of these cases, superior returns are expected to offset the higher fees to be incurred.

RSIC SCHEDULE OF INVESTMENT EXPENSES FISCAL YEAR ENDING JUNE 30, 2010 (AMOUNTS EXPRESSED IN THOUSANDS)

Investment & Administrative Expenses	2008	2009	2010
Total Plan Assets¹	\$26,633,045	\$21,004,996	\$22,970,944
Investment Management Expenses			
Investment Managers' Fees ²	121,871	169,709	308,904
Investment Service Fees	4,949	2,891	1,435
Administrative Expenses ³	3,570	3,850	3,432
Gross Expenses	130,390	176,450	313,771
Total Expenses as a Percentage of Total Assets	0.49%	0.84%	1.37%
Securities Lending Activities			
Securities Lending Income	\$209,364	\$58,465	\$5,531
Securities Lending Expenses	178,150	34,433	1,181
Net Securities Lending Income	31,214	24,032	4,349
Brokerage Fees	\$7,271	\$6,620	\$7,075
Brokerage Fees as a Percentage of Total Assets	0.03%	0.03%	0.03%
¹ Source: BNY Mellon			
² Previous years' fees were restated to include carried interest, other fees, and to account for adjustments between cash and accrual accounting.			
³ Includes investment consultant fees			

Commentary by: Douglas Lybrand

APPENDIX A

SOUTH CAROLINA RETIREMENT SYSTEMS
SUMMARY SCHEDULE OF ASSETS AND DERIVATIVES (000's)
AS OF JUNE 30, 2010¹

	Balance Sheet Value	Off Balance Sheet Notional Value
Cash Equivalents and S-T Investments:		
Cash and Equivalents	2,698,931	
Cash Collateral at Broker	63	
Total Short-Term Investments	2,024,442	
Total Interest Receivables	33,363	
Total Miscellaneous Receivables	1,058,915	
Total Miscellaneous Payables	(1,127,174)	
Unrealized P/L on Forward Contracts	198,342	
Total Cash and S-T Investments	<u>4,886,883</u>	
Short Duration Fixed Income Investments:		
U.S. Treasuries	495,659	
High Yield Short Duration	224,607	
Total Short Duration Fixed Income Investments	<u>720,266</u>	
Fixed Income Investments:		
U.S. Core Fixed Income	2,429,733	
U.S. Core Fixed Income Futures	(938)	
Global Fixed Income	2,277,291	
Global Fixed Income Futures	-	
High Yield Bonds	676,386	
Emerging Market Debt	454,439	
Total Fixed Income Investments	<u>5,836,911</u>	
Equity Investments:		
Domestic Equity	1,616,780	
Domestic Convertible Preferred Equity	-	
Total Equity	<u>1,616,780</u>	
Alternative Investments:		
GTAA	2,009,431	
Opportunistic Credit	2,357,071	
Private Equity	984,327	
Hedge Funds	4,676,009	
Real Estate	173,440	
Total Alternative Investments	<u>10,200,278</u>	
Swaps:		
Domestic Equity	(29,445)	325,554
International Equity	(145,877)	1,037,624
Emerging Equity	(72,923)	1,012,531
Commodity	(31,091)	518,909
Realized Losses	(10,839)	-
Total Swaps	<u>(290,174)</u>	<u>2,894,617</u>
Futures:		
U.S. Large Cap	-	834,010
U.S. Small/Mid Cap	-	414,585
International Equity	-	474,660
Total Futures	<u>-</u>	<u>1,723,255</u>
Total Investments:	<u>\$ 22,970,944</u>	<u>\$ 4,617,872</u>

¹Appendices A – H were created using data as of June 30, 2010 that was provided by the Custodian. Refer to the Manager Returns (Net of Fees) Report for an explanation of differences between the market values and returns reported by NEPC and the Custodian.

APPENDIX B

SOUTH CAROLINA RETIREMENT SYSTEMS
CASH AND CASH EQUIVALENT HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Description</u>	<u>Base Cost</u>	<u>Base Market Value</u>
CASH - NON CUSTODIED	\$ 22,224	\$ 22,224
SC STRATEGIC PARTNERSHIP CASH	763,652	763,652
RUSSELL OVERLAY CASH	1,805,147	1,813,612
RUSSELL OVERLAY SWAP COLLATERAL	99,345	99,345
MISC CASH EQUIVALENTS	48	99
Total Cash and Equivalents	2,690,415	2,698,931
 CASH COLLATERRAL AT BNP PARIBAS	 (170)	 (170)
CASH COLLATERAL AT DEUTSCHE BANK	1,750	1,750
CASH COLLATERAL AT GOLDMAN	19	19
CASH COLLATERAL AT GOLDMAN INTL	(450)	(450)
CASH COLLATERAL AT HSBC	(60)	(60)
CASH COLLATERAL AT BANK OF AMERICA	330	330
CASH COLLATERAL FOR PIMCO	(2,400)	(2,400)
CASH AT BROKER FOR BLACKROCK	1,044	1,044
Cash Collateral at Brokers	63	63
 UNITED STATES TREAS BILLS	 1,249	 1,249
Total T-Bills	1,249	1,249
 TBA CASH COLL BOA	 (340)	 (340)
TBA CASH COLL GSC	(320)	(320)
Total TBA Cash	(660)	(660)
 BRIDGEWATER STIF II FD	 120,712	 121,765
Total STIF Accounts	120,712	121,765
 DREYFUS GOVT CASH MGMT FUND	 1,250,734	 1,250,734
FEDERATED GOVT	600,000	600,000
Total Money Market Funds	1,850,734	1,850,734
 SOUTH CAROLINA EQUITY CASH	 38,254	 38,254
CITIBANK NA REPO	13,100	13,100
Total Repurchase Agreements	51,354	51,354
 Total Short Term Investments	2,023,389	2,024,442
 DIVIDENDS RECEIVABLE	 1,310	 1,310
INTEREST RECEIVABLE	31,985	31,961
INTEREST RECEIVABLE RECLAIM	102	96
INTEREST PAYABLE-SHORT SELL	(4)	(4)
INCOME DREYFUS GOVT CASH MGMT	-	-
Total Interest Receivable	33,393	33,363
 RECEIVABLE FOR INVESTMENTS SOLD	 1,058,915	 1,058,915
VARIATION MARGIN ON EQUITY FUTURES	-	-
Total Misc Receivables	1,058,915	1,058,915

APPENDIX B

SOUTH CAROLINA RETIREMENT SYSTEMS CASH AND CASH EQUIVALENT HOLDINGS (000's) AS OF JUNE 30, 2010

<u>Description</u>	<u>Base Cost</u>	<u>Base Market Value</u>
CASH	(1,870)	(1,870)
PAYABLE FOR INVESTMENTS PURCHASED	(929,704)	(929,704)
PAYABLE FOR FORWARD FX CONTRACTS	(198,726)	(195,600)
TBA CASH COLL MSC	-	-
Total Misc Payables	(1,130,300)	(1,127,174)
FFX CONTRACTS RECEIVABLE	198,726	197,115
NON-BASE CURRENCY	1,233	1,227
NON-BASE CURRENCY - BROKER	0	0
Total U/R P/L on Forward Contracts	199,959	198,342
Total Cash and Short Term Investments	\$ 4,875,835	\$ 4,886,883

APPENDIX C

SOUTH CAROLINA RETIREMENT SYSTEMS
SHORT DURATION HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Price</u>	<u>Maturity Date</u>	<u>Face Value / Contracts</u>	<u>Book Value</u>	<u>Market Value</u>
SIRIUS SATELLITE RADIO CONV	96.1	10/15/2011	\$ 6,600	\$ 6,395	\$ 6,344
TRANSOCEAN INC	96.9	12/15/2037	3,000	2,889	2,906
TRANSOCEAN INC	88.8	12/15/2037	4,200	3,717	3,728
TRANSOCEAN INC	82.8	12/15/2037	1,000	836	828
AES CORP/THE 144A	101.5	5/15/2013	3,000	3,060	3,045
AMERICAN ACHIEVEMENT CORP SR	99.3	4/1/2012	5,904	5,904	5,860
BLOUNT INC REORGANIZED	100.3	8/1/2012	4,000	4,025	4,010
BROWN SHOE INC NEW SR NT	101.0	5/1/2012	5,390	5,496	5,444
CIT GROUP FDG DEL LLC SECD NT	102.5	5/1/2013	5,303	5,463	5,436
CHARTER COMMUNS OPER LLC 144A	104.0	4/30/2012	5,577	5,830	5,800
FRONTIER COMMUNICATIONS CORP	100.3	1/15/2013	6,000	5,940	6,015
COMMUNICATIONS & PWR INDS INC	99.8	2/1/2012	7,000	7,018	6,983
CORRECTIONS CORP AMER NEW SR	100.8	3/15/2013	5,000	5,006	5,038
DAVITA INC SR NT	100.1	3/15/2013	6,556	6,526	6,564
DELTA AIR LINES INC 00-1 CL B	101.0	5/18/2012	7,450	7,532	7,525
DELUXE CORP SR NT	97.0	12/15/2012	5,000	4,838	4,850
DENBURY RES INC DEL SR SUB NT	101.1	4/1/2013	5,000	5,050	5,056
ESI TRACTEBEL ACQUISITION CORP	100.6	12/30/2011	5,782	5,806	5,818
EXCO RES INC SR NT	99.8	1/15/2011	6,100	6,106	6,085
ELAN FIN PLC / ELAN FIN CORP	98.3	11/15/2011	5,030	4,895	4,942
FAIRFAX FINANCIAL HOLDINGS LTD	104.5	4/26/2012	1,212	1,272	1,267
FORD MOTOR CREDIT CO LLC	102.3	8/1/2012	7,000	7,083	7,158
FRONTIER OIL CORP SR NT	100.4	10/1/2011	1,000	1,005	1,004
GAMESTOP CORP / GAMESTOP INC	102.8	10/1/2012	1,900	1,952	1,952
GARDNER DENVER INC SR SUB NT	101.8	5/1/2013	5,225	5,283	5,316
GENERAL MTRS ACCEP CORP #00342	95.0	8/15/2011	245	232	233
INTELSAT SUBSIDIARY HOLDING CO	100.8	1/15/2013	5,000	5,075	5,038
INTERNATIONAL LEASE CORP	99.5	9/1/2010	5,400	5,367	5,373
IPALCO ENTERPRISES INC SR SECD	104.0	11/14/2011	5,523	5,753	5,744
VISANT CORP	100.0	10/1/2012	5,540	5,558	5,540
KCS ENERGY INC SR NT	99.8	4/1/2012	7,000	7,012	6,983
MIRANT MID-ATLANTIC SER A	102.0	6/30/2012	2,891	2,962	2,949
MIRANT AMERICAS GENERATION LLC	102.0	5/1/2011	4,670	4,798	4,763
PEABODY ENERGY CORP SR NT	100.8	3/15/2013	6,012	6,060	6,057
POLYONE CORP SR NT	104.0	5/1/2012	5,500	5,754	5,720
POLYPORE INC SR SUB DOLLAR NT	100.3	5/15/2012	3,000	3,008	3,008
SPEEDWAY MOTORSPORTS INC SR	99.8	6/1/2013	2,563	2,557	2,557
SPRINT CAPITAL CORP	104.9	3/15/2012	5,000	5,200	5,244
STATER BROTHERS HOLDINGS	100.0	6/15/2012	5,000	5,009	5,000
STATS CHIPPAC LTD SR NT	100.5	11/15/2011	6,000	6,000	6,030
STEEL DYNAMICS INC	103.5	11/1/2012	4,000	4,131	4,140
SUN MEDIA CORP CDA SR NT	100.0	2/15/2013	4,550	4,517	4,550
SUPERVALUE INC NT	102.9	5/15/2012	5,394	5,555	5,549
TFM S A DE CV SR NT	102.5	5/1/2012	5,972	6,126	6,121
VENTAS RLTY LP SR NT 2012	105.8	5/1/2012	3,047	3,255	3,224
VITAMIN SHOPPE INDS INC 2ND	100.3	11/15/2012	6,299	6,323	6,315
WHITING PETE CORP NEW SR SUB	100.0	5/1/2012	5,500	5,512	5,500
Total High Yield Short Duration			223,335	224,691	224,607

APPENDIX C

SOUTH CAROLINA RETIREMENT SYSTEMS SHORT DURATION HOLDINGS (000's) AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Price</u>	<u>Maturity Date</u>	<u>Face Value / Contracts</u>	<u>Book Value</u>	<u>Market Value</u>
U S TREASURY NOTE	107.1	2/15/2012	11,500	12,371	12,320
U S TREASURY NOTE	103.3	3/31/2011	21,000	21,956	21,696
U S TREASURY NOTE	104.7	6/30/2011	23,500	24,893	24,606
U S TREASURY NOTE	107.0	3/31/2012	46,000	49,335	49,211
U S TREASURY NOTE	107.2	4/30/2012	25,500	27,402	27,346
U S TREASURY NOTE	108.6	6/30/2012	23,000	24,993	24,975
U S TREASURY NOTE	108.1	9/30/2012	46,000	49,554	49,738
U S TREASURY NOTE	101.0	12/15/2011	12,000	12,076	12,114
U S TREASURY NOTE	100.9	1/15/2012	25,000	25,145	25,237
U S TREASURY NOTE	100.4	3/31/2011	25,000	25,112	25,106
U S TREASURY NOTE	100.6	7/31/2011	24,000	24,134	24,150
U S TREASURY NOTE	102.3	8/15/2012	12,000	12,172	12,278
U S TREASURY NOTE	101.5	9/15/2012	15,000	15,083	15,228
U S TREASURY NOTE	100.7	10/31/2011	12,000	12,058	12,084
U S TREASURY NOTE	100.7	9/30/2011	24,000	24,116	24,165
U S TREASURY NOTE	101.4	11/15/2012	25,000	25,082	25,358
U S TREASURY NOTE	100.8	12/15/2012	25,000	24,848	25,205
U S TREASURY NOTE	101.3	1/15/2013	50,000	50,011	50,672
U S TREASURY NOTE	100.7	12/31/2011	12,000	12,034	12,088
U S TREASURY NOTE	100.4	11/30/2011	22,000	21,983	22,083
Total U.S. Treasuries			479,500	494,358	495,659
Total Short Duration Fixed Income			\$ 702,835	\$ 719,049	\$ 720,266

APPENDIX D¹SOUTH CAROLINA RETIREMENT SYSTEMS
FIXED INCOME HOLDINGS (000's)
AS OF JUNE 30, 2010

Issuer	Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
ABBOTT LABORATORIES	115.0	4/1/2039	\$ 26,800	\$ 25,070	\$ 23,141
ABBOTT LABORATORIES	104.8	5/27/2020	21,400	51	63
ACHMEA HYPOTHEKBANK NV 144A	103.3	11/3/2014	(21,400)	-	-
ADOBE SYSTEMS INC	103.1	2/1/2020	45,200	-	23
AIRGAS INC	100.8	10/1/2013	(45,200)	(24)	-
ALCOA INC NT	85.2	2/1/2037	14,700	103	152
ALLYA 2009-A A2	100.2	6/15/2011	(14,700)	-	-
AMERICAN EXPRESS CENTURION BK	98.5	6/12/2012	11,500	51	43
AMERICAN EXPRESS CENTURION BK	100.0	7/13/2010	(11,500)	-	-
AMERICAN GENERAL FINANCE 4/10	97.2	4/21/2015	43,200	88	63
ANADARKO PETROLEUM CORP	86.1	9/15/2016	(43,200)	-	-
ANADARKO PETROLEUM CORP	79.5	9/15/2036	7,300	54	79
ANHEUSER-BUSCH INBEV WOR	107.8	1/15/2020	(7,300)	-	-
ANHEUSER-BUSCH INBEV WOR 144A	104.6	4/15/2020	7,600	55	83
AOL TIME WARNER INC NT	108.9	5/1/2012	(7,600)	-	-
APPALACHIAN PWR CO SR NT SER H	102.3	5/15/2033	10,900	4	9
ARKLE 2010-1A 2A	98.8	5/17/2060	(10,900)	-	-
AT&T BROADBAND CORP NT	137.9	11/15/2022	13,300	-	7
AUSTRALIA (COMMONWEALTH OF)	86.3	4/15/2012	(13,300)	(4)	-
AVERY DENNISON CORP	106.9	4/15/2020	39,100	36,877	36,931
AVON PRODUCTS INC	102.3	1/15/2011	1,907	1,985	1,969
BAAT 2009-2A A2	100.1	2/15/2012	1,300	1,827	1,648
BANC AMER FDG 04-B CL 5-A-1	81.2	11/20/2034	1,900	2,666	2,321
BANC AMER FDG 2006-A CL 1A1	91.1	2/20/2036	800	1,003	985
BANC OF AMERICA COMMERCIA 5 A4	104.6	9/10/2016	1,500	2,100	1,838
BANK AMER CORP SR NT	98.8	8/15/2011	5,400	7,972	7,084
BARCLAYS BANK PLC	101.0	4/7/2015	9,000	8,860	8,924
BARRICK AUSTRALIA FINANC	106.6	10/15/2039	4,000	4,057	4,051
BAYVIEW COML 06-SP1 CL A1 144A	90.5	4/25/2036	58,400	59,642	60,526
BAYVIEW FINANCIAL ACQUIS D AF2	98.4	2/28/2045	(33,000)	(33,856)	(34,204)
BB&T CORPORATION	102.6	4/29/2016	(18,000)	(19,238)	(19,322)
BCRR 2009-1 2A1	104.4	12/15/2043	(48,000)	(50,719)	(51,048)
BEAR STEARNS ABS 2006 SD2 A-1	72.3	6/25/2036	(242,000)	(260,108)	(261,435)
BEAR STEARNS COS INC SR NT	111.1	10/2/2017	(26,000)	(28,181)	(28,332)
BERKSHIRE HATHAWAY INC	100.1	2/10/2012	(8,000)	(8,732)	(8,776)
BERKSHIRE HATHAWAY INC	100.2	2/11/2013	1,000	840	852
BLUE CROSS BLUE SHIELD 144A	106.9	11/15/2011	1,900	1,811	1,871
BRITISH TELECOMMUNICATIONS NT	103.4	12/15/2010	2,800	2,785	2,800
BROWNING FERRIS INDS INC	123.8	5/1/2021	5,334	4,604	5,459
BURLINGTN NORTH SANTA FE	105.8	5/1/2040	2,800	2,826	2,922
BURLINGTN NORTH SANTA FE	105.8	5/1/2040	1,403	1,238	1,278
CALIFORNIA ST	107.3	4/1/2039	2,753	2,505	2,492
CALIFORNIA ST	104.1	10/1/2039	69	68	68
CALIFORNIA ST BUILD AMERICA	108.0	3/1/2040	1,483	1,038	1,071
CAPITAL ONE AUTO 07-B CL A4	99.3	4/15/2014	10,000	10,450	10,342
CAREFUSION CORP	114.2	8/1/2019	2,200	2,193	2,327
CBS CORP	107.3	4/15/2020	2,052	2,085	2,090
CD 2006-CD2 COML 2006-CD2 A4	101.9	1/15/2046	1,000	931	957
CDP FINANCIAL 144A	102.7	11/25/2019	18,000	17,564	18,330
CDS BP LENNAR CORP SNR S*	0.0	6/20/2015	13,400	13,622	15,974
CDS BP LENNAR CORP SNR S*	0.0	9/20/2014	1,146	986	990
CDS BP RYLAND GROUP NEGB SNR S	0.0	6/20/2017	2,710	2,554	2,573
CDS BP RYLAND GROUP NEGB SNR S	0.0	9/20/2017	1,346	1,138	1,188

¹Where Strategic Partnerships are listed, holdings represent the value of the Retirement Systems' interest in underlying investments of those Strategic Partnerships

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
FIXED INCOME HOLDINGS (000's)
AS OF JUNE 30, 2010

Issuer	Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
CDS BP TOLL BORTHERS FIN CORP	0.0	12/20/2017	1,952	1,703	1,690
CDS SP UL ANADARKO PETROLEUM	0.0	9/20/2015	3,720	3,854	3,888
CDS SP UL BP P.L.C.	0.0	9/20/2011	2,000	2,131	2,244
CDS SP UL BP P.L.C.	0.0	9/20/2011	3,900	4,035	4,124
CDS SP UL BP P.L.C.	0.0	9/20/2011	4,700	4,693	4,741
CDS SP UL BP P.L.C.	0.0	9/20/2011	5,000	5,829	6,803
CDS SP UL CDX IG13 10Y	2.1	12/20/2019	2,000	1,981	2,008
CDS SP UL CDX.NA.IG.13_10YR	2.1	12/20/2019	4,043	4,348	4,327
CDS SP UL GOLDMAN SACHS GROUP	1.3	3/20/2012	52	58	60
CDS SP UL GOLDMAN SACHS GROUP	0.5	3/20/2012	105	119	122
CDS SP UL RUSSIA EM SP DUB	0.0	12/20/2010	58	65	67
CDS SP UL SPRINT NEXTEL CORP	0.0	12/20/2010	82	91	94
CDS SP UL SPRINT NEXTEL CORP	0.0	9/20/2010	57	63	66
CDS_BP LENNAR CORP SNR S*	15.9	6/20/2015	580	552	567
CDS_BP LENNAR CORP SNR S*	12.8	9/20/2014	4,019	538	472
CDS_BP RYLAND GROUP NEGB SNR S	9.4	6/20/2017	1,614	218	221
CDS_BP RYLAND GROUP NEGB SNR S	9.4	6/20/2017	8,752	1,089	1,094
CDS_BP TOLL BORTHERS FIN CORP	7.5	12/20/2017	6,477	891	797
CDS_SP UL ANADARKO PETROLEUM	8.4	9/20/2015	8,899	1,037	1,054
CDS_SP UL BP P.L.C.	2.0	9/20/2011	7,692	855	822
CDS_SP UL BP P.L.C.	6.5	9/20/2011	19,980	2,547	2,124
CDS_SP UL BP P.L.C.	6.5	9/20/2011	23,522	2,881	2,863
CDS_SP UL BP P.L.C.	2.0	9/20/2011	6,507	842	748
CDS_SP UL CDX IG13 10Y	0.0	12/20/2019	2,336	2,339	2,337
CDS_SP UL CDX.NA.IG.13_10YR	0.0	12/20/2019	1,951	1,951	1,961
CDS_SP UL GOLDMAN SACHS GROUP	0.1	3/20/2012	47	50	51
CDS_SP UL GOLDMAN SACHS GROUP	0.3	3/20/2012	5,780	5,170	5,739
CDS_SP UL RUSSIA EM SP DUB	0.2	12/20/2010	238	233	233
CDS_SP UL SPRINT NEXTEL CORP	0.1	12/20/2010	3,920	3,845	3,845
CDS_SP UL SPRINT NEXTEL CORP	0.9	9/20/2010	1,000	1,053	1,075
CENOVUS ENERGY INC 144A	114.8	11/15/2039	10,582	11,320	11,374
CENTRAL ILL PUB MTN #TR 00013	101.8	6/1/2017	0	0	0
CITIBANK NA	101.8	12/28/2012	5,663	6,083	6,111
CITIGROUP COML 05-EMG A-4 144A	103.2	9/20/2051	418	440	449
CITIGROUP FUNDING INC	102.9	12/10/2012	153	160	164
CITIGROUP FUNDING INC	102.1	10/22/2012	280	296	297
CITIGROUP INC	119.2	5/22/2019	808	793	793
CITIGROUP INC	106.2	8/12/2014	5,831	5,215	5,789
CITIGROUP INC	99.9	5/19/2015	1,002	1,058	1,062
CITIGROUP MORTGAGE LOAN 11 A1A	88.2	12/25/2035	1,000	1,055	1,060
CITIGROUP MORTGAGE LOAN T 6 A2	86.6	8/25/2035	666	678	692
CITIGROUP MTG LN 05-4 CL 1-A1	95.0	8/25/2035	2,000	1,968	1,968
CITIGROUP MTG LN TR 05-3 IIA2A	86.4	5/25/2035	35	34	34
CLIFFS NATURAL RESOURCES	107.2	3/15/2020	2,845	3,003	3,015
COCA COLA ENTERPRISES INC	135.4	9/15/2022	1,013	1,069	1,073
COLUMBUS SOUTHERN POWER	99.8	3/16/2012	3,135	3,309	3,322
COMCAST CABLE COMMUNICATIONS L	103.1	1/30/2011	1,015	1,072	1,076
COMCAST CORP	104.7	3/1/2020	985	1,040	1,044
COMCAST CORP NEW NT	113.8	8/15/2037	1,001	1,056	1,060
COMMIT TO PUR FNMA SF MTG	99.2	7/1/2040	976	1,031	1,035
COMMIT TO PUR FNMA SF MTG	101.3	7/1/2040	1,000	1,055	1,060
COMMIT TO PUR FNMA SF MTG	103.6	7/1/2040	998	1,053	1,058
COMMIT TO PUR FNMA SF MTG	103.6	4/1/2040	1,000	1,055	1,060

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
FIXED INCOME HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Price</u>	<u>Maturity Date</u>	<u>Face Value / Contracts</u>	<u>Book Value</u>	<u>Market Value</u>
COMMIT TO PUR FNMA SF MTG	107.3	7/1/2040	1,869	1,969	1,980
COMMIT TO PUR FNMA SF MTG	105.2	8/1/2025	309	322	327
COMMIT TO PUR FNMA SF MTG	103.3	8/1/2040	82	87	87
COMMIT TO PUR FNMA SF MTG	105.4	8/1/2040	3,974	4,195	4,211
COMMIT TO PUR FNMA SF MTG	107.0	8/1/2040	388	405	411
COMMIT TO PUR FNMA SF MTG	108.2	8/1/2040	715	755	758
COMMIT TO PUR FNMA SF MTG	108.0	7/1/2025	3,000	3,166	3,179
COMMIT TO PUR FNMA SF MTG	106.7	7/1/2025	4,000	4,222	4,238
COMMIT TO PUR GNMA SF MTG	106.4	4/15/2040	1,000	1,055	1,060
COMMIT TO PUR GNMA SF MTG	108.0	7/15/2040	1,000	1,043	1,043
COMMIT TO PUR GNMA SF MTG	109.0	7/15/2040	2,362	2,493	2,503
COMMIT TO PUR GNMA SF MTG	109.7	7/15/2040	47	50	50
COMMIT TO PUR GNMA SF MTG	109.7	7/15/2040	8,600	8,579	8,654
CONS EDISON CO OF NY	106.0	6/15/2020	173	186	187
CONSTELLATION ENERGY GROUP INC	120.5	4/1/2032	120	125	129
COOK CNTY ILL	112.2	11/15/2019	2,019	2,127	2,250
CREDIT SUISSE 06 C3 CL A3	105.7	6/15/2038	1,598	1,687	1,769
CREDIT SUISSE FIRST BO CKP1 A3	105.4	12/15/2035	3,368	3,554	3,727
CREDIT SUISSE NEWYORK	100.9	3/23/2015	2,554	2,695	2,826
CREDIT SUISSE NEWYORK	100.9	3/23/2015	1,314	1,383	1,464
CSX TRANSN INC EQUIP 00 SER B	123.4	5/15/2015	4,818	5,040	5,332
CVS CAREMARK CORP	106.9	9/15/2039	8,871	9,177	9,435
CWABS ASSET BKD 2007-5 2-A-1	95.7	3/25/2037	6,836	6,977	7,277
CWABS INC 05-14 CL 3A2	92.2	4/25/2036	1,072	1,159	1,195
DCP MIDSTREAM LLC 144A	102.2	3/15/2020	2,759	2,568	2,589
DEUTSCHE TELEKOM INTL FIN B V	136.1	6/1/2032	3,823	3,978	4,146
DEXIA CREDIT LOCAL	100.8	4/29/2014	731	760	792
DIRECTV HLDGS LLC / DIRECTV	103.5	6/15/2015	433	449	469
DISCOVERY COMMUNICATIONS	103.9	6/1/2020	140,784	146,416	152,375
DOMINION RES INC VA NEW SR NT	114.1	11/30/2017	71,915	76,095	77,840
DOMINION RES INC VA NEW SR NT	101.7	12/15/2010	492	531	533
DOW CHEM CO NT	101.9	2/1/2011	(1,903)	(2,011)	(2,059)
DT AUTO OWNER TR 07-A CL A-3	101.6	3/15/2013	638	688	691
DUKE ENERGY CAROLINAS	105.6	6/15/2020	206	214	223
DUKE ENERGY CORP	102.0	4/1/2015	195	203	211
EKSPORTFINANS A/S	103.0	11/17/2014	63	65	68
EMPIRE DIST ELEC CO SR NT	108.5	11/15/2033	53	57	57
ENTERPRISE PRODS OPER LLC GTD	112.1	1/31/2019	85	89	92
ENTERPRISE PRODS OPER LP SR NT	103.0	2/1/2011	275	286	298
ENTERPRISE PRODUCTS OPER	102.7	9/1/2020	932	970	1,009
EQUITABLE LIFE ASSURANCE NTS	111.2	12/1/2015	4,936	5,146	5,346
EXPORT-IMPORT BK KOREA	100.4	6/29/2020	243	253	263
FBL FINL GROUP SR NT	87.1	4/15/2014	123	128	134
FCE BANK	123.1	1/15/2013	14	15	15
FEDERAL HOME LN BKS	105.5	9/20/2012	185	192	200
FEDERAL NATL MTG ASSN	100.4	8/25/2014	239	248	259
FHLMC MULTICLASS MT 3519 SD IO	10.7	2/15/2038	645	699	705
FHLMC MULTICLASS MTG	11.8	11/15/2037	513	534	555
FHLMC MULTICLASS MTG 3666 FC	100.0	5/15/2040	14	14	15
FINANCE FOR DANISH IND 144A	100.6	6/12/2013	309	333	334
FIRST FRANKLIN MTG 05-FF7 A-5	89.3	7/25/2035	238	256	257
FISHER SCIENTIFC INTL INC	103.0	7/1/2015	19,900	19,900	19,774
FLORIDA POWER CORP	107.1	4/1/2020	4,200	4,200	4,172

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
FIXED INCOME HOLDINGS (000's)
AS OF JUNE 30, 2010

Issuer		Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
FNMA	POOL #0073814	107.0	12/1/2016	5,520	5,628	5,811
FNMA	POOL #0104592	115.5	7/1/2020	2,600	2,599	2,689
FNMA	POOL #0111049	116.1	11/1/2020	1,750	1,769	1,806
FNMA	POOL #0111050	115.2	11/1/2020	4,000	3,240	3,620
FNMA	POOL #0111051	115.6	12/1/2020	2,500	2,000	2,200
FNMA	POOL #0111052	115.9	12/1/2020	6,700	6,700	6,455
FNMA	POOL #0735484	106.1	5/1/2035	1,100	1,097	1,038
FNMA	POOL #0885272	107.5	6/1/2036	12,300	12,300	12,364
FNMA	POOL #0931419	99.3	6/1/2039	2,600	2,669	2,672
FNMA	POOL #0932041	98.1	9/1/2039	1,600	1,600	1,623
FNMA	POOL #0932215	98.1	10/1/2039	102	100	100
FNMA	POOL #0937094	107.5	5/1/2037	13,100	13,292	13,733
FNMA	POOL #0960482	107.5	1/1/2038	29,000	28,937	29,373
FNMA	POOL #0967208	107.5	12/1/2037	2,700	2,703	2,722
FNMA	POOL #0985616	107.9	4/1/2034	5,600	5,638	5,917
FNMA	POOL #0986657	107.5	7/1/2038	6,600	6,600	7,256
FNMA	POOL #0995845	107.5	4/1/2039	7,994	8,359	8,549
FNMA	POOL #0AA4718	106.0	6/1/2040	3,600	3,651	3,761
FNMA	POOL #0AA6255	98.1	6/1/2039	6,900	6,900	8,522
FNMA	POOL #0AA8701	99.3	6/1/2039	5,200	5,280	5,098
FNMA	POOL #0AC2472	106.0	6/1/2040	2,700	2,592	2,862
FNMA	POOL #0AC2474	106.0	6/1/2040	3,100	3,098	3,148
FNMA	POOL #0AC2953	103.8	9/1/2039	811	570	638
FNMA	POOL #0AC5398	98.4	10/1/2039	3,000	3,312	3,497
FNMA	POOL #0AC5481	105.7	11/1/2024	3,755	4,043	4,320
FNMA	POOL #0AD2708	106.0	6/1/2040	2,305	2,473	2,650
FNMA	POOL #0AD3392	106.0	6/1/2040	3,700	3,793	4,126
FNMA	POOL #0AD4188	106.0	6/1/2040	3,100	3,088	3,164
FNMA	POOL #0AD4595	106.0	5/1/2040	13,500	13,500	13,547
FNMA	POOL #0AD4597	106.0	5/1/2040	5,300	7,363	7,551
FNMA	POOL #0AD4618	106.0	6/1/2040	13,900	19,869	20,390
FNMA	POOL #0AD4984	106.0	7/1/2040	800	1,111	1,145
FNMA	POOL #0AD5225	106.0	6/1/2040	12,800	18,173	18,664
FNMA	POOL #0AD5927	106.0	6/1/2040	17,400	24,143	25,306
FNMA	POOL #0AD5933	106.0	6/1/2040	700	927	975
FNMA	POOL #0AD5934	106.0	6/1/2040	5,200	6,505	6,741
FNMA	POOL #0AD5938	106.0	6/1/2040	20,100	28,252	29,158
FNMA	POOL #0AD6438	106.0	6/1/2040	9,800	10,217	10,596
FNMA	POOL #0AD6896	106.0	6/1/2040	3,300	3,436	3,640
FNMA	POOL #0AD7343	106.0	6/1/2040	26,300	26,939	28,392
FNMA	POOL #0AD7860	106.0	6/1/2040	700	722	765
FNMA	POOL #0AD7861	106.0	6/1/2040	5,500	5,769	5,926
FNMA	POOL #0AD8076	106.0	6/1/2040	20,400	20,406	20,826
FNMA	POOL #0AD8333	104.3	8/1/2040	28,800	29,394	30,454
FNMA	POOL #0AD8347	106.0	6/1/2040	17,800	18,198	18,561
FNMA	POOL #0AD8842	106.0	6/1/2040	4,600	4,595	4,751
FNMA	POOL #0AE0028	108.8	10/1/2039	3,900	3,980	4,091
FNMA	POOL #0MA0162	99.3	7/1/2039	15,950	16,021	16,352
FNMA	POOL #0MA0463	106.0	7/1/2040	31,300	32,511	32,992
FNMA	GTD REMIC P/T	13.7	5/25/2037	25,731	25,903	26,348
FNMA	GTD REMIC P/T	10.6	11/25/2039	500	501	504
FNMA	GTD REMIC P/T 06-116 S IO	11.7	12/25/2036	16,600	16,461	17,539
FNMA	GTD REMIC P/T 07-81 CL IS	12.5	8/25/2037	33,900	34,788	35,193

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Issuer	Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
FNMA GTD REMIC P/T 09-106 SLIO	11.5	1/25/2040	21,100	21,265	21,545
FNMA GTD REMIC P/T 09-110 SDIO	12.2	1/25/2040	6,600	6,629	6,629
FNMA GTD REMIC P/T 10-67 FD	100.5	6/25/2040	31,800	31,800	31,803
FNMA GTD REMIC P/T 2003-W6 F	97.7	9/25/2042	1,670	1,370	1,434
FNMA GTD REMIC P/T 2007-99 SD	12.3	10/25/2037	2,000	2,148	2,238
FORD CREDIT AUTO OWNER TR A A2	99.9	9/15/2012	1,486	1,401	1,486
FORTIS BANK NED HOLDING	122.2	6/10/2011	4,300	4,214	4,227
FRANCE TELECOM SA NT	137.6	3/1/2031	5,700	5,586	5,625
GENERAL AMERN LIFE INS CO	115.5	1/15/2024	10,000	9,850	9,718
GENERAL ELECTRIC CAPITAL CORP	103.9	12/28/2012	(32,000)	(202)	(11)
GENERAL MILLS INC	107.7	2/15/2012	3,700	5	5
GEORGIA POWER COMPANY	100.1	3/15/2013	(3,700)	-	(48)
GLDR 2008-2 A	124.4	10/20/2016	2,600	9	9
GNMA POOL #0395483	106.4	1/15/2031	(2,600)	-	(14)
GNMA POOL #0427475	106.5	6/15/2029	(3,700)	-	-
GNMA POOL #0550657	108.6	9/15/2035	3,700	62	279
GNMA POOL #0553520	111.4	3/15/2032	(2,500)	-	-
GNMA POOL #0569159	111.4	3/15/2032	2,500	263	397
GNMA POOL #0569684	110.7	2/15/2032	(4,000)	-	-
GNMA POOL #0569704	110.7	2/15/2032	4,000	420	513
GNMA POOL #0570518	110.7	1/15/2032	12,000	27	27
GNMA POOL #0574466	111.4	3/15/2032	(12,000)	-	(0)
GNMA POOL #0587074	110.7	5/15/2032	(1,100)	-	-
GNMA POOL #0604436	107.2	7/15/2018	1,100	79	103
GNMA POOL #0621130	108.3	4/15/2037	(1,700)	-	-
GNMA POOL #0645798	108.3	6/15/2037	1,700	127	159
GNMA POOL #0646057	108.3	11/15/2037	5,900	-	4
GNMA POOL #0647640	108.3	1/15/2037	(5,900)	(51)	-
GNMA POOL #0651788	108.4	4/15/2036	2,300	-	-
GNMA POOL #0651789	108.4	4/15/2036	(2,300)	(92)	(194)
GNMA POOL #0651860	108.4	6/15/2036	1,500	-	-
GNMA POOL #0651940	108.4	5/15/2036	(1,500)	(38)	(30)
GNMA POOL #0658647	108.3	6/15/2037	200	-	-
GNMA POOL #0658680	108.3	4/15/2037	(200)	(14)	(13)
GNMA POOL #0658709	108.3	5/15/2037	300	-	-
GNMA POOL #0658784	108.3	6/15/2037	(300)	(22)	(19)
GNMA POOL #0662118	108.3	2/15/2037	200	-	-
GNMA POOL #0663855	108.3	2/15/2037	(200)	(5)	(4)
GNMA POOL #0669033	108.3	5/15/2037	9,600	-	-
GNMA POOL #0669081	108.3	6/15/2037	(9,600)	(135)	(199)
GNMA POOL #0670660	109.2	7/15/2037	10,600	-	-
GNMA POOL #0671302	108.3	6/15/2037	(10,600)	(145)	(220)
GNMA POOL #0671308	108.3	6/15/2037	4,000	73	38
GNMA POOL #0675192	108.2	3/15/2038	(4,000)	-	-
GNMA POOL #0708390	108.2	3/15/2039	(800)	(5)	(5)
GNMA POOL #0739380	108.2	5/15/2040	(3,900)	(32)	(32)
GNMA POOL #0782150	108.4	4/15/2037	(1,500)	(10)	(1)
GNMA POOL #0782273	108.4	2/15/2038	(17,300)	(106)	(106)
GNMA POOL #0782476	108.3	12/15/2038	(300)	(2)	(2)
GNMA POOL #0782570	108.2	2/15/2039	(21,400)	(215)	(215)
GNMA POOL #0782713	108.2	7/15/2039	(21,400)	(139)	(139)
GNMA POOL #0782911	108.2	12/15/2039	(11,400)	(30)	(30)
GNMA POOL #0782938	108.2	3/15/2040	(11,400)	(57)	(57)

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GNMA POOL #0782942	108.2	1/15/2040	(16,700)	(182)	(182)
GOLDMAN SACHS GROUP INC	101.9	8/1/2012	(4,800)	(37)	(4)
GOLDMAN SACHS GROUP INC	103.1	6/15/2020	(4,800)	(31)	(135)
GOLDMAN SACHS GROUP INC/THE	98.8	3/15/2020	(6,700)	(35)	(35)
GOVERNMENT OF CANADA	94.5	3/1/2012	(11,200)	(68)	(4)
GREAT RIV ENERGY 1ST MTG 144A	112.2	7/1/2017	2,288	3,402	2,845
GREENWICH CAPITAL COMME GG3 A4	103.9	8/10/2042	638	736	720
GREENWICH CAPITAL COMME GG7 A4	104.5	7/10/2038	5,000	5,264	5,447
GREENWICH CAPITAL COMME GG9 A2	103.7	3/10/2039	2,375	3,197	3,276
GS MTG SECS CORP 2005-AR6 2A1	93.8	9/25/2035	950	1,010	1,092
HANCOCK JOHN MUT LIFE INS 144A	117.6	2/15/2024	13,305	13,367	13,746
HARSCO CORP SR NT	112.0	5/15/2018	7,505	7,504	7,521
HARTFORD LIFE GLOBAL #TR00116	101.9	2/15/2011	1,450	1,529	1,248
HSBC BANK PLC 144A	101.0	6/28/2015	245	208	195
ILFC (DELOS AIRCRAFT) 3/10 B2	98.3	3/15/2016	4,885	4,933	5,264
ILFC 3/10 B1 TLB	98.7	3/15/2015	5,360	5,360	5,293
ILLINOIS ST	99.4	1/1/2013	3,179	2,628	2,580
ILLINOIS ST	99.3	1/1/2015	9,215	7,876	9,643
ILLINOIS ST	78.0	6/1/2033	6,056	6,074	6,063
INGERSOLL-RAND GLOBAL HLDG CO	100.1	8/13/2010	710	714	757
INTERNATIONAL PAPER CO NT	127.6	6/15/2038	3,520	3,874	3,910
IRS ZCS P BZDIOVRA R 10.835%	0.0	1/2/2012	20,000	21,257	21,375
IRS ZCS P BZDIOVRA R 11.36%	0.0	1/2/2012	675	679	714
IRS ZCS P BZDIOVRA R 11.67%	0.0	1/2/2012	8,095	8,075	8,312
IRS ZCS P BZDIOVRA R 11.67%	0.0	1/2/2012	2,100	2,457	2,591
IRS ZCS P BZDIOVRA R 11.96%	0.0	1/2/2014	1,025	1,009	1,096
IRS ZCS P BZDIOVRA R 11.99%	0.0	1/2/2014	4,368	3,719	4,025
IRS ZCS P BZDIOVRA R 12.12%	0.0	1/2/2014	790	848	848
IRS_P US0003M R 10% 07/12/22	0.7	7/10/2012	3,430	3,523	3,571
IRS_P US0003M R 10.0% 07/12/22	0.0	6/10/2012	1,125	1,214	1,216
IRS_P US0003M R 10.00% 7/12/22	0.7	7/10/2012	5,125	5,043	5,089
IRS_P US0003M R 10.00% 7/12/22	0.6	7/10/2012	2,375	2,591	2,713
IRS_P US0003M R 4.0% 11/02/15	0.5	10/29/2010	2,025	2,139	2,325
IRS_P US0003M R 4.0% 12/03/15	0.0	12/1/2010	930	966	988
IRS_P US0003M R 4.0%12/03/2015	0.0	12/1/2010	1,425	1,417	1,424
IRS_P US0003M R 4.75% 09/02/20	1.0	8/31/2010	11,291	11,440	11,649
IRS_P US0003M R 4.75% 09/02/20	0.5	8/31/2010	6,275	6,257	6,459
IRS_P US0003M R 4.75% 09/02/20	1.1	8/31/2010	6,775	6,751	6,917
IRS_P US0003M R 5.00% 11/02/20	0.1	10/29/2010	9,320	9,291	9,486
IRS_P US0003M R 6.00% 09/02/20	0.8	8/31/2010	2,850	3,449	3,858
IRS_R US0003M P 3.25% 09/02/20	0.7	8/31/2010	1,434	1,537	1,631
IRS_R US0003M P 3.25% 09/02/20	0.3	8/31/2010	3,775	3,880	3,913
IRS_R US0003M P 3.25% 11/02/20	2.8	10/29/2010	1,015	1,135	1,223
IRS_ZCS P BZDIOVRA R 10.835%	0.1	1/2/2012	12,970	13,680	13,665
IRS_ZCS P BZDIOVRA R 11.36%	0.4	1/2/2012	1,995	2,012	2,027
IRS_ZCS P BZDIOVRA R 11.67%	1.1	1/2/2012	9,150	9,150	9,220
IRS_ZCS P BZDIOVRA R 11.67%	1.1	1/2/2012	3,050	3,356	3,479
IRS_ZCS P BZDIOVRA R 11.96%	0.1	1/2/2014	7,875	7,858	8,110
IRS_ZCS P BZDIOVRA R 11.99%	0.1	1/2/2014	3,075	3,374	3,448
IRS_ZCS P BZDIOVRA R 12.12%	0.3	1/2/2014	5,790	6,158	5,964
IRS_ZCS R BZDIOVRA P 11.65%	1.0	1/2/2012	4,940	5,242	5,212
IRS_ZCS R BZDIOVRA P 11.65%	0.0	1/2/2012	9,635	9,635	9,677
JOHNSON CONTROLS INC	105.1	3/30/2020	32,016	32,891	33,983

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JOHNSON CTLS INC NT	101.6	1/15/2011	304	315	322
JP MORGAN CHASE COMMER LDP8 A4	105.3	5/15/2045	9,350	10,111	10,176
JPMORGAN CHASE & CO	110.4	1/15/2018	2,541	2,185	2,270
JPMORGAN CHASE & CO	102.3	1/20/2015	3,000	3,000	2,998
JPMORGAN CHASE & CO	103.9	3/25/2020	1,175	1,539	1,617
JPMORGAN CHASE & CO	100.0	2/26/2013	29,500	32,895	34,076
JPMORGAN CHASE & CO NOTES	112.9	4/23/2019	10,550	10,710	10,963
JPMORGAN CHASE BK N A NY	94.1	6/13/2016	5,000	5,371	5,387
KEYSPAN CORP NT	102.4	11/15/2010	5,115	5,111	5,211
KINDER MORGAN ENER PART	103.4	9/15/2020	4,050	4,040	4,176
KINDER MORGAN ENER PART	103.4	9/15/2020	8,400	7,913	8,724
KINDER MORGAN ENERGY SR NT	106.4	12/15/2013	2,075	2,073	2,095
KRAFT FOODS INC	107.2	2/10/2020	3,525	2,895	2,748
KRAFT FOODS INC BD	117.8	8/11/2037	735	857	937
KRAFT FOODS INC SR NT	114.0	8/23/2018	3,025	3,235	3,340
KROGER CO NT	103.7	4/1/2011	185	202	209
LANDWIRTSCHAFTLICHE RENTENBANK	104.7	3/15/2013	2,260	2,255	2,312
LB-UBS COMMERCIAL MORTGA C7 A3	103.2	11/15/2038	2,000	1,999	2,079
LB-UBS COMMERCIAL MORTGA C7 A3	100.7	9/15/2045	7,775	7,085	7,314
LEASEPLAN CORPORATION NV	102.9	5/7/2012	4,225	4,490	4,496
LENNAR CORP SR NT	90.5	9/1/2014	3,350	3,662	3,947
LENNAR CORP SR NT SER B	88.0	5/31/2015	88	94	100
LIFE TECHNOLOGIES CORP	108.3	3/1/2020	1,825	1,876	1,911
LINCOLN NATL CORP IND SR NT	95.5	4/7/2036	5,550	4,457	5,591
LLOYDS TSB BANK PLC	122.5	6/9/2011	11,140	11,478	11,458
LLOYDS TSB BANK PLC	96.3	1/12/2015	4,000	2,870	3,821
LLOYDS TSB BANK PLC	94.4	1/13/2020	865	865	860
LLOYDS TSB BANK PLC 144A	100.5	12/16/2024	7,930	7,929	7,935
LOS ANGELES CALIF DEPT WTR &	99.4	7/1/2039	255	254	247
LOWE'S COMPANIES INC	107.3	4/15/2020	8,375	8,382	8,270
MADISON GAS & ELECTRIC CO	102.6	2/15/2028	4,580	4,567	4,596
MARSH & MCLENNAN COS INC SR NT	100.7	9/15/2010	3,645	3,734	3,975
MASSACHUSETTS ST SCH BLDG AUTH	101.4	6/15/2027	815	846	858
MASSMUTUAL GLOBAL FUNDIN	100.0	4/21/2011	1,080	1,102	1,110
MBART 2009-1 A2	100.1	3/15/2012	455	457	497
MEDTRONIC INC	106.6	3/15/2020	1,575	1,918	1,943
MERRILL LYNCH & CO INC EMTN	131.2	5/21/2013	1,500	1,628	1,721
MERRILL LYNCH MTG 06-MLN1 A2A	97.5	7/25/2037	7,731	7,730	7,734
MGM MIRAGE 144A	102.8	3/15/2020	1,463	1,485	1,469
MORGAN STANLEY	96.7	9/23/2019	4,050	4,436	4,460
MORGAN STANLEY	98.7	11/20/2014	12,500	12,477	12,646
MORGAN STANLEY	100.4	5/14/2013	3,750	3,672	4,134
MORGAN STANLEY SR GBL MTN F	97.2	1/9/2012	260	265	268
MSRR 2009-GG10 A4A	104.8	8/12/2045	5,420	5,369	5,458
NATIONAL ARCHIVES FAC TR CTF	121.9	9/1/2019	2,200	2,425	2,493
NBC UNIVERSAL 144A	104.3	4/30/2020	3,450	3,406	3,504
NEVADA PWR CO GEN & REFDG MTG	105.9	6/1/2011	620	549	549
NEW JERSEY ECONOMIC DEV AUTH	99.9	6/15/2013	130	142	144
NEW JERSEY ST TRANSN TR FD	109.0	12/15/2040	3,200	3,630	3,580
NEW YORK N Y	100.8	6/1/2035	9,879	10,421	10,377
NEW YORK N Y CITY MUN WTR FIN	105.2	6/15/2042	6,110	6,200	6,224
NEW YORK N Y CITY MUN WTR FIN	102.8	6/15/2042	9,770	9,770	9,774
NEWMONT MINING CORP	109.1	10/1/2039	3,835	3,835	3,838

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NEWS AMERICA INC	123.4	3/1/2039	4,820	4,820	4,815
NEWS AMERICA INC	114.8	8/15/2039	4,695	4,694	4,701
NIBC BANK NV	126.8	12/19/2011	10,000	9,281	11,005
NIBC BANK NV	101.3	12/2/2014	16,400	16,359	16,277
NISOURCE FIN CORP GTD NT	102.2	11/15/2010	15,000	13,786	14,787
NISSAN AUTO LEASE TRUST B A2	100.0	9/15/2011	6,365	6,357	6,460
NISSAN AUTO RECEIVABLES O A A3	100.4	8/15/2011	11,570	12,377	11,996
NLV FINANCIAL CORP 144A	72.2	3/15/2035	600	654	664
NOMURA HOLDINGS INC	105.7	3/4/2015	1,475	1,501	1,580
NORTHROP GRUMMAN CORP NT	103.6	2/15/2011	1,815	1,830	1,818
NOVARTIS CAPITAL CORP	107.8	4/24/2020	2,450	2,473	2,548
OHIO POWER CO	101.3	11/1/2010	8,600	12,548	12,276
OLD DOMINION ELEC COOP 1ST MTG	101.4	12/1/2023	10,000	13,856	13,857
ONCOR ELECTRIC DELIVERY CO	110.1	9/1/2013	5,000	6,319	6,423
ONTARIO (PROVINCE OF)	101.2	11/19/2012	29,600	41,804	43,669
ONTARIO (PROVINCE OF)	99.9	5/7/2013	14,650	21,078	21,682
PALL CORPORATION	103.7	6/15/2020	4,565	6,338	6,639
PATRONS LEGACY 03 144A	88.0	12/23/2063	23,127	24,206	25,996
PATRONS LEGACY 03 III 144A	89.7	7/10/2049	4,030	4,184	4,359
PENNEY J C INC DEB	110.3	8/15/2016	21,865	21,792	23,102
PEOPLES ENERGY CORP NT	102.7	1/15/2011	2,648	2,710	2,771
PETROBRAS INTL FIN CO	100.7	1/20/2020	8,180	8,180	8,321
PETROBRAS INTL FIN CO GLOBAL	102.9	3/1/2018	5,345	5,332	5,365
PFIZER INC NT	113.3	3/15/2015	1,425	1,437	1,591
PHILIP MORRIS INTL INC	101.6	3/26/2020	1,425	1,369	1,387
PORT AUTH N Y & N J	109.9	12/1/2024	775	800	854
PROLOGIS	94.5	3/15/2020	7,125	7,879	8,245
PUGET SOUND ENERGY INC	104.1	3/15/2040	1,130	1,130	1,161
RABOBANK NEDERLAND	123.5	12/29/2049	2,945	2,665	2,670
RBSCF 2009-RR2 WBB	88.5	2/16/2051	10,000	8,868	10,118
RBSCF TRUST 2010-RR3	106.9	7/16/2017	3,370	3,696	3,828
RBSCF TRUST 2010-RR3	104.5	1/16/2049	5,865	5,853	6,084
RECKSON OPERATING PRTSHP	98.0	3/16/2020	10,800	11,335	11,362
ROCHE HLDGS INC GTD NT 144A	110.9	3/1/2014	36,000	36,889	37,176
ROCKIES EXPRESS PIPELINE 144A	95.1	4/15/2020	16,200	17,033	17,078
ROGERS WIRELESS INC SR SECD NT	111.9	12/15/2012	41,000	43,900	43,870
RUSSIAN FEDERATION BDS REG S	112.7	3/31/2030	3,400	3,668	3,678
RYLAND GROUP INC	106.0	5/15/2017	9,600	10,473	10,531
SANTANDER DRIVE AUTO RECE 1 A2	100.1	3/15/2013	3,700	3,962	3,997
SBA GTD PARTN CTFS 2003-20E 1	105.8	5/1/2023	8,800	9,349	9,389
SDART 2010-A A2	99.9	8/15/2013	35,000	29,978	37,989
SDART 2010-A A3	100.1	11/17/2014	22,750	16,843	19,824
SELECTIVE INS GROUP INC SR NT	93.4	11/1/2035	717	738	736
SHELL INTERNATIONAL FIN	101.5	6/28/2015	2,795	3,333	3,407
SLM STUDENT LOAN TRUST 5 A4	105.0	7/25/2023	9,000	5,367	6,500
SLM STUDENT LOAN TRUST 8 A2	101.9	10/25/2017	405	375	411
SLMA 2010-1 A	100.0	3/25/2025	15,500	16,029	13,640
SONOCO PRODS CO NT	110.0	11/15/2013	13,925	10,112	12,484
SOUTH CAROLINA STUDENT A-1	99.3	12/3/2018	29,000	19,401	27,095
SOUTH CAROLINA STUDENT LO 1 A1	98.6	12/2/2019	133	138	141
SOUTHWEST GAS CORP NT	103.9	2/15/2011	14,678	16,719	16,691
SQUARE BUTTE ELEC CORP 144A	113.7	1/1/2024	500	500	524
STRUCTURED ASSET 06-11 A1 144A	78.6	10/25/2035	3,000	2,959	3,093

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SVENSKA HANDELSBANKEN AB	101.5	9/14/2012	1,000	999	1,008
TECO FINANCE INC	104.2	3/15/2020	1,000	994	1,046
TELEFONICA EMISIONES S A U	103.7	6/20/2011	250	250	267
TELEFONICA EMISIONES S A U	110.6	6/20/2036	300	311	307
TELEFONICA EMISIONES SAU	100.2	4/27/2020	3,000	2,996	3,078
TEXAS ST	116.6	8/1/2019	5,000	4,957	4,939
TEXAS ST UNIV SYS FING REV	115.1	3/15/2018	1,000	1,000	1,010
TEXAS ST UNIV SYS FING REV	115.0	3/15/2019	2,700	2,700	2,704
TOLEDO EDISON CO SR NT	107.1	5/15/2037	4,500	4,500	4,508
TOLL BROTHERS FINANCE CORP	111.5	10/15/2017	2,800	3,397	3,467
TOTAL CAPITAL SA	102.1	6/24/2020	500	499	537
TYCO INTERNATIONAL FINAN	103.2	10/15/2015	1,000	994	1,072
TYCO INTL GROUP SA GTD NT	103.7	2/15/2011	1,500	1,500	1,497
U S TREASURY BOND	142.5	8/15/2019	5,000	5,284	5,156
U S TREASURY BOND	146.7	2/15/2020	4,000	4,051	4,188
U S TREASURY BOND	143.1	2/15/2021	500	499	530
U S TREASURY BOND	145.8	5/15/2021	1,000	998	1,009
U S TREASURY BOND	145.4	11/15/2021	2,000	1,998	2,045
U S TREASURY BOND	139.3	8/15/2022	8,000	8,320	8,280
U S TREASURY BOND	129.6	8/15/2023	2,000	1,994	2,079
U S TREASURY BOND	145.1	11/15/2024	1,800	1,859	1,831
U S TREASURY BOND	108.1	2/15/2038	540	562	550
U S TREASURY BOND	110.3	5/15/2038	1,000	999	1,020
U S TREASURY BOND	142.7	2/15/2015	500	499	528
U S TREASURY BOND	138.6	2/15/2016	800	798	822
U S TREASURY BOND	128.5	5/15/2016	5,000	5,240	5,150
U S TREASURY BOND	147.5	5/15/2018	500	500	536
U S TREASURY BOND	148.0	11/15/2018	3,500	3,500	3,504
U S TREASURY BOND	145.4	11/15/2021	2,000	1,989	1,976
U S TREASURY BOND	112.4	2/15/2040	1,514	1,635	1,698
U S TREASURY BONDS	108.0	11/15/2039	770	832	863
U S TREASURY BONDS	108.2	5/15/2040	2,500	2,601	2,547
U S TREASURY NOTE	109.3	5/15/2018	1,500	1,507	1,502
U S TREASURY NOTE	107.8	11/15/2018	5,000	5,000	5,000
U S TREASURY NOTE	102.1	5/15/2019	900	932	914
U S TREASURY NOTE	105.7	8/15/2019	1,000	995	1,051
U S TREASURY NOTE	104.3	9/30/2016	2,566	2,672	2,628
U S TREASURY NOTE	103.3	9/30/2014	800	800	827
U S TREASURY NOTE	102.5	11/30/2016	2,000	1,984	2,143
U S TREASURY NOTE	105.4	12/31/2016	6,000	6,388	6,222
U S TREASURY NOTE	105.7	2/15/2020	1,000	998	1,083
U S TREASURY NOTE	103.8	2/28/2017	500	499	536
U S TREASURY NOTE	102.1	5/31/2017	1,581	1,611	1,592
U S TREASURY NOTE	100.4	6/30/2017	1,500	1,500	1,500
U S TREASURY NOTE	100.0	6/30/2012	1,000	998	1,066
U S TREASURY NOTE	105.7	2/15/2020	5,000	4,954	4,862
U S TREASURY NOTE	104.7	5/15/2020	1,000	998	1,043
U S TREASURY NOTE	100.4	6/30/2015	5,000	5,431	5,293
U S TREASURY NOTE	105.7	2/15/2020	3,000	3,000	2,996
U S TREASURY NOTE	100.4	4/30/2011	7,000	7,332	7,154
U S TREASURY NOTES	104.9	10/31/2016	1,400	1,485	1,450
U S TREASURY NOTES	100.7	12/31/2011	1,000	992	1,078
U S TREASURY NOTES	101.7	5/31/2015	2,000	2,067	2,026

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
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Issuer	Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
UBS AG STAMFORD CT	100.3	2/23/2012	5,000	5,000	4,994
UBS AG STAMFORD CT	100.3	2/23/2012	1,000	995	1,037
UNION PLANTERS CORP SR NT	100.2	12/1/2010	1,500	1,575	1,541
UNITED MEXICAN STATES	104.0	1/15/2020	1,000	998	945
UNITED TECHNOLOGIES CORP	111.6	4/15/2040	750	750	781
UNITED TECHNOLOGIES CORP	108.2	4/15/2020	1,000	999	951
US TREAS-CPI INFLATION INDEX	102.4	1/15/2020	1,250	1,328	1,299
UTILICORP UTD INC SR NT	103.5	2/1/2011	500	498	521
VALERO ENERGY CORP	97.4	6/15/2037	1,000	1,000	1,002
VERIZON COMMUNICATIONS INC NT	110.2	2/15/2038	1,500	1,585	1,556
VERIZON COMMUNICATIONS INC NT	115.7	4/1/2019	2,000	1,994	2,064
VIRGINIA COMWLTH TRANSN BRD TR	102.8	5/15/2035	5,000	5,000	5,017
WAL-MART STORES INC	103.7	4/1/2015	41,000	40,639	43,319
WAL-MART STORES INC	99.9	7/8/2020	1,000	995	1,082
WAMU MORTGAGE PASS THRO AR7 A4	85.9	8/25/2035	1,500	1,576	1,552
WASHINGTON ST SER C-VAR PURP	111.9	1/1/2021	500	497	519
WASTE MANAGEMENT INC	102.8	6/30/2020	3,000	2,997	2,997
WELLS FARGO & CO NEW SR NT	99.1	1/24/2012	500	497	514
WELLS FARGO MTG 05 AR8 II-A-1	100.0	6/25/2035	5,000	4,959	4,953
WELLS FARGO MTG BKD 05-AR1 1A1	90.7	2/25/2035	500	500	511
WILLIAMS PARTNERS LP 144A	102.3	3/15/2020	1,000	997	1,041
WINDM IX-X A1	103.2	8/22/2016	4,000	3,925	4,447
WISCONSIN GAS LLC DEB	101.2	12/1/2035	10,000	9,263	11,764
XCEL ENERGY INC	104.1	5/15/2020	57,195	57,034	62,116
XTO ENERGY INC SR NT	113.6	12/15/2013	48,167	47,302	52,236
YALE UNIVERSITY YALUNI	103.7	10/15/2014	43,897	43,129	47,605
ZCS IRS P BZDIOVRA R 11.96%	0.0	1/2/2014	37,458	36,608	40,622
ZCS IRS P BZDIOVRA R 11.96%	0.1	1/2/2014	60,000	60,000	60,267
Total Domestic Fixed Income			2,198,582	2,332,100	2,429,733
US 10YR NOTE FUTURE (CBT)	122.5	9/21/2010	0	-	12
EURO\$ 1YR MID CRV FUT SEP 11	0.0	9/10/2010	(1)	(201)	(4)
US TREAS BD FUTURE (CBT)	127.5	9/21/2010	0	-	553
US 10YR NOTE FUTURE (CBT)	122.5	9/21/2010	(0)	-	(1,028)
90DAY EURODOLLAR FUTURE (CME)	99.3	9/13/2010	0	-	107
US 5YR TREAS NTS FUT(CBT)	118.4	9/30/2010	(1)	-	(869)
US 2YR TREAS NTS FUT (CBT)	109.4	9/30/2010	0	-	290
Total Domestic Fixed Income Futures			(1)	(201)	(938)
CREDIT AGRICOLE GLOBAL FIXED	543.8		807	324,161	438,619
LOOMIS COLLECTIVE INVESTMENT	1.3		430,000	430,000	538,631
MONDRIAN GLOBAL FIXED INCOME	13.2		61,040	777,545	806,394
WESTERN ASSET GLOBAL MULTI	12.2		40,556	405,559	493,646
Total Global Fixed Income			532,403	1,937,265	2,277,291
LOOMIS SAYLES INSTITUTIONAL	7.5		50,098	342,933	377,236
TCW STRATEGIC PARTNERSHIP - HIGH YIELD	1.0		44,328	44,328	44,328
AAC GROUP HLDGS CORP SR DISC N	99.0	10/1/2012	2,150	2,158	2,129
ACCELLENT INC 144A	98.0	2/1/2017	1,500	1,523	1,470
ACCELLENT INC SR SUB NT	98.5	12/1/2013	500	512	493
ACE CASH EXPRESS INC 144A	81.5	10/1/2014	1,005	613	819
ACTIVANT SOLUTIONS INC SR SUB	95.0	5/1/2016	900	852	855
ADC TELECOMMUNIVATIONS INC SUB	81.5	7/15/2015	280	206	228

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Issuer	Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
AFFINIA GROUP INC SR SUB NT	100.5	11/30/2014	490	474	492
AFFINION GROUP INC	102.5	10/15/2013	2,000	2,070	2,050
AFFINION GROUP INC SR SUB	105.0	10/15/2015	400	417	420
ALGOMA ACQUISITION CORP SR NT	85.0	6/15/2015	500	477	425
ALION SCIENCE AND TECHNOLOGY	0.0	11/01/2014	1	-	-
ALION SCIENCE AND TECHNOLOGY	100.0	11/1/2014	1,002	1,017	1,002
ALLIS-CHALMERS ENERGY INC	86.5	3/1/2017	290	251	251
ALTEGRITY INC	95.0	11/1/2015	600	573	570
AMC ENTMT INC	105.0	2/1/2016	1,000	1,084	1,050
AMERICAN AIRLINES INC	110.0	8/1/2016	1,633	1,857	1,797
AMERICAN AXLE & MFG INC SR NT	84.0	2/11/2014	435	377	365
AMERICAN PETROLEUM TAN 144A	100.3	5/1/2015	750	729	752
AMERICAN TIRE DIST INC 144A	100.3	6/1/2017	2,025	2,000	2,030
ANGIOTECH PHARMACEUTICALS INC	77.0	12/1/2013	2,500	2,045	1,925
APPLETON PAPERS INC	85.0	12/15/2015	385	327	327
APPLETON PAPERS INC 144A	94.5	6/15/2015	395	387	373
APRIA HEALTHCARE GROUP I	106.5	11/1/2014	1,000	1,103	1,065
APRIA HEALTHCARE GROUP I	106.8	11/1/2014	1,025	1,133	1,094
ASPECT SOFTWARE INC	100.0	5/15/2017	1,750	1,755	1,750
ATP OIL & GAS CORPORATION 144A	72.5	5/1/2015	575	572	417
AVIS BUDGET CAR RENTAL LLC / A	93.4	5/15/2016	315	295	294
AXCAN INTERMEDIATE HOLDINGS	101.3	3/1/2016	2,000	2,206	2,025
BANKRATE INC 144A	99.1	7/15/2015	1,500	1,489	1,487
BASIC ENERGY SERVICES INC	83.0	4/15/2016	525	440	436
BASIC ENERGY SERVICES INC	107.5	8/1/2014	175	188	188
BERRY PLASTICS CORP	99.3	11/15/2015	1,000	1,020	993
BON TON DEPT STORES INC SR NT	98.3	3/15/2014	2,000	1,963	1,965
BOYD GAMING CORP	87.5	4/15/2014	350	273	306
BRIGHAM EXPL CO SR NT	100.5	5/1/2014	265	131	266
BROADVIEW NETWORKS HOLDINGS IN	97.0	9/1/2012	490	348	475
CABLEVISION SYSTEMS CORP 144A	102.0	9/15/2017	1,000	1,056	1,020
CALPINE CONSTRUCTION FINA 144A	102.3	6/1/2016	790	754	808
CALPINE CORP	96.0	10/15/2017	325	308	312
CAPITALSOURCE INC	112.3	7/15/2014	2,000	2,302	2,245
CARDTRONICS INC SR SUB NT	101.0	8/15/2013	250	256	253
CATALINA MARKETING CORP	103.3	10/1/2015	1,715	1,815	1,771
CATALINA MARKETING CORP STEP	105.3	10/1/2017	300	325	316
CCO HLDGS LLC/CAP CORP 144A	100.5	4/30/2018	2,000	2,000	2,010
CEDC FIN CORP INTL INC	96.5	12/1/2016	500	505	483
CENTRAL EUROPEAN DISTR CORP	83.4	3/15/2013	615	518	513
CENTURY ALUM CO SR NT CONV	93.5	8/1/2024	250	170	234
CENTURY ALUMINUM COMPANY	94.3	5/15/2014	404	251	381
CENVEO CORP SR SUB NT	96.0	12/1/2013	510	411	490
CHAPARRAL ENERGY INC SR NT	93.0	12/1/2015	370	327	344
CHAPARRAL ENERGY INC SR NT	92.0	2/1/2017	360	349	331
CHOCTAW RESORT DEV ENT 144A	69.0	11/15/2019	900	630	621
CINCINNATI BELL INC	90.8	3/15/2018	495	467	449
CINCINNATI BILL INC	93.5	10/15/2017	335	322	313
CIT GROUP INC NEW SECD SER A	91.3	5/1/2016	390	362	356
CIT GROUP INC NEW SECD SER A	92.3	5/1/2015	1,000	943	923
CIT GROUP INC NEW SECD SER A	91.3	5/1/2016	2,000	1,811	1,825
CITIGROUP INC PFD	113.0		4	381	418
CLEAR CHANNEL WORLDWIDE 144A	100.5	12/15/2017	2,000	2,102	2,010

APPENDIX D

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Issuer	Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
COMPLETE PRODTN SVCS INC SR NT	97.8	12/15/2016	190	147	186
CONSOL ENERGY INC	104.3	4/1/2020	1,000	1,033	1,043
CONSOL ENERGY INC 144A	103.3	4/1/2017	1,000	1,029	1,033
CREDIT ACCEPTANCE CORP 144A	100.5	2/1/2017	2,000	2,071	2,010
CRICKET COMMUNICATIONS INC SR	101.5	11/1/2014	245	248	249
DAE AVIATION HLDGS SR NT 144A	99.0	8/1/2015	990	715	980
DAVE & BUSTERS INC SR NT	105.6	3/15/2014	1,000	1,062	1,056
DELUXE CORP	99.3	6/1/2015	1,000	989	993
DIGICEL LTD SR NT 144A	111.8	4/1/2014	3,375	3,815	3,772
DJO FIN LLC/DJO FIN CORP	102.0	11/15/2014	295	296	301
DOLLAR FINANCIAL CORP 144A	101.5	12/15/2016	2,000	2,137	2,030
DYCOM INVT INC GTD SR SUB NT	98.5	10/15/2015	1,630	1,578	1,606
E TRADE FINL CORP SPRING LIEN	106.3	11/30/2017	579	632	615
E TRADE FINL CORP SR NT	89.5	12/1/2015	400	360	358
EDISON MISSION ENERGY	64.0	5/15/2017	2,700	1,836	1,728
ELAN CORP PLC 144A	97.1	10/15/2016	1,500	1,496	1,457
ELAN FIN PLC / ELAN FIN CORP	100.3	12/1/2013	2,500	2,615	2,506
ENERGY XXI GULF COAST INC SR	98.8	6/15/2013	2,000	2,061	1,975
ESSAR STEEL ALGOMA INC 144A	95.0	3/15/2015	1,000	1,032	950
EXIDE TECHNOLOGIES SR SEC NT	101.0	3/15/2013	710	573	717
EXOPACK HOLDING CORP	101.3	2/1/2014	530	484	537
FELCOR LODGING LP	104.5	10/1/2014	780	733	815
FERRELLGAS PARTNERS LP	104.3	10/1/2017	1,000	1,064	1,043
FERRELLGAS PARTNERS LP	100.0	6/15/2020	1,000	1,012	1,000
FGI HOLDING CO INC 144A	98.0	10/1/2015	1,250	1,194	1,225
FIRST DATA CORP	76.0	9/24/2015	425	350	323
FMG FIN PTY LTD SR SECD 144A	110.0	9/1/2016	1,750	2,003	1,925
GAYLORD ENTERTAINMENT CO	96.3	11/15/2014	155	143	149
GENCORP INC SR SUB NT	101.1	8/15/2013	2,000	2,045	2,023
GENERAL MTRS CORP SR DEB CONV	6.8		49	330	333
GEOEYE INC 144A	102.0	10/1/2015	1,000	1,034	1,020
GLOBAL CASH	100.1	3/15/2012	418	371	419
GLOBAL CROSSING LTD 144A	106.0	9/15/2015	260	258	276
GLOBAL CROSSING LTD 144A	106.0	9/15/2015	3,000	3,359	3,180
GLOBAL CROSSING UK FIN	102.0	12/15/2014	495	391	505
GOODMAN GLOBAL INC SR SUB NT	110.0	2/15/2016	2,000	2,243	2,200
GREAT ATLANTIC & PAC TEA	83.3	8/1/2015	300	295	250
GWR OPERATING PARTNERSHIP	99.4	4/1/2017	645	632	641
GXS WORLDWIDE INC 144A	95.5	6/15/2015	1,050	1,010	1,003
HARLAND CLARK HLDGS CORP SR NT	80.8	5/15/2015	1,000	806	808
HARLAND CLARKE HOLDINGS CORP	91.0	5/15/2015	1,000	945	910
HARRAHS OPERATING CO INC	105.3	6/1/2017	1,000	1,075	1,053
HARRAHS OPERATING CO INC 144A	95.5	4/15/2018	500	494	478
HARTFORD FINANCIAL SERVICES GR	23.1		14	355	312
HAWKER BEECHCRAFT ACQUISITION	80.1	4/1/2015	695	541	557
HAWKER BEECHCRAFT ACQUISITION	61.8	4/1/2017	775	608	479
HCA INC SR SECD TOGGLE NT	107.0	11/15/2016	1,000	1,076	1,070
HEADWATERS INC	101.0	11/1/2014	375	394	379
HEALTHNET INC SR NT	93.0	6/1/2017	1,825	1,707	1,697
HELIX ENERGY SOLUTIONS 144A	92.0	1/15/2016	745	653	685
HEXION U S FIN CORP	94.5	11/15/2014	1,785	1,744	1,687
HOLLY ENERGY PARTNERS LP 144A	100.5	3/15/2018	2,000	2,028	2,010
HORIZON LINES INC	82.5	8/15/2012	520	374	429

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HSN INC	112.0	8/1/2016	225	208	252
HUB INTL HLDGS INC SR NT 144A	94.8	12/15/2014	510	493	483
HUB INTL HLDGS INC SR SUB 144A	91.8	6/15/2015	1,450	1,291	1,330
HUGHES NETWORK SYSTEMS LLC/HNS	101.3	4/15/2014	1,000	1,026	1,013
HUNTSMAN INTL INC SR SUB NT	96.5	11/15/2014	255	204	246
ICAHN ENTERPRISES LP / IC 144A	97.3	1/15/2016	5,000	4,841	4,863
INEOS GROUP HOLDINGS PLC 144A	78.0	2/15/2016	330	276	257
INTEGRA TELECOM	97.9	4/15/2016	340	344	333
INTEGRA TELECOM	97.9	4/15/2016	450	450	440
INTELSAT JACKSON HLDG	105.0	6/15/2016	1,750	1,868	1,838
INTELSAT JACKSON HOLDINGS LTD	106.0	6/15/2016	900	947	954
INTELSAT JACKSON HOLDINGS SA	106.5	6/15/2016	1,000	1,091	1,065
INTERATIONAL LEASE #TR 00583	90.3	9/20/2013	450	384	406
INTERFACE ACE INC SR SUB NT	102.6	2/1/2014	256	232	263
INTERNATIONAL COAL GROUP INC	100.0	4/1/2018	340	344	340
INTERNATIONAL GAME TECHNO 144A	109.5	5/1/2014	230	276	252
INTERNATIONAL LEASE FIN CORP	93.8	3/25/2013	845	659	792
INTERNATIONAL LEASE FIN CORP	92.8	11/15/2013	260	241	241
INTERNATIONAL LEASE FIN CORP	92.3	5/1/2013	485	377	447
INTERNATIONAL LEASE FINAN 144A	94.8	3/15/2017	1,950	1,963	1,848
IRON MOUNTAIN INC	102.0	8/15/2021	1,000	1,044	1,020
ISLE CAPRI CASINOS INC SR SUB	90.0	3/1/2014	1,135	1,001	1,022
ITC DELTACOM INC	96.0	4/1/2016	705	698	677
JOSTENS HLDG CORP SR DISC NT	102.1	12/1/2013	1,000	1,039	1,021
KABEL DEUTSCHLAND GMBH	103.6	7/1/2014	1,425	1,496	1,477
KANSAS CITY SOUTHERN MEX	119.5	4/1/2016	835	789	998
KANSAS CITY SOUTHERN MEX 144A	103.5	2/1/2018	165	163	171
KAR HLDGS INC SR NT	100.5	5/1/2014	455	358	457
KEMET CORP	99.0	5/1/2018	1,350	1,332	1,337
KEY ENERGY SVCS INC SR NT	99.4	12/1/2014	285	252	283
LANDRY'S RESTAURANT INC	103.5	12/1/2015	360	358	373
LANDRY'S RESTAURANT INC	103.5	12/1/2015	1,575	1,702	1,630
LAS VEGAS SANDS CORP	96.0	2/15/2015	680	581	653
LEVEL 3 FINANCING INC	90.8	11/1/2014	315	273	286
LEVEL 3 FINANCING INC	90.8	11/1/2014	1,400	1,373	1,271
LIBBEY GLASS INC 144A	103.5	2/15/2015	335	339	347
LINN ENERGY FINANCE CO	113.5	5/15/2017	130	132	148
LINN ENERGY LLC/LINN ENER 144A	102.4	4/15/2020	350	341	358
LINN ENERGY LLC/LINN ENER 144A	102.4	4/15/2020	2,000	1,977	2,048
LIONS GATE ENTERTAINMENT	99.5	11/1/2016	325	309	323
LOCAL INSIGHT REGATTA SER B	65.0	12/1/2017	1,000	714	650
LODGENET INTERACTIVE CONV PFD	1,176.3		0	330	388
LUCENT TECHNOLOGIES BDS	66.0	3/15/2029	510	343	337
LUCENT TECHNOLOGIES INC DEBS	66.0	1/15/2028	370	199	244
LYONDELL CHEMICAL COMPANY	107.3	5/1/2018	1,800	1,893	1,931
MANDALAY RESORT GROUP	93.8	12/15/2011	550	530	516
MANITOWOC COMPANY INC	100.0	2/15/2018	260	265	260
MARKWEST ENERGY PART/FIN	96.0	11/1/2014	555	438	533
MARKWEST ENERGY PART/FIN CORP	96.3	11/1/2014	150	128	144
MARKWEST ENERGY PARTNERS/LP	101.0	4/15/2018	120	97	121
MARQUEE HLDGS INC SR DISC NT	82.3	8/15/2014	435	344	358
MARQUETTE TRANSPORTATION 144A	98.0	1/15/2017	2,000	2,000	1,960
MCMORAN EXPLORATION CO SR NT	102.0	11/15/2014	1,900	2,058	1,938

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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>
METALS USA INC SR SECD NT	105.0	12/1/2015	575	598	604
MGIC INVESTMENT CORP	89.4	5/1/2017	315	355	282
MGIC INVT CORP WIS SR NT	86.1	11/1/2015	925	653	797
MGM MIRAGE SR NT	78.8	7/15/2015	650	513	512
MIRANT MID-ATLANTIC LLC SER C	110.4	12/30/2028	239	249	264
MOBILE MINI INC	102.3	8/1/2014	270	242	276
MOBILE SATELLITE VENTURES 144A	106.0	4/1/2013	2,000	2,107	2,120
MOMENTIVE PERFORMANCE MATERIAL	109.0	6/15/2014	725	783	790
MOMENTIVE PERFORMANCE MATLS	94.5	12/1/2014	1,575	1,569	1,488
MURRAY ENERGY CORP 144A	99.5	10/15/2015	2,000	2,059	1,990
NCL CORP LTD	104.5	11/15/2016	770	817	805
NCO GROUP INC SR SUB NT	95.0	11/15/2014	500	484	475
NEXSTAR/MISSION BROADCAST 144A	100.5	4/15/2017	305	305	307
NEXTEL COMMUNICATIONS INC SR	96.9	10/31/2013	965	827	935
NEXTEL COMMUNICATIONS INC SR	96.9	10/31/2013	1,000	973	969
NIELSEN FINANCE LLC/CO	109.3	5/1/2016	1,000	1,139	1,093
NII CAPITAL CORP	101.0	12/15/2019	335	348	338
NII CAPITAL CORP	105.3	8/15/2016	590	577	621
NISKA GAS STORAGE US/CAN 144A	101.5	3/15/2018	2,000	2,059	2,030
NOVELIS INC	104.5	2/15/2015	1,000	1,084	1,045
NOVELIS INC/GA	96.5	2/15/2015	1,350	1,318	1,303
NRG ENERGY INC	99.5	2/1/2016	224	217	223
NRG ENERGY INC	101.6	6/15/2019	1,000	1,031	1,016
NUVEEN INVESTMENTS INC	72.0	9/15/2015	555	270	400
NUVEEN INVESTMENTS INC	87.0	11/15/2015	1,260	858	1,096
OMNICARE CAPITAL TRUST II	35.6		7	245	235
ONCURE MEDICAL CORP 144A	93.8	5/15/2017	355	349	333
OWENS-BROCKWAY	91.9	6/1/2015	265	265	243
PAETEC HOLDING CORP	97.3	7/15/2015	520	447	506
PAETEC HOLDING CORP	100.0	6/30/2017	330	318	330
PAETEC HOLDING CORP	97.3	7/15/2015	1,000	1,016	973
PENN NATIONAL GAMING INC	102.8	8/15/2019	270	274	277
PENSON WORLDWIDE INC	99.0	5/15/2017	750	750	743
PETROHAWK ENERGY CORP	100.3	6/1/2015	1,000	1,036	1,003
PETROQUEST ENERGY INC	101.3	5/15/2012	475	473	481
PETROQUEST ENERGY INC	101.3	5/15/2012	975	985	987
PHARMANET DEVELOPMENT GR	97.5	4/15/2017	425	427	414
PHIBRO ANIMAL HEALTH COR	99.5	7/1/2018	1,175	1,159	1,169
PHIBRO ANIMAL HLTH CORP 144A	105.0	8/1/2013	1,200	1,261	1,260
PINNACLE ENTMT INC SR SUB NT	93.8	6/15/2015	745	649	698
PLAINS EXPL & PRODTN CO SR NT	99.0	6/15/2015	545	501	540
PLAINS EXPL & PRODTN CO SR NT	107.0	3/1/2016	185	199	198
PLAINS EXPLORATION & PRO	101.3	10/15/2019	2,000	2,125	2,025
POWERWAVE TECHNOLOGIES	99.3	11/15/2024	140	163	139
POWERWAVE TECHNOLOGIES INC	70.8	10/1/2027	1,120	438	792
PROSPECT MEDICAL HOLDING	104.3	7/15/2014	320	295	334
QUICKSILVER RES INC SR NT	98.8	8/1/2015	115	100	114
QUICKSILVER RESOURCES IN	110.3	1/1/2016	140	137	154
QUICKSILVER INC ST NT	90.9	4/15/2015	745	481	677
RADIATION THERAPY SERVIC 144A	96.0	4/15/2017	475	472	456
RAINBOW NATL SVCS LLC 144A	104.1	9/1/2014	1,000	1,058	1,041
REGENCY ENERGY PARTNERS LP/REG	103.0	12/15/2013	800	837	824
RENTAL SVC CORP RSC HLDGS III	99.4	12/1/2014	240	237	239

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
FIXED INCOME HOLDINGS (000's)
AS OF JUNE 30, 2010

Issuer	Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
RESIDENTIAL CAPITAL LLC	98.5	5/15/2015	265	260	260
REVLON CONSUMER PRODUCTS 144A	102.5	11/15/2015	295	297	300
REYNOLDS GRP ISS/REYNOLD	98.1	5/15/2018	1,625	1,625	1,595
RITE AID CORP	88.5	3/1/2017	700	659	620
RITE AID CORP	81.5	3/1/2015	350	305	285
RITE AID CORP SR NT	81.8	12/15/2015	350	304	280
RITE AID CORP SR SECD NT	100.9	7/15/2016	700	690	700
ROSETTA RESOURCES INC 144A	99.5	4/15/2018	345	346	340
ROTECH HEALTHCARE INC SR SUB	89.8	4/1/2012	1,200	1,074	1,070
RYERSON INC	102.3	11/1/2015	2,340	2,484	2,395
SANDRIDGE ENERGY INC 144A	101.5	5/15/2016	150	156	150
SANDRIDGE ENERGY INC GTD SR NT	97.1	4/1/2015	120	118	110
SAPPI PAPIER HLDG AG GTD 144A	97.8	6/15/2012	1,000	996	975
SBA COMMUNICATIONS CORP	127.8	10/1/2014	385	438	490
SEALY MATTRESS CO SR SUB NT	100.3	6/15/2014	360	328	360
SELECT MED CORP SR SUB NT	94.0	2/1/2015	940	783	880
SERVICEMASTER CO/THE 144A	103.5	7/15/2015	1,500	1,586	1,550
SEVERSTAL COLUMBUS LLC 144A	103.3	2/15/2018	2,000	2,126	2,060
SGS INTL INC SR SUB NT	102.1	12/15/2013	1,000	1,054	1,020
SHERIDAN GROUP INC SR SECD NT	98.9	8/15/2011	2,000	1,990	1,970
SHIP FIN INTL LTD SR NT	98.5	12/15/2013	415	397	400
SINCLAIR TELEVISION GROU 144A	101.0	11/1/2017	315	306	310
SIRIUS XM RADIO INC 144A	98.5	4/1/2015	365	365	360
SIRIUS XM RADIO INC 144A	98.5	4/1/2015	1,000	999	980
SNYOVUS FINL CORP SUB NT	79.3	6/15/2017	1,780	1,159	1,410
SONIC AUTOMOTIVE INC	97.9	10/1/2029	250	275	240
SPECTRUM BRANDS INC	109.0	8/28/2019	850	911	920
SPECTRUM BRANDS INC	103.1	6/15/2018	425	419	430
SPRINT NEXTEL CORP NT	89.8	12/1/2016	1,120	941	1,000
SQUARETWO FINANCIAL CORP 144A	94.6	4/1/2017	2,000	1,964	1,890
STONEMOR CORNERSTN OSIR	101.5	12/1/2017	1,000	1,061	1,010
STRATUS TECHNOLOGIES INC	87.1	3/29/2015	1	487	440
STRATUS TECHNOLOGIES INC	87.1	3/29/2015	2	1,928	1,740
STREAM GLOBAL SERVICES I	102.3	10/1/2014	2,625	2,762	2,680
SYNOVUS FINANCIAL CORP-UTS	24.3		43	1,126	1,030
SYNOVUS FINL CORP SUB NT	89.6	2/15/2013	475	370	420
TELCORDIA TECHNOLOGIES 144A	95.0	5/1/2018	1,575	1,575	1,490
TERREMARK WORLDWIDE INC	112.5	6/15/2017	725	694	810
TEXAS COMPETITIVE ELECTRIC HOL	66.0	11/1/2015	370	279	240
TITAN INTL INC ILL SR NT	104.0	1/15/2012	240	232	250
TOPS MARKETS	103.0	10/15/2015	1,000	1,046	1,030
TOYS R US PROPERTY CO I L 144A	109.3	7/15/2017	1,300	1,442	1,420
TRANS UNION LLC/TRANSUNI 144A	103.5	6/15/2018	700	700	720
TRANSOCEAN INC	88.8	12/15/2037	800	712	710
TRANSOCEAN INC	82.8	12/15/2037	700	601	570
TRAVELPORT LLC/TRAVELPORT HLDG	100.3	9/1/2014	165	122	160
TRAVELPORT LLC/TRAVELPORT HLDG	101.0	9/1/2016	250	242	250
TRAVELPORT LLC/TRAVELPORT HLDG	101.0	9/1/2016	1,425	1,482	1,430
UNITED MARITIME LLC/CORP	94.5	6/15/2015	265	265	250
UNITED RENTALS NORTH AM	100.8	12/15/2019	1,350	1,391	1,360
UNITED RENTALS NORTH AMERICA I	94.0	2/15/2014	600	549	560

APPENDIX D

SOUTH CAROLINA RETIREMENT SYSTEMS
FIXED INCOME HOLDINGS (000's)
AS OF JUNE 30, 2010

Issuer	Price	Maturity Date	Face Value / Contracts	Book Value	Market Value
US ONCOLOGY INC	102.5	8/15/2014	1,000	1,054	1,025
US ONCOLOGY INC	102.8	8/15/2017	1,500	1,573	1,541
VANGENT INC SR SUB NT	95.6	2/15/2015	505	402	483
VANGUARD HLT HDG LLC/INC	96.5	2/1/2018	300	289	290
VECTOR GROUP LTD SR SECD NT	102.0	8/15/2015	2,850	2,919	2,907
VIASYSTEMS INC 144A	108.0	1/15/2015	260	260	281
VISKASE COS INC 144A	100.5	1/15/2018	315	313	317
VISKASE COS INC 144A	100.5	1/15/2018	2,000	2,045	2,010
WALLACE THEATER HOLDINGS INC	99.9	6/15/2013	0	162	170
WELLS FARGO & CO NEW PERP PFD	931.0		1	611	689
WENDY'S/ARBY'S REST LLC	104.0	7/15/2016	175	171	182
WENDY'S/ARBY'S REST LLC	104.0	7/15/2016	2,000	2,184	2,080
WESTERN EXPRESS INC	91.3	4/15/2015	360	343	329
WIND ACQUISITION FIN SA	102.5	7/15/2017	1,925	2,118	1,973
WINDSTREAM CORP	97.6	11/1/2017	1,000	996	976
WISE METALS GROUP LLC / WISE	80.5	5/15/2012	315	246	254
WMG ACQUISITION CORP	106.5	6/15/2016	1,000	1,071	1,065
XM ESCROW LLC SR NT 144A	109.3	8/1/2013	210	179	229
XM SATELLITE RADIO INC	106.8	6/15/2013	240	237	256
XM SATELLITE RADIO INC	106.8	6/15/2013	1,000	1,099	1,068
XM SATELLITE RADIO INC SR SUB	94.8	12/1/2014	570	397	540
ZIONS BANCORP	90.3	11/16/2015	345	263	311
ZIONS BANCORP	101.9	9/23/2014	300	266	306
ZIONS BANCORPORATION SUB NT	90.7	9/15/2015	285	210	258
Total High Yield Bonds and Investments			348,571	641,675	676,386
CAPITAL GUARDIAN EMERGING MARKET	11.6		39,277	432,631	454,439
Total Emerging Markets Debt			39,277	432,631	454,439
Total Fixed Income			\$ 3,118,833	\$ 5,343,471	\$ 5,836,911

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
1-800-FLOWERS.COM INC	398,440	\$ 1,240	\$ 821
AAR CORP	46,760	1,064	783
AARON'S INC	118,950	2,179	2,030
ABINGTON BANCORP INC PENN COM	45,400	427	396
ABM INDUSTRIES INC	38,115	800	799
ABOVENET INC	13,060	594	616
ACORDA THERAPEUTICS INC	51,560	1,135	1,604
ACTUANT CORP	55,490	690	1,045
ACUITY BRANDS INC	33,060	1,340	1,203
ADC TELECOMMUNICATIONS INC	155,847	1,737	1,155
ADTRAN INC	59,930	1,650	1,634
ADVISORY BOARD CO/THE	67,500	2,683	2,900
AECOM TECHNOLOGY CORP	226,500	6,369	5,223
AEGEAN MARINE PETROLEUM	119,600	1,535	2,390
AERCAP HOLDINGS N V SHS	368,700	5,767	3,827
AEROPOSTALE INC	100,400	2,142	2,875
AETNA INC	50,500	2,174	1,332
AFFILIATED MANAGERS GROUP INC	49,300	2,709	2,996
AFLAC INC	52,400	1,656	2,236
AGCO CORP	73,270	2,069	1,976
AGNICO-EAGLE MINES LTD	22,800	635	1,386
AGREE REALTY CORP	71,000	2,054	1,656
AK STEEL HOLDING CORP	33,178	604	395
ALBERTO-CULVER CO	204,850	5,281	5,549
ALEXION PHARMACEUTICALS INC	31,040	860	1,589
ALLEGHENY ENERGY INC	36,620	765	757
ALLEGIANTE TRAVEL CO	78,949	3,957	3,370
ALLIANCE DATA SYSTEMS CORP	109,500	5,801	6,517
ALLIANCE HEALTHCARE SERVICES I	167,970	982	679
ALLIANT ENERGY CORP	122,100	4,179	3,875
ALLIED HEALTHCARE INTL INC	517,300	1,977	1,200
ALLOS THERAPEUTICS INC	100,340	843	615
ALLSTATE CORP/THE	77,200	4,490	2,218
ALPHA NATURAL RESOURCES INC	60,277	1,492	2,042
ALTERA CORP	179,800	3,283	4,461
ALTERRA CAPITAL HOLDINGS LTD	105,830	2,056	1,987
AMDOCS LTD COM	180,300	3,785	4,841
AMEDISYS INC	141,001	6,265	6,201
AMERICAN COMMERCIAL LINES INC	70,620	1,456	1,590
AMERICAN DENTAL PARTNERS INC	263,584	2,763	3,192
AMERICAN EQUITY INVT LIFE	156,400	1,547	1,614
AMERICAN FINANCIAL GROUP INC/O	116,900	3,233	3,194
AMERICAN ITALIAN PASTA CO CL A	27,973	877	1,479
AMERICAN PHYSICIANS CAP INC	31,666	1,069	977
AMERICAN SCIENCE & ENGINEERING	13,600	862	1,036
AMERICAN SOFTWARE INC	250,900	2,144	1,159
AMERICAN WATER WORKS CO INC	74,670	1,555	1,538
AMERICA'S CAR-MART INC	36,410	700	824
AMERIGROUP CORP	93,699	2,809	3,043
AMERIPRISE FINANCIAL INC	35,900	1,564	1,297
AMERISAFE INC JONES DAY COM	59,900	697	1,051
AMERISOURCEBERGEN CORP	102,400	2,032	3,251
AMERISTAR CASINOS INC	39,442	423	594
AMETEK INC	39,030	1,555	1,567

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
AMGEN INC	105,900	5,220	5,570
AMKOR TECHNOLOGY INC COM	101,330	706	558
AMPHENOL CORP	82,800	2,251	3,252
AMTRUST FINANCIAL SERVICES INC	56,154	761	676
ANALOG DEVICES INC	222,500	4,862	6,199
ANWORTH MORTGAGE ASSET CORP	200,671	1,863	1,429
APAC TELESERVICES INC COM	696,300	1,704	3,969
APOLLO GROUP INC	53,500	2,961	2,272
ARCH CAPITAL GROUP LTD SHS	80,100	5,851	5,967
ARCHER-DANIELS-MIDLAND CO	45,400	1,496	1,172
ARIBA INC	317,650	3,797	5,060
ARRIS GROUP INC	302,600	3,401	3,083
ART TECHNOLOGY GROUP INC	255,295	895	873
ARVINMERITOR INC	77,520	538	1,016
ASBURY AUTOMOTIVE GROUP INC	63,339	286	668
ASCENT MEDIA GROUP CORP COM	15,800	419	399
ASHLAND INC	61,890	1,986	2,873
ASPEN INSURANCE HOLDINGS	98,900	2,568	2,447
ASSOCIATED BANC-CORP	209,780	3,310	2,572
ASSOCIATED ESTATES REALTY CORP	184,321	2,113	2,387
ASSURANT INC	160,390	5,334	5,566
ASSURED GUARANTY LTD SHS	154,700	2,744	2,053
ASTORIA FINANCIAL CORP	147,470	1,020	2,029
AT&T INC	477,200	16,376	11,543
ATC TECHNOLOGY CORP COM	56,800	1,165	916
ATHEROS COMMUNICATIONS INC	186,530	5,392	5,137
ATLAS AIR WORLDWIDE HLDGS INC	50,168	1,636	2,383
ATMEL CORP COM	160,191	692	769
AUTOZONE INC	7,800	1,453	1,507
AVIAT NETWORKS INC	299,129	2,108	1,086
AVNET INC	46,260	860	1,115
AXIS CAPITAL HLDGS LTD SHS	13,900	394	413
BABCOCK & BROWN AIR LTD	49,106	577	497
BALDOR ELECTRIC CO	34,460	582	1,243
BALLY TECHNOLOGIES INC	136,370	5,383	4,417
BANK OF AMERICA CORP	292,900	5,164	4,209
BANK OF HAWAII CORP	57,030	2,724	2,757
BANK OF THE OZARKS INC	72,756	2,090	2,581
BANNER CORP COM	35,100	350	69
BARRETT BUS SVCS INC	82,500	1,036	1,023
BCE INC	56,700	1,490	1,660
BE AEROSPACE INC	188,385	3,472	4,791
BELO CORP	165,420	1,076	941
BENCHMARK ELECTRONICS INC	47,857	750	759
BERRY PETROLEUM CO	114,252	2,677	2,939
BIOGEN IDEC INC	47,000	2,555	2,230
BIO-RAD LABORATORIES INC	64,500	4,575	5,579
BIOSCRIP INC	622,556	3,905	3,262
BIOVAIL CORP	335,090	5,384	6,447
BJ'S WHOLESALE CLUB INC	60,100	2,272	2,224
BLACKBOARD INC	125,000	5,057	4,666
BLOUNT INTERNATIONAL INC	152,590	1,580	1,567
BOSTON PRIVATE FINL HLDGS INC	153,800	972	989
BRIGHAM EXPLORATION CO	133,510	1,702	2,053

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
BRISTOL-MYERS SQUIBB CO	190,400	4,869	4,749
BROOKDALE SENIOR LIVING INC	150,000	2,457	2,250
BROWN SHOE INC NEW COM	73,731	1,571	1,119
BRUKER CORP	376,450	4,190	4,578
BUCKLE INC/THE	75,000	2,746	2,432
BUCYRUS INTERNATIONAL INC	30,310	854	1,438
CABOT CORP	143,870	4,116	3,469
CABOT OIL & GAS CORP	61,130	2,066	1,915
CAI INTL INC COM	100,100	1,406	1,191
CALLAWAY GOLF CO	103,537	1,081	625
CANTELL MEDICAL CORP	85,000	1,159	1,420
CAPITAL ONE FINANCIAL CORP	63,300	2,824	2,551
CAPITAL SENIOR LIVING CORP	209,690	1,662	1,042
CAPSTEAD MORTGAGE CORP	92,260	1,063	1,020
CARDIAC SCIENCE CORP NEW	219,504	1,761	215
CARDINAL FINANCIAL CORP	69,179	469	639
CARDINAL HEALTH INC	100,400	3,582	3,374
CARDIONET INC	116,930	681	641
CARDTRONICS INC	88,250	1,068	1,144
CARLISLE COS INC	69,300	2,081	2,504
CARPENTER TECHNOLOGY CORP	106,825	2,842	3,507
CARRIZO OIL & GAS INC	60,680	1,186	942
CARTER'S INC	139,340	4,022	3,658
CASUAL MALE RETAIL GROUP INC	261,300	718	894
CATALYST HEALTH SOLUTIONS INC	105,000	4,059	3,623
CATO CORP CL A	90,000	1,473	1,982
CAVIUM NETWORKS INC	63,470	1,678	1,662
CB RICHARD ELLIS GROUP INC	298,188	2,728	4,058
CBIZ INC	95,600	760	608
CEC ENTERTAINMENT INC	36,315	1,157	1,280
CEDAR SHOPPING CENTERS INC	320,790	2,035	1,931
CENTENE CORP	49,120	900	1,056
CENTERPOINT ENERGY INC	382,000	5,404	5,027
CENTRAL EUROPEAN DISTRIBUTION	36,120	993	772
CEPHALON INC	73,000	4,580	4,143
CEPHEID INC	49,270	936	789
CHARLES RIVER LABORATORIES INT	57,736	1,824	1,975
CHARMING SHOPPES INC PA COM	200,500	626	752
CHART INDUSTRIES INC	111,300	2,463	1,734
CHESAPEAKE LODGING TRUST	48,930	890	774
CHEVRON CORP	189,600	12,771	12,866
CHINA BIOLOGIC PRODUCTS INC	60,660	743	667
CHINA INFORMATION SEC	204,150	1,404	1,062
CHIKUITA BRANDS INTERNATIONAL	96,405	965	1,171
CHRISTOPHER & BANKS CORP COM	150,900	1,064	934
CHUBB CORP	85,800	4,413	4,291
CHURCHILL DOWNS INC	15,800	583	518
CIMAREX ENERGY CO	15,180	974	1,087
CINCINNATI BELL INC	256,329	1,085	772
CINEMARK HLDGS INC COM	10,597	172	139
CITI TRENDS INC	25,100	472	827
CITY NATIONAL CORP/CA	40,950	2,027	2,098
CLARCOR INC	97,700	3,168	3,470
CLEAN HARBORS INC	68,220	3,791	4,530

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
CLEARWATER PAPER CORP	16,900	965	925
CLEARWIRE CORP NEW CL A	128,994	1,023	939
CLECO CORP	48,228	1,137	1,274
CLICKSOFTWARE TECHNOLOGIES LTD	147,600	992	785
CLINICAL DATA INC	108,600	1,560	1,351
CME GROUP INC	5,000	1,547	1,408
CMS ENERGY CORP	350,800	4,753	5,139
COACH INC	96,600	2,886	3,531
COGDELL SPENCER INC	169,046	771	1,143
COGENT COMMUNICATIONS GROUP IN	163,930	1,480	1,243
COLDWATER CREEK INC	175,000	845	588
COLE KENNETH PRODTNS INC CL A	70,000	1,308	771
COLFAX CORP	126,860	1,461	1,321
COLONIAL PROPERTIES TRUST	71,530	719	1,039
COLUMBIA BANKING SYSTEMS INC	131,374	2,432	2,399
COLUMBUS MCKINNON CORP/NY	75,000	1,609	1,048
COMCAST CORP	149,000	2,390	2,588
COMERICA INC	59,030	1,516	2,174
COMMERCIAL METALS CO	99,230	1,541	1,312
COMMERCIAL VEHICLE GROUP INC	122,150	1,106	1,247
COMMSCOPE INC	65,784	1,412	1,564
COMMUNITY HEALTH SYSTEMS INC	31,230	726	1,056
COMPASS MINERALS INTERNATIONAL	45,240	2,151	3,179
COMPUTER TASK GROUP INC COM	49,700	404	321
COMSTOCK RESOURCES INC	38,100	1,657	1,056
COMTECH TELECOMMUNICATIONS COR	125,820	4,132	3,766
CONCHO RESOURCES INC/MIDLAND T	75,130	3,398	4,157
CONN'S INC	82,712	870	486
CONOCOPHILLIPS	135,600	9,314	6,657
CONSOLIDATED GRAPHICS INC	29,099	1,203	1,258
CONSTELLATION ENERGY GROUP INC	77,000	2,602	2,483
CONTINENTAL AIRLINES INC	125,130	1,702	2,753
CONVERGYS CORP	88,080	975	864
CONVIO INC	72,860	656	535
COOPER COS INC/THE	14,095	534	561
COOPER TIRE & RUBBER CO	125,313	1,867	2,444
COPA HOLDINGS S A CL A	33,600	1,330	1,486
CORE LABORATORIES N V	32,820	3,200	4,845
CORELOGIC INC	36,470	699	644
CORINTHIAN COLLEGES INC	374,130	5,772	3,685
COSTAR GROUP INC	100,000	4,295	3,880
COVANTA HOLDING CORP	90,940	1,832	1,509
CRACKER BARREL OLD COUNTRY STO	29,427	1,036	1,370
CRANE CO	24,480	789	740
CREDICORP LTD	40,900	2,223	3,717
CROWN HOLDINGS INC	203,010	4,844	5,083
CTS CORP	169,500	1,988	1,566
CVS CAREMARK CORP	81,100	2,587	2,378
DANA HOLDING CORP	236,164	2,388	2,362
DAVITA INC	230,000	12,575	14,361
DEAN FOODS CO	55,600	606	560
DECKERS OUTDOOR CORP	21,100	2,589	3,015
DEL MONTE FOODS CO COM	101,700	1,041	1,463
DELPHI FINANCIAL GROUP INC	62,300	1,392	1,521

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
DEMANDTEC INC	239,313	1,894	1,615
DENBURY RESOURCES INC	273,000	3,216	3,997
DENNY'S CORP	404,760	1,065	1,052
DESTINATION MATERNITY CORP COM	125,787	2,406	3,182
DEVELOPERS DIVERSIFIED REALTY	114,670	946	1,135
DIAMOND MGMT & TECHNOLOGY	56,660	465	584
DIAMONDROCK HOSPITALITY CO	191,097	1,627	1,571
DICE HOLDINGS INC	139,809	614	967
DIGITAL REALTY TRUST INC	27,190	1,577	1,568
DIGITAL RIVER INC	51,700	1,540	1,236
DINEEQUITY INC	54,770	1,597	1,529
DIODES INC	53,646	1,170	851
DIRECTV	103,700	2,542	3,518
DISCOVERY COMMUNICATIONS INC	130,400	2,955	4,033
DOLBY LABORATORIES INC	49,000	1,881	3,072
DOLE FOOD CO INC	63,960	797	667
DOLLAR FINANCIAL CORP	138,150	1,548	2,734
DOLLAR THRIFTY AUTOMOTIVE	43,700	1,110	1,862
DONEGAL GROUP INC	140,521	1,867	1,727
DRESSER-RAND GROUP INC	165,700	5,258	5,228
DRIL-QUIP INC	69,000	3,435	3,037
DSW INC	37,280	1,087	837
DTE ENERGY CO COM	34,000	1,346	1,551
DUPONT FABROS TECHNOLOGY INC	104,000	2,400	2,554
DXP ENTERPRISES INC	127,577	1,474	1,997
DYCOM INDUSTRIES INC	92,059	529	787
DYNAMEX INC	140,500	2,723	1,714
DYNEGY INC	108,436	924	417
EASTMAN CHEMICAL CO	34,200	2,024	1,825
EATON VANCE CORP	97,580	2,056	2,694
ECHOSTAR CORP	96,600	2,543	1,843
ECLIPSYS CORP	51,740	994	923
EDISON INTERNATIONAL	125,700	5,483	3,987
EDUCATION REALTY TRUST INC	303,530	1,734	1,830
ELIZABETH ARDEN INC COM	46,673	633	678
EMC INS GROUP	25,675	554	563
EMCOR GROUP INC	30,828	897	714
EMERGENCY MEDICAL SERVICES COR	107,000	5,190	5,246
EMERITUS CORP	20,000	178	326
EMULEX CORP	99,370	1,322	912
ENDO PHARMACEUTICALS HOLDINGS	192,400	4,114	4,198
ENDOLOGIX INC	127,860	570	579
ENDURANCE SPECIALTY HLDGS LTD	94,100	3,760	3,532
ENERGEN CORP	91,150	4,539	4,041
ENERGYSOLUTIONS INC	268,760	2,297	1,368
ENERNOC INC	86,831	2,434	2,730
ENNIS INC COM	60,700	1,231	911
ENSIGN GROUP INC COM	140,907	2,019	2,328
ENTEGRIS INC	224,003	789	889
ENTERCOM COMMUNICATIONS CORP	76,341	1,831	673
ENTERGY CORP	22,800	1,776	1,633
EPICOR SOFTWARE CORP COM	153,300	1,267	1,225
EPIQ SYS INC COM	100,000	1,286	1,293
EQUIFAX INC	113,280	4,090	3,179

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
ERESEARCHTECHNOLOGY INC	96,080	697	757
EUROPEAN GOLDFIELDS LTD	141,500	749	964
EXCO RESOURCES INC	262,410	3,265	3,834
EXELON CORP	38,000	1,518	1,443
EXXON MOBIL CORP	78,300	5,310	4,469
EZCORP INC	177,270	2,118	3,288
F5 NETWORKS INC	35,450	1,319	2,431
FAIRCHILD SEMICONDUCTOR INTERN	205,324	2,170	1,727
FEDERAL SIGNAL CORP	14,400	91	87
FEDEX CORP	27,200	2,195	1,907
FINISAR CORP	52,600	736	784
FINISH LINE INC/THE	90,780	1,309	1,265
FIRST FINANCIAL BANCORP	94,749	885	1,416
FIRST NIAGARA FINANCIAL GROUP	65,440	875	820
FIVE STAR QUALITY CARE INC	99,100	454	299
FLANDERS CORP	154,600	1,209	481
FLEXTRONICS INTERNATIONAL LTD	334,400	1,890	1,873
FLOWERS FOODS INC	118,700	2,601	2,900
FOCUS MEDIA HOLDING LTD	85,000	1,413	1,320
FOOT LOCKER INC	163,996	1,961	2,070
FOREST OIL CORP	81,050	1,851	2,218
FORTINET INC	43,460	744	714
FOSSIL INC	39,500	1,568	1,371
FOSTER WHEELER AG COM	201,090	5,889	4,235
FPIC INSURANCE GROUP INC	33,093	1,014	849
FRANKLIN RESOURCES INC	41,300	3,903	3,560
FULTON FINANCIAL CORP	93,624	872	903
FURMANITE CORP	202,860	944	805
FURNITURE BRANDS INTL INC COM	74,360	357	388
GAP INC/THE	129,200	2,770	2,514
GARDNER DENVER INC	63,500	1,687	2,831
GAYLORD ENTERTAINMENT CO	44,229	1,232	977
GENERAL DYNAMICS CORP	23,300	1,455	1,364
GENERAL ELECTRIC CO	160,200	4,883	2,310
GENESCO INC	40,580	925	1,068
GENESEE & WYOMING INC	115,161	3,310	4,297
GEN-PROBE INC	65,000	2,892	2,952
GENTEX CORP	192,000	3,056	3,452
GENTIVA HEALTH SERVICES INC	42,080	1,153	1,137
GEO GROUP INC/THE	37,300	759	774
GEOEYE INC	62,500	1,422	1,946
GERBER SCIENTIFIC INC COM	204,350	2,303	1,093
GFI GROUP INC	313,032	1,349	1,747
GILEAD SCIENCES INC	51,100	2,349	1,752
GLACIER BANCORP INC	163,700	2,182	2,401
GLOBAL CASH ACCESS HOLDINGS IN	305,220	2,205	2,201
GLOBAL GEOPHYSICAL SERVICES IN	44,380	533	309
GLOBAL PAYMENTS INC	208,500	7,434	7,619
GOLDMAN SACHS GROUP INC/THE	15,800	2,324	2,074
GRACO INC	59,200	1,667	1,669
GRAINGER W W INC COM	9,900	1,062	985
GRAND CANYON EDUCATION INC	245,970	3,683	5,763
GREAT LAKES DREDGE & DOCK CORP	189,329	1,190	1,136
GREAT SOUTHN BANCORP INC	30,000	398	609

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SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
GREEN MOUNTAIN COFFEE ROASTERS	85,650	701	2,201
GSE SYSTEMS INC	267,600	1,205	1,086
GSI COMMERCE INC	89,070	1,564	2,565
GUESS? INC	59,390	1,434	1,855
GYMBOREE CORP	73,300	3,055	3,131
HACKETT GROUP INC COM	601,410	2,074	1,690
HAEMONETICS CORP	91,900	4,734	4,918
HALLMARK FINL SVCS INC COM NEW	62,200	447	619
HANCOCK HOLDING CO	29,362	1,093	980
HANGER ORTHOPEDIC GROUP INC	40,700	499	731
HANOVER INSURANCE GROUP INC/TH	93,576	4,045	4,071
HARRIS CORP	32,400	1,476	1,349
HARVARD BIOSCIENCE INC	172,410	708	614
HCC INSURANCE HOLDINGS INC	165,100	4,299	4,088
HEALTH MANAGEMENT ASSOCIATES I	154,792	1,156	1,203
HEALTH NET INC	119,800	2,258	2,920
HEALTHCARE SVCS GROUP INC	36,638	323	694
HEALTHSOUTH CORP	285,630	4,390	5,344
HECKMANN CORP	203,120	995	942
HELEN OF TROY LTD NEW	40,100	837	885
HELIX ENERGY SOLUTIONS GROUP I	115,102	1,468	1,240
HERBALIFE LTD USD COM SHS	140,900	5,382	6,488
HESS CORP	80,600	5,115	4,057
HEWITT ASSOCIATES INC	153,720	5,932	5,297
HEXCEL CORP	50,905	785	790
HHGREGG INC	62,700	1,780	1,462
HIGHWOODS PROPERTIES INC	56,773	1,679	1,576
HILL ROM HLDGS COM	50,600	1,614	1,540
HOOPER HOLMES INC COM	1,334,500	3,958	761
HORIZON LINES INC	285,340	3,056	1,207
HOUSTON WIRE & CABLE CO COM	142,895	1,903	1,550
HRPT PPTYS TR COM SBI	188,200	1,466	1,169
HUB GROUP INC	34,290	1,026	1,029
HUDSON CITY BANCORP INC	245,500	4,107	3,007
HUDSON VY HLDG CORP CDT COM	10,700	253	247
HUMAN GENOME SCIENCES INC	89,810	2,044	2,035
HUMANA INC	43,800	1,954	2,000
HUNTINGTON BANCSHARES INC/OH	279,349	2,080	1,548
ICONIX BRAND GROUP INC	120,514	1,738	1,732
ICU MED INC	15,900	418	512
IDACORP INC	40,224	1,279	1,338
IHS INC	85,500	4,559	4,995
IMPAX LABORATORIES INC	35,080	230	669
INCYTE CORP LTD	89,720	669	993
INFORMATICA CORP	188,530	3,800	4,502
INGRAM MICRO INC	103,900	1,815	1,578
INLAND REAL ESTATE CORP	178,189	1,375	1,411
INNODATA ISOGEN INC	186,590	1,172	480
INNOPHOS HOLDINGS INC	119,263	2,475	3,110
INSITUFORM TECHNOLOGIES INC	25,900	431	530
INTEGRA LIFESCIENCES HOLDINGS	29,634	1,231	1,096
INTEGRATED DEVICE TECHNOLOGY I	371,246	2,733	1,838
INTEL CORP	206,400	4,205	4,014
INTERACTIVE BROKERS GROUP INC	229,539	5,986	3,810

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
INTERACTIVE DATA CORP COM	105,000	3,035	3,505
INTERDIGITAL INC/PA	81,000	2,305	2,000
INTERLINE BRANDS INC	148,930	2,331	2,575
INTERNAP NETWORKS SVCS CORP	49,163	254	205
INTERNET BRANDS INC	105,780	844	1,093
INTERVAL LEISURE GROUP INC	52,173	381	650
INTEVAC INC	100,300	1,401	1,070
IPC THE HOSPITALIST CO INC	14,870	342	373
IRONWOOD PHARMACEUTICALS INC	21,370	264	255
ISLE OF CAPRI CASINOS INC	72,353	727	670
ITC HOLDINGS CORP	45,780	2,092	2,422
ITT EDUCATIONAL SERVICES INC	26,800	2,732	2,225
IXIA	109,740	895	943
J2 GLOBAL COMMUNICATIONS INC	153,523	3,255	3,353
JACK HENRY & ASSOCIATES INC	297,180	5,771	7,097
JACKSON HEWITT TAX SVC INC	204,684	1,324	231
JAKKS PAC INC	30,100	431	433
JARDEN CORP	133,700	3,713	3,593
JDA SOFTWARE GROUP INC	113,728	2,892	2,500
JOHN WILEY & SONS INC	64,400	2,188	2,490
JOHNSON & JOHNSON	185,200	11,243	10,938
JONES APPAREL GROUP INC	58,745	455	931
JONES LANG LASALLE INC	76,300	4,903	5,008
JOS A BANK CLOTHIERS INC	54,230	1,898	2,928
JOY GLOBAL INC	27,300	1,336	1,367
JPMORGAN CHASE & CO	292,700	12,096	10,716
KAMAN CORP COMMON	103,700	1,623	2,294
KANSAS CITY SOUTHERN	112,500	3,364	4,089
KBR INC	198,240	3,960	4,032
KENEXA CORP	76,790	1,030	921
KEY ENERGY SERVICES INC	223,446	1,754	2,051
KEYCORP	320,440	1,963	2,464
KID BRANDS INC COM	175,400	1,739	1,233
KIMBALL INTL INC CL B	38,300	306	212
KINETIC CONCEPTS INC	38,750	1,854	1,415
KING PHARMACEUTICALS INC	295,875	2,685	2,246
KIT DIGITAL INC	88,107	1,108	777
KITE REALTY GROUP TRUST	115,680	547	484
KNIGHT CAPITAL GROUP INC	58,410	890	805
KNIGHT TRANSPORTATION INC	51,500	1,070	1,042
KODIAK OIL & GAS CORP	279,064	729	890
KRATOS DEFENSE & SECURITY	144,280	1,505	1,515
KROGER CO/THE	183,600	3,699	3,615
L-3 COMMUNICATIONS HOLDINGS IN	18,000	1,906	1,275
LAM RESEARCH CORP	98,610	2,829	3,753
LAMAR ADVERTISING CO	115,900	3,918	2,842
LANDEC CORP	151,200	809	891
LAWSON SOFTWARE INC	76,170	594	556
LAZARD LTD SHS -A-	166,500	5,843	4,447
LA-Z-BOY INC	90,380	814	672
LEAPFROG ENTERPRISES INC	135,100	816	543
LEARNING TREE INTL INC	62,100	822	674
LEGGETT & PLATT INC	44,692	949	897
LENDER PROCESSING SERVICES INC	132,600	5,209	4,152

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
LEXINGTON REALTY TRUST	290,910	2,337	1,748
LIFEPOINT HOSPITALS INC	44,956	1,501	1,412
LINCARE HLDGS INC COM	29,745	533	967
LINEAR TECHNOLOGY CORP	166,200	4,007	4,622
LIONBRIDGE TECHNOLOGIES INC	231,700	1,500	1,059
LITHIA MOTORS INC	109,770	810	678
LIVEPERSON INC	94,960	665	651
LMI AEORSPACE INC COM	16,724	301	264
LOCKHEED MARTIN CORP	19,200	1,518	1,430
LOEWS CORP COM	74,400	2,531	2,478
LSI INDS INC OHIO COM	217,300	3,128	1,060
LUBRIZOL CORP	34,800	1,464	2,795
LUFKIN INDUSTRIES INC	39,974	1,668	1,559
MAGELLAN HEALTH SERVICES INC	158,444	5,899	5,755
MAIDENFORM BRANDS INC	30,500	375	621
MANITOWOC INC COM	350,872	4,479	3,207
MANTECH INTERNATIONAL CORP	117,200	5,168	4,989
MARATHON OIL CORP	153,200	4,218	4,763
MARKEL CORP	7,300	2,334	2,482
MARTEN TRANSPORT LTD	38,360	795	797
MASTEC INC	103,310	1,202	971
MBIA INC	324,940	2,084	1,823
MCCORMICK & SCHMICKS SEAFOOD	115,300	937	860
MCG CAPITAL CORP	173,512	1,584	838
MDC PARTNERS INC CL A SUB	84,900	961	907
MDU RESOURCES GROUP INC	119,265	2,350	2,150
MEADOWBROOK INSURANCE GROUP IN	153,485	1,012	1,325
MEDIA GENERAL INC	34,152	1,288	333
MEDICAL ACTION INDS INC	101,800	1,315	1,221
MEDICAL PROPERTIES TRUST INC	105,950	1,226	1,000
MENTOR GRAPHICS CORP	165,221	1,401	1,462
METROPCS COMMUNICATIONS INC	159,940	1,399	1,310
MF GLOBAL HOLDINGS LTD	328,240	1,887	1,874
MFA FINANCIAL INC	621,800	4,599	4,601
MGIC INVESTMENT CORP	206,966	2,184	1,426
MICROSOFT CORP	197,800	5,404	4,551
MICROTUNE INC	312,840	595	666
MIPS TECHNOLOGIES INC COM	201,900	833	1,032
MIRANT CORP	210,600	3,605	2,224
MKS INSTRUMENTS INC	53,293	773	998
MOBILE MINI INC	56,980	866	928
MOHAWK INDUSTRIES INC	59,000	2,922	2,700
MOMENTA PHARMACEUTICALS INC	52,550	797	644
MONARCH CASINO & RESORT INC	98,900	709	1,002
MONRO MUFFLER BRAKE INC	17,050	362	674
MONSTER WORLDWIDE INC	206,400	3,507	2,405
MORGAN STANLEY	54,200	1,608	1,258
MORTONS RESTAURANT GROUP INC	149,900	1,042	776
MOVE INC	393,325	568	806
MSCI INC	51,440	1,548	1,409
MUELLER WATER PRODUCTS INC	347,769	1,419	1,290
MULTI-COLOR CORP	194,520	3,510	1,992
MURPHY OIL CORP	64,100	4,195	3,176
MYRIAD GENETICS INC	108,900	2,473	1,628

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
NASDAQ OMX GROUP INC/THE	168,200	3,162	2,991
NATIONAL CINEMEDIA INC	45,250	790	754
NATIONAL FINANCIAL PARTNERS CO	138,400	1,306	1,352
NATIONAL FUEL GAS CO	30,790	1,590	1,413
NATIONAL INSTRUMENTS CORP	120,700	3,565	3,836
NATIONAL PENN BANCSHARES INC	227,159	1,348	1,365
NATIONAL RETAIL PROPERTIES INC	66,544	1,468	1,427
NAUTILUS INC	156,000	1,001	237
NAVISTAR INTERNATIONAL CORP	82,290	4,551	4,049
NCR CORP	164,250	1,913	1,991
NESS TECHNOLOGIES INC	176,371	1,450	760
NET 1 UEPS TECHNOLOGIES INC	175,270	2,889	2,350
NETEZZA CORP	169,062	1,504	2,313
NETFLIX INC	23,000	764	2,499
NETLOGIC MICROSYSTEMS INC	90,280	1,329	2,456
NEUROCRINE BIOSCIENCES INC	92,630	379	519
NEUSTAR INC	154,400	4,868	3,184
NEW JERSEY RESOURCES CORP	34,509	1,125	1,215
NEW YORK & CO INC	551,183	2,082	1,262
NEWBRIDGE BANCORP COM	214,800	2,052	754
NEWELL RUBBERMAID INC	104,950	1,233	1,536
NEWPARK RESOURCES INC	125,000	525	756
NICE SYSTEMS LTD	130,000	4,258	3,314
NN INC COM	149,700	1,209	749
NORTH AMERN ENERGY PARTNERS	16,604	174	147
NORTHERN OIL AND GAS INC	69,150	1,054	888
NORTHRIM BANCORP INC	25,000	355	387
NORTHROP GRUMMAN CORP	82,100	4,690	4,470
NOVAMED INC	61,516	663	511
NOVELLUS SYSTEMS INC	210,000	4,096	5,326
NRG ENERGY INC	55,360	1,328	1,174
NUANCE COMMUNICATIONS INC	113,260	1,762	1,693
NV ENERGY INC	276,400	4,738	3,264
NYSE EURONEXT	82,000	1,629	2,266
O CHARLEYS INC	5,800	89	31
O2MICRO INTERNATIONAL LTD	20,900	140	124
OASIS PETROLEUM INC	134,090	1,906	1,944
OCEANEERING INTERNATIONAL INC	67,600	3,262	3,035
OCH-ZIFF CAPITAL MANAGEMENT GR	157,580	1,438	1,984
OCLARO INC	68,080	834	755
OCWEN FINANCIAL CORP	172,900	1,868	1,762
OFFICE DEPOT INC COM	111,070	776	449
OFFICEMAX INC	67,630	1,114	883
OGE ENERGY CORP	118,800	4,231	4,343
OIL STATES INTERNATIONAL INC	64,720	1,928	2,562
OLD DOMINION FREIGHT LINE INC	25,156	778	884
OLD REPUBLIC INTERNATIONAL COR	132,000	1,862	1,601
OMNICARE INC	103,400	2,572	2,451
OMNOVA SOLUTIONS INC	116,100	672	907
ONYX PHARMACEUTICALS INC	152,511	4,577	3,293
OPNET TECHNOLOGIES INC	53,800	846	790
ORBITAL SCIENCES CORP	230,500	3,427	3,635
ORIENT EXPRESS HOTELS LTD CL A	94,190	1,020	697
ORIENTAL FINANCIAL GROUP INC	118,612	1,738	1,502

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EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
ORION MARINE GROUP INC	159,800	3,316	2,269
ORTHOFIX INTERNATIONAL N V	60,890	1,572	1,952
OSHKOSH CORP	165,700	6,003	5,163
OWENS CORNING NEW COM	77,200	1,170	2,309
OWENS-ILLINOIS INC	33,600	1,541	889
PACIFIC CONTINENTAL CORP	167,470	1,681	1,586
PACKAGING CORP OF AMERICA	138,520	3,053	3,050
PACWEST BANCORP	128,329	2,728	2,350
PAETEC HOLDING CORP	177,754	703	606
PAIN THERAPEUTICS INC	53,750	308	299
PALOMAR MED TECH INC NEW COM	10,200	133	114
PARAMETRIC TECHNOLOGY CORP	94,090	1,458	1,474
PAREXEL INTERNATIONAL CORP	75,690	1,178	1,641
PARTNERRE HLDGS LTD BERMUDA	76,540	5,581	5,369
PC MALL INC COM	5,700	45	23
PDL BIOPHARMA INC	328,600	2,840	1,847
PENN MILLERS HOLDING CORP	70,700	736	933
PENNSYLVANIA REAL ESTATE INVES	55,890	912	683
PETROHAWK ENERGY CORP	117,790	1,581	1,999
PETSMART INC	49,800	1,624	1,502
PHARMASSET INC	31,260	916	855
PHILIP MORRIS INTERNATIONAL IN	33,400	1,544	1,531
PHOTRONICS INC	210,527	906	952
PICO HOLDINGS INC	23,790	759	713
PINNACLE WEST CAPITAL CORP	130,100	4,831	4,730
PLANTRONICS INC	64,600	1,769	1,848
PLATINUM UNDERWRITERS HLDGS	70,800	2,062	2,569
PLAYBOY ENTERPRISES INC CL B	249,890	776	1,050
PLEXUS CORP	42,244	915	1,130
PMC - SIERRA INC	279,320	2,294	2,100
PMI GROUP INC/THE	59,720	347	173
PNC FINANCIAL SERVICES GROUP I	64,400	3,539	3,639
PNM RESOURCES INC	119,690	1,994	1,338
POLARIS INDUSTRIES INC	21,270	1,311	1,162
POPULAR INC	514,460	1,630	1,379
POST PROPERTIES INC	54,904	1,002	1,248
POWERWAVE TECHNOLOGIES INC COM	494,590	1,678	762
PREMIERE GLOBAL SERVICES INC	76,700	641	486
PRESSTEK INC COM	113,100	675	399
PRESTIGE BRANDS HLDGS INC	45,700	340	324
PRIMERICA INC	66,710	1,241	1,430
PRINCETON REVIEW INC COM	74,500	386	173
PROASSURANCE CORP	63,800	3,286	3,621
PROCTER & GAMBLE CO/THE	154,800	9,528	9,285
PROGRESS SOFTWARE CORP	73,177	1,819	2,198
PROS HOLDINGS INC	60,000	355	390
PROSPERITY BANCSHARES INC COM	46,760	1,581	1,625
PSYCHIATRIC SOLUTIONS INC	40,150	1,112	1,314
PUBLIC SERVICE ENTERPRISE GROU	126,300	4,970	3,957
PULTE GROUP INC	230,912	2,613	1,912
QUAKER CHEMICAL CORP	40,948	816	1,109
QUESTCOR PHARMACEUTICALS INC	256,490	1,797	2,619
QUICKSILVER RESOURCES INC	177,300	2,260	1,950
RACKSPACE HOSTING INC	62,740	1,173	1,151

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
RADIAN GROUP INC	215,464	1,953	1,560
RADIANT SYSTEMS INC	74,820	623	1,082
RADIOSHACK CORP	127,600	2,192	2,489
RALCORP HOLDINGS INC	35,000	2,206	1,918
RANGE RESOURCES CORP	67,000	2,923	2,690
RAYONIER INC	89,800	3,895	3,953
RAYTHEON CO	62,500	2,849	3,024
RC2 CORP	143,704	2,870	2,315
RED HAT INC	116,000	2,990	3,357
REDDY ICE HOLDINGS INC	170,940	377	552
REGAL ENTERTAINMENT GROUP	111,200	1,694	1,450
REHABCARE GROUP INC COM	31,900	600	695
RENAISSANCE RE HOLDINGS LTD	100,000	4,790	5,627
RESMED INC	49,600	2,122	3,016
RESOURCES CONNECTION INC	247,300	4,632	3,363
RIGHTNOW TECHNOLOGIES INC	57,120	857	896
RIVERBED TECHNOLOGY INC	56,190	1,541	1,552
RLI CORP	17,437	884	916
ROADRUNNER TRANSPORTATION SYST	50,170	702	713
ROBBINS & MYERS INC	43,320	895	942
ROCK-TENN CO	57,750	2,288	2,868
ROCKWOOD HOLDINGS INC	56,516	588	1,282
ROCKY BRANDS INC COM	60,300	485	385
RRI ENERGY INC	321,990	1,317	1,220
RTI BIOLOGICS INC	156,825	434	459
RTI INTERNATIONAL METALS INC	32,821	814	791
RUDDICK CORP	52,109	1,775	1,615
RUSH ENTERPRISES INC	176,433	2,367	2,337
RYDER SYSTEM INC	34,200	1,564	1,376
RYLAND GROUP INC	53,877	1,292	852
SAFEWAY INC	190,600	4,725	3,747
SAPIENT CORP	258,050	1,834	2,617
SAVIENT PHARMACEUTICALS INC	52,580	740	663
SBA COMMUNICATIONS CORP	310,250	9,341	10,552
SCHNITZER STEEL INDUSTRIES INC	14,618	743	573
SCHOOL SPECIALTY INC-COM	27,400	831	495
SCHULMAN A INC COM	60,835	1,589	1,153
SCIENTIFIC GAMES CORP	80,500	1,157	741
SEABRIGHT HOLDINGS INC	203,805	2,586	1,932
SEACHANGE INTL INC	93,770	632	772
SEACOAST BANKING CORP OF FLORI	204,260	476	272
SEALY CORP	319,630	1,039	853
SEI INVESTMENTS CO	83,200	2,332	1,694
SENSIENT TECHNOLOGIES CORP	85,400	2,440	2,214
SERACARE LIFE SCIENCES INC DEL	190,235	1,332	727
SHOE CARNIVAL INC	28,000	574	574
SIGNATURE BANK/NEW YORK NY	38,980	1,479	1,482
SIGNET JEWELERS LIMITED SHS	56,700	1,553	1,559
SILVER WHEATON CORP	76,380	939	1,535
SIRONA DENTAL SYSTEMS INC	90,200	2,075	3,143
SKILLED HEALTHCARE GROUP INC	122,760	913	834
SKYWORKS SOLUTIONS INC	176,553	2,153	2,964
SL GREEN REALTY CORP	15,700	1,324	864
SMART MODULAR TECHNOLOGIES WWH	113,900	555	666

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
SOLERA HOLDINGS INC	108,400	2,653	3,924
SOLUTIA INC	118,873	338	1,557
SONIC AUTOMOTIVE INC	161,150	1,597	1,379
SOTHEBY'S	32,000	977	732
SOUTHERN COPPER CORP	88,500	2,603	2,349
SPARTAN MTRS INC	215,263	1,268	904
SPARTAN STORES INC	62,080	815	852
SPARTECH CORP	261,209	2,766	2,677
SRA INTERNATIONAL INC	139,800	3,150	2,750
STAGE STORES INC	110,714	1,875	1,182
STANCORP FINL GROUP INC COM	39,700	1,169	1,609
STANDARD PKG CORP	29,400	492	465
STANDEX INTERNATIONAL CORP	60,929	1,388	1,545
STARWOOD HOTELS & RESORTS WORL	38,500	689	1,595
STEELCASE INC	112,390	909	871
STERICYCLE INC	45,000	2,024	2,951
STERLING BANCSHARES INC	92,550	546	436
STERLING CONSTRUCTION CO INC	100,250	1,813	1,297
STEWART ENTERPRISES INC	219,630	1,131	1,188
STIFEL FINL CORP	33,860	1,396	1,469
STILLWATER MINING CO	116,660	1,583	1,356
STRAYER EDUCATION INC	12,000	2,142	2,495
STURM RUGER & CO INC	65,900	880	944
SUCCESSFACTORS INC	104,020	1,878	2,163
SUN HEALTHCARE GROUP INC	204,656	1,874	1,654
SUNOCO INC	64,300	2,137	2,236
SUNRISE SENIOR LIVING INC	167,050	431	464
SUNSTONE HOTEL INVESTORS INC	326,619	2,699	3,243
SUPERIOR ENERGY SERVICES INC	65,760	2,346	1,228
SUSQUEHANNA BANCSHARES INC	168,584	1,614	1,404
SUSSER HOLDINGS CORP	8,220	98	97
SXC HEALTH SOLUTIONS CORP	14,100	585	1,033
SYMANTEC CORP COM	85,100	1,552	1,181
SYNIVERSE HOLDINGS INC	150,440	2,432	3,076
SYNOPSIS INC COM	40,730	893	850
SYNTA PHARMACEUTICALS CORP	116,993	421	316
SYSCO CORP	104,500	3,517	2,986
T ROWE PRICE GROUP INC	66,100	2,815	2,934
T-3 ENERGY SERVICES INC	29,911	804	835
TALECRIS BIOTHERAPEUTICS HOLDI	178,400	3,502	3,764
TALEO CORP	87,429	2,196	2,124
TANGER FACTORY OUTLET CENTERS	56,430	2,090	2,335
TARGET CORP	29,200	1,637	1,436
TAUBMAN CENTERS INC	47,700	1,540	1,795
TEKELEC	255,300	3,891	3,380
TELEPHONE & DATA SYSTEMS INC	41,100	1,319	1,249
TELLABS INC	221,100	1,429	1,413
TEMPLE-INLAND INC	61,797	1,009	1,277
TEMPUR-PEDIC INTERNATIONAL INC	57,070	1,753	1,755
TENNANT CO	7,500	219	254
TENNECO INC	128,247	2,367	2,701
TERADYNE INC	293,630	1,487	2,863
TESSERA TECHNOLOGIES INC	212,841	4,373	3,416
TETRA TECH INC	55,003	1,310	1,079

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
TEXAS CAPITAL BANCSHARES INC	76,100	1,262	1,248
TEXAS INSTRUMENTS INC	144,700	3,720	3,369
TEXAS ROADHOUSE INC	162,430	1,296	2,050
THOMAS PPTYS GROUP INC	448,675	1,816	1,485
THOMPSON CREEK METALS CO INC	115,550	1,478	1,003
THOR INDUSTRIES INC	108,400	3,399	2,575
THORATEC CORP	27,170	1,146	1,161
TIBCO SOFTWARE INC COM	82,700	650	997
TIFFANY & CO	67,000	2,025	2,540
TIME WARNER INC	149,900	5,151	4,334
TORCHMARK CORP	29,400	1,550	1,456
TORO CO/THE	27,500	1,474	1,351
TOTAL SYSTEM SERVICES INC	216,100	3,729	2,939
TRADESTATION GROUP INC	388,107	4,278	2,620
TRANSDIGM GROUP INC	96,000	3,346	4,899
TRANSFORCE INC NEW	35,300	190	293
TRAVELERS COS INC/THE	112,800	6,005	5,555
TREEHOUSE FOODS INC	39,180	1,195	1,789
TRIUMPH GROUP INC	18,210	1,270	1,213
TRUE RELIGION APPAREL INC	153,848	2,856	3,395
TRUSTMARK CORP	73,784	1,537	1,536
TTM TECHNOLOGIES INC	83,810	836	796
TUPPERWARE BRANDS CORP COM	48,050	1,916	1,915
TUTOR PERINI CORP	100,400	2,042	1,655
TYSON FOODS INC	172,000	3,065	2,819
U STORE IT TR	81,650	497	609
ULTA SALON COSMETICS & FRAGRAN	96,220	2,102	2,276
UNION PACIFIC CORP	24,000	1,301	1,668
UNISYS CORP	48,700	1,214	900
UNITED NATURAL FOODS INC	151,320	4,518	4,521
UNITED ONLINE INC	158,400	1,091	912
UNITED STATIONERS INC	34,870	1,186	1,899
UNITED THERAPEUTICS CORP	30,320	1,486	1,480
UNITEDHEALTH GROUP INC	218,200	6,460	6,197
UNIVERSAL AMERICAN CORP/NY	96,080	882	1,384
UNIVERSAL ELECTRS INC	44,500	665	740
UNIVERSAL HEALTH SERVICES INC	60,840	1,732	2,321
UNIVERSAL TECHNICAL INSTITUTE	41,730	571	986
UNIVERSAL TRAVEL GROUP	70,440	876	414
UNIVEST CORP PA	10,000	213	173
UNUM GROUP	64,700	1,335	1,404
URBAN OUTFITTERS INC	98,630	2,553	3,392
US ECOLOGY INC	69,900	1,236	1,018
U-STORE-IT TRUST	154,460	923	1,152
UTI WORLDWIDE INC SHS	259,800	4,647	3,216
UTSTARCOM INC	411,186	883	757
VALASSIS COMMUNICATIONS INC	72,310	1,963	2,294
VALIDUS HOLDINGS LTD COM SHS	83,878	2,136	2,048
VARIAN SEMICONDUCTOR EQUIPMENT	279,997	7,606	8,025
VCA ANTECH INC	57,510	1,300	1,424
VECTREN CORP	40,073	1,102	948
VEECO INSTRUMENTS INC	21,204	370	727
VENOCO INC	78,643	1,015	1,295
VERIFONE SYSTEMS INC	107,250	2,070	2,030

APPENDIX E

SOUTH CAROLINA RETIREMENT SYSTEMS
EQUITY HOLDINGS (000's)
AS OF JUNE 30, 2010

<u>Issuer</u>	<u>Shares/Par</u>	<u>Cost</u>	<u>Market Value</u>
VERIZON COMMUNICATIONS INC	141,000	4,690	3,951
VITAMIN SHOPPE INC	33,330	884	855
VORNADO REALTY TRUST	19,400	1,537	1,415
WABASH NATIONAL CORP	131,060	1,031	932
WABCO HOLDINGS INC	210,400	6,083	6,623
WABTEC CORP/DE	80,500	2,925	3,211
WADDELL & REED FINL INC CL A	38,380	491	840
WAL-MART STORES INC	38,800	2,162	1,865
WARREN RES INC	354,950	1,395	1,029
WASHINGTON BKG CO OAK HBR	68,800	690	880
WASHINGTON REAL ESTATE INVESTM	46,592	1,424	1,285
WATSCO INC	31,780	1,389	1,841
WEB COM GROUP INC COM	224,700	1,479	807
WELLPOINT INC	28,900	1,252	1,414
WELLS FARGO & CO	446,500	12,011	11,430
WERNER ENTERPRISES INC	40,726	874	891
WESCO INTERNATIONAL INC	158,420	4,293	5,334
WEST COAST BANCORP ORE NEW	103,717	810	264
WESTAR ENERGY INC	187,000	3,986	4,041
WESTERN ALLIANCE BANCORP	250,207	1,487	1,794
WET SEAL INC CL A COM	500,100	2,366	1,825
WEYCO GROUP INC	34,875	961	794
WHIRLPOOL CORP COM	20,300	1,538	1,783
WHITE MOUNTAINS INS GRP INC	3,000	990	973
WHITING PETROLEUM CORP	91,800	5,676	7,199
WHITNEY HOLDING CORP/LA	153,133	1,481	1,416
WILLIS GROUP HOLDINGS PUBLIC	79,100	2,280	2,377
WILLIS LEASE FIN CORP	199,900	1,593	1,843
WMS INDUSTRIES INC	135,790	4,186	5,330
WOODWARD GOVERNOR CO	77,830	2,123	1,987
WORLD ACCEPTANCE CORP	37,684	792	1,444
WORTHINGTON INDUSTRIES INC	45,913	731	590
WR BERKLEY CORP	114,000	3,242	3,016
WRIGHT EXPRESS CORP	278,680	7,248	8,277
YAMANA GOLD INC	84,900	476	874
ZIONS BANCORPORATION	51,235	724	1,105
ZIOPHARM ONCOLOGY INC	113,540	659	361
Total Domestic Equity		1,637,499	1,616,780
Total Physical Equity		\$ 1,637,499	\$ 1,616,780

APPENDIX F

SOUTH CAROLINA RETIREMENT SYSTEMS
ALTERNATIVE INVESTMENTS (000's)
AS OF JUNE 30, 2010¹

	Base Price	Shares/Par	Base Cost	Base Market Value
Private Equity				
APAX EUROPE VII B	1.22	17,256,185	30,130	21,137
APOLLO STRATEGIC PARTNERSHIP	1.00	85,439,121	85,439	85,439
AQUILINE FINANCIAL SERVICES FUND	1.00	69,902,188	72,608	69,902
AZALEA FUND III	1.00	2,227,500	2,228	2,228
BRIDGEPOINT EUROPE IV "D"	1.22	8,213,368	13,506	10,061
CAROUSEL CAPITAL PARTNERS III	1.00	20,512,021	15,647	20,512
CLAYTON DUBILIER & RICE VIII	1.00	27,982,986	25,372	27,983
CRESTVIEW PARTNERS II	1.00	27,926,730	28,217	27,927
CVE ENDOWMENT FUND I LP	1.00	15,570,778	17,174	15,571
CVE ENDOWMENT FUND II LP	1.00	800,278	800	800
GOLDMAN SACHS STRATEGIC PARTNERSHIP	1.00	88,561,427	88,561	88,561
GOLDMAN SACHS MEZZANINE PARTNERS V	1.00	38,360,584	38,989	38,361
INDUSTRY VENTURES FUND V LP	1.00	24,184,073	20,346	24,184
LEXINGTON MIDDLE MARKET INVESTORS II	1.00	8,693,970	8,096	8,694
MORGAN STANLEY STRATEGIC PARTNERSHIP	1.00	203,835,826	203,836	203,836
NB SECONDARY OPPORTUNITIES FUND II	1.00	15,588,215	12,505	15,588
NORTHSTAR MEZZANINE PARTNERS V	1.00	18,119,395	20,861	18,119
PANTHEON EUROPE FUND V "A"	1.22	22,902,401	38,282	28,053
PANTHEON USA FUND VII LP	1.00	44,409,479	48,125	44,409
PAUL CAPITAL PARTNERS IX LP	1.00	43,200,924	47,661	43,201
RANIERI - SC FINANCING CONDUIT LLC	1.00	5,000,000	5,000	5,000
RESERVOIR STRATEGIC PARTNERSHIP	1.00	31,440,479	31,440	31,440
SQUARE 1 VENTURES LP	1.00	16,505,457	12,750	16,505
TCW STRATEGIC PARTNERSHIP	1.00	79,320,291	79,320	79,320
VENTURE INVESTMENT MANAGERS LP	1.00	5,823,976	7,000	5,824
WARBURG PINCUS PRIVATE EQUITY X	1.00	45,116,080	52,118	45,116
WELSH CARSON ANDERSON & STOWE XI	1.00	6,554,216	8,119	6,554
Total Private Equity			1,014,133	984,327
Hedge Funds				
APOLLO STRATEGIC PARTNERSHIP	1.00	107,130,964	107,131	107,131
BRIDGEWATER PURE ALPHA FUND II	1,800.91	10,444,792	185,577	251,069
DE SHAW COMPOSITE FUND	1.05	333,510,284	375,544	349,424
ENTRUST CAPITAL DIVERSIFIED FUND	103.74	3,025,949	302,595	313,897
GAM US INSTITUTIONAL DIVERSITY	96.56	4,851,038	535,041	468,416
GOTTEX MARKET NEUTRAL PLUS FUNDS SPC	97.67	5,778,877	577,888	564,423
GROSVENOR INSTITUTIONAL PARTNERS	92.60	650,000,000	650,000	601,900
LOOMIS SAYLES CREDIT LONG SHORT FUND	0.99	250,000,000	250,000	248,533
MARINER STRATEGIC PARTNERSHIP	1.00	396,357,427	396,357	396,357
MORGAN STANLEY STRATEGIC PARTNERSHIP	1.00	1,180,962,796	1,180,963	1,180,963
WL ROSS ABSOLUTE RECOVERY FUND	0.86	225,000,000	225,000	193,896
Total Hedge Funds			4,786,095	4,676,009

APPENDIX F

SOUTH CAROLINA RETIREMENT SYSTEMS
ALTERNATIVE INVESTMENTS (000's)
AS OF JUNE 30, 2010

	Base Price	Shares/Par	Base Cost	Base Market Value
Global Asset Allocation				
GMO STRATEGIC OPPORTUNITIES	17.45	26,050,892	537,630	454,588
GMO MULTI-STRATEGY FUND	1.09	163,183,167	163,183	178,473
PUTNAM TOTAL RETURN TRUST	55.38	12,235,541	666,809	677,604
BRIDGEWATER ALL WEATHER PORTFOLIO	1,043.68	669,520	667,296	698,766
Total Global Asset Allocation			2,034,918	2,009,431
Opportunistic Credit				
AG CAPITAL RECOVERY PARTNERS	1.00	47,186,729	40,000	47,187
APOLLO STRATEGIC PARTNERSHIP	1.00	87,695,565	87,696	87,696
AVENUE EUROPE SPECIAL SITUATIONS FUND	1.22	147,649,462	146,044	180,575
DE SHAW DIRECT CAPITAL FUND	1.00	67,890,778	65,000	67,891
GOLDMAN SACHS STRATEGIC PARTNERSHIP	1.00	617,725,568	617,726	617,726
MARINER STRATEGIC PARTNERSHIP	1.00	433,890,230	433,890	433,890
SANKATY CREDIT OPPORTUNITIES IV	1.00	159,796,890	140,000	159,797
SELENE INVESTMENT PARTNERS	1.00	127,680,180	120,270	127,680
STRATEGOS		269,953,658	231,298	242,901
TCW STRATEGIC PARTNERSHIP	1.00	350,910,389	350,910	350,910
TORCHLIGHT DEBT OPPORTUNITIES FUND III	1.00	27,268,302	23,676	27,268
WL ROSS WHOLE LOANS FUND	1.00	13,549,947	13,550	13,550
Total Opportunistic Credit			2,270,060	2,357,071
Real Estate				
INTERCONTINENTAL - CAPITAL CENTER	1.00	7,309,617	7,000	7,310
GOLDMAN SACHS STRATEGIC PARTNERSHIP	1.00	104,299,250	104,299	104,299
MARINER STRATEGIC PARTNERSHIP	1.00	25,879,735	25,880	25,880
MORGAN STANLEY STRATEGIC PARTNERSHIP	1.00	35,951,833	35,952	35,952
Total Real Estate			173,131	173,440
Total Alternatives			\$ 10,278,336	\$ 10,200,278

APPENDIX G

SOUTH CAROLINA RETIREMENT SYSTEMS
 SWAP HOLDINGS (000's)
 AS OF JUNE 30, 2010

Asset Class	Counterparty	Benchmark	Original Trade Notional	Current Notional	Unrealized Gain / Loss Since Trade
Domestic Equity	Barclays	S&P 500 Index	200,000	193,413	(6,587)
	UBS	Russell 2000	154,998	132,141	(22,857)
			354,998	325,554	(29,445)
International Equity	BNP Paribas	MSCI EAFE + Canada Index	150,000	130,161	(19,839)
	Deutsche Bank	MSCI EAFE + Canada Index	158,546	135,537	(23,009)
	Deutsche Bank	MSCI EAFE + Canada Index	242,800	204,908	(37,892)
	Credit Suisse	MSCI EAFE + Canada Index	300,000	275,792	(24,208)
	Credit Suisse	MSCI EAFE + Canada Index	332,154	291,226	(40,928)
			1,183,500	1,037,624	(145,877)
Emerging Equity	Deutsche Bank	MSCI Emerging Markets Index	233,986	219,560	(14,427)
	J.P. Morgan	MSCI Emerging Markets Index	150,000	139,195	(10,805)
	BNP Paribas	MSCI Emerging Markets Index	150,000	133,097	(16,903)
	Barclays	MSCI Emerging Markets Index	351,467	318,197	(33,270)
	BNP Paribas	MSCI Emerging Markets Index	200,000	202,482	2,482
			1,085,453	1,012,531	(72,923)
Commodity	Merrill Lynch	Dow Jones - UBS Commodity Index	275,000	259,454	(15,546)
	Merrill Lynch	Dow Jones - UBS Commodity Index	275,000	259,454	(15,546)
			550,000	518,909	(31,091)
Gain / Loss realized during Period ¹			-	-	(10,839)
Grand Totals			\$ 3,173,952	\$ 2,894,617	\$ (290,174)

Collateral held at Broker²

UBS	(5,920)
Deutsche Bank	(60,270)
Credit Suisse	(11,600)
Merrill Lynch	9,260
J.P. Morgan	(4,035)
Barclays	(15,590)
BNP Paribas	(1,930)

¹Realized losses from 03/31/10 through 06/30/10 are removed from unrealized losses²Negative amounts indicate collateral held at broker on our behalf

APPENDIX H

SOUTH CAROLINA RETIREMENT SYSTEMS
FUTURES HOLDINGS (000's)
AS OF JUNE 30, 2010

Futures Product	Net Contract Position	Maturity	Currency	Settle Price	Multiplier	Local Currency	US Dollar	Notional Exposure
S & P 500 EMINI INDEX FUT (CME)	16,248	Sep-10	USD	1,026.60	50	1.00	1.00	\$ 834,010
TOTAL US LARGE CAP								834,010
S&P MID 400 EMINI (CME)	4,330	Sep-10	USD	710.00	100	1.00	1.00	307,430
RUSSELL 2000 MINI INDEX (CME)	1,763	Sep-10	USD	607.80	100	1.00	1.00	107,155
TOTAL US SMALL/MID CAP								414,585
SPI 200 INDEX FUTURE (SFE)	396	Sep-10	AUD	4,262.00	25	1.18	0.84	35,641
FTSE 100 INDEX FUTURE (LIF)	1,244	Sep-10	GBP	4,880.50	10	0.67	1.50	90,833
S&P/TSE 60 INDEX FUTURE (MSE)	397	Sep-10	CAD	659.20	200	1.06	0.94	49,252
CAC 40 EURO INDEX FUTURE (MNP)	807	Jul-10	EUR	3,442.00	10	0.82	1.22	34,024
DAX INDEX FUTURE (EUX)	161	Sep-10	EUR	5,961.50	25	0.82	1.22	29,392
IBEX 35 INDEX FUTURE (MFM)	105	Jul-10	EUR	9,203.00	10	0.82	1.22	11,836
S&P/MIB INDEX FUTURE (MIL)	94	Sep-10	EUR	19,346.00	5	0.82	1.22	11,138
DJ EURO STOXX 50 FUTURE (EUX)	2,935	Sep-10	EUR	2,568.00	10	0.82	1.22	92,322
HANG SENG INDEX FUTURE (HKG)	113	Jul-10	HKD	20,079.00	50	7.79	0.13	14,568
TOPIX INDEX FUTURE (TSE)	1,115	Sep-10	JPY	838.50	10,000	88.50	0.01	105,653
TOTAL INTERNATIONAL EQUITY								474,660
TOTAL FUTURES NOTIONAL EXPOSURES								\$ 1,723,255

APPENDIX I

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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