



THE HONORABLE CURTIS M. LOFTIS, JR.

State Treasurer

March 1, 2017

The Honorable Gary E. Clary
Chairman, Executive Subcommittee
Legislative Oversight Committee
402D Blatt Building
Columbia, SC 29201

Dear Chairman Clary,

Pursuant to your request dated Tuesday, February 21, 2017, please find the Investment Policy Statements of the State Treasurer's Office for the last three years.

Sincerely,

Signature Redacted

Curtis M. Loftis, Jr
State Treasurer

CML/lmd

cc: The Honorable Laurie Slade Funderburk
The Honorable Wm. Weston J. Newton
The Honorable Robert Q. Williams
Committee Staff

Enclosures

2013-14

South Carolina State Treasurer's Office
Annual Investment Plan



South Carolina State Treasurer's Office
Annual Investment Plan
2013-14

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INTRODUCTION

The South Carolina Office of the State Treasurer is responsible for the administration, management, and investment of the State's funds and the College Savings plans. The investment of State funds is managed through multiple investment portfolios to preserve the State's capital, while maintaining liquidity, and obtaining the best rates of return. The Future Scholar 529 and Tuition Prepayment plans are the two qualified college savings programs, which help families save for higher education on a tax advantaged basis.

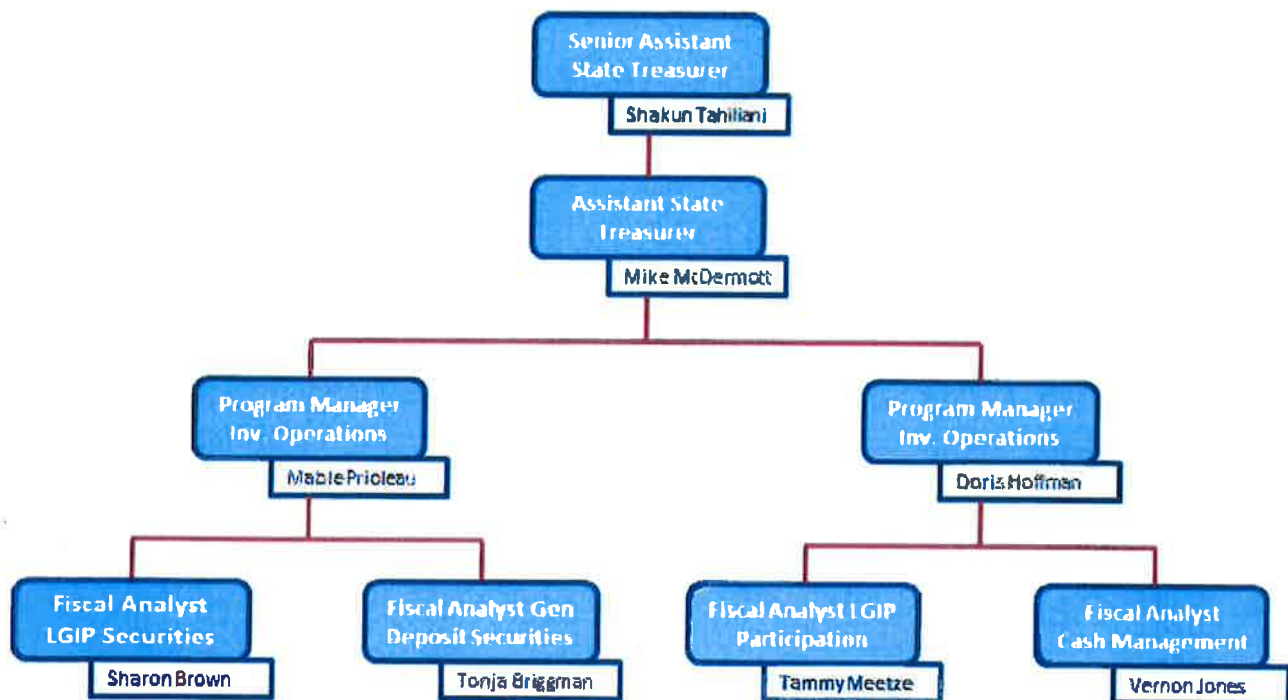
INVESTMENT MANAGEMENT DIVISION

Investment Management Division Overview:

The mission of the Investment Management Division within the State Treasurer's Office is to safely and effectively manage the funds for the State's agencies, local governments, and political subdivisions. The Investment Management staff lives by the motto "The return of principal is more important than the return on principal". The office manages multiple U.S. domestic fixed income portfolios. Investment Management staff consists of two front office personnel, who conduct the trading and portfolio management, and six back office personnel, who conduct the day to day operations.

The Investment Management staff manages between \$10,000,000,000 to \$12,500,000,000, dependent upon the cyclical nature of the cash flow's for the State's agencies, local governments, and political subdivisions and the revenues they receive. Over 1500 accounts are managed within all the portfolios.

The current structure of the Investment Management division within the State Treasurer's Office is illustrated below.



Investment Management Division Objective:

As a steward of public funds, the Office of State Treasurer shall make investment decisions with three goals in mind:

- 1) Preservation of capital
- 2) Maintenance of adequate liquidity
- 3) Obtaining the best yield within prescribed parameters

This policy recognizes that investments decisions involve managing the state's daily cash flow and anticipating future revenues & expenditures. Staff manages cash balances available to anticipate the future use of these funds. Also, earning on investments provide one of the major sources of revenue for the State and agencies annually. Consequently, the soundness and success of an investment program is of primary importance to meet the State's funding needs.

The three investment goals are based on the following principles:

Preservation of Capital – In order to minimize the potential for loss of principal, the highest investment grade fixed-income securities, i.e., U.S. Governments and Agencies or those rated at least investment grade by two leading national rating services, are to be purchased and held. A range of maturities and diversification among issuers is desirable as defense against the susceptibility to price change of Fund's assets.

Liquidity – Liquid assets shall be defined as cash and securities with maturities not exceeding one year. To achieve liquidity goals, liquid investments will be limited to cash, repurchase agreements (when collateralized by U.S. Treasury or Federal Agency obligations having a market value in excess of 100% of funds advanced), U.S. Treasury Bills and Federal Agency Discount Notes.

Rates of Return – Enhancement of purchasing power through consistent compounding of underlying principal at rates exceeding the economy's underlying inflation rate is the ultimate objective. Specific performance measurement standards are provided in the PERFORMANCE MEASURES section of this annual investment plan.

Investment policies and procedure shall comply with applicable state law and are designed to guide and assist staff toward achieving the stated objectives. To meet these objectives, the staff shall use various resources including an Investment Advisor, an Electronic Marketing Communications Network (i.e. Bloomberg), various economic reports and daily communication with various brokers and financial institution investment officers.

Investment Management Division Authority:

The authority to invest is limited to the State Treasurer under S.C. Code of Laws § 11-13-30:

“§ 11-13-30. Only the State Treasurer may invest and deposit funds.

To facilitate the management, investment, and disbursement of public funds, no board, commission, agency or officer within State government except the State Treasurer shall be authorized to invest and deposit funds from any source, including, but not limited to, funds for which he is custodian, such funds to draw the best rate of interest obtainable.”

Investment Management Division Options:

Investment options are described under S.C. Code of Laws § 11-9-660:

“§ 11-9-660. Investment of funds.

- A) The State Treasurer has full power to invest and reinvest all funds of the State in any of the following:
- (1) obligations of the United States, its agencies and instrumentalities;
 - (2) obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, the African Development Bank, and the Asian Development Bank;
 - (3) obligations of a corporation, state, or political subdivision denominated in United States dollars, if the obligations bear an investment grade rating of at least two nationally recognized rating services;
 - (4) certificates of deposit, if the certificates are secured collaterally by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and are of a market value not less than the amount of the certificates of deposit so secured, including interest; except that this collateral is not required to the extent the certificates of deposit are insured by an agency of the federal government;
 - (5) repurchase agreements, if collateralized by securities of the types described in items (1) and (3) of this section and held by a third party as escrow agent or custodian and of a market value not less than the amount of the repurchase agreement so collateralized, including interest; and
 - (6) guaranteed investment contracts issued by a domestic or foreign insurance company or other financial institution, whose long-term unsecured debt rating bears the two highest ratings of at least two nationally recognized rating services.
- (B) The State Treasurer may contract to lend securities invested pursuant to this section.
- (C) The State Treasurer shall not invest in obligations issued by any country or corporation principally located in any country which the United States Department of State determines commits major human rights violations based on the Country Reports on Human Rights

Practices by the Bureau of Democracy, Human Rights and Labor of the U.S. Department of State.

Investment Management Division Advisor:

It is the policy of this office to retain an investment advisor who is qualified to provide professional investment advice and guidance. The State Treasurer's Office currently utilizes the services of Jamison, Eaton, and Wood, Inc.

The responsibilities of the Investment Advisor are to:

- 1) Advise and counsel the State Treasurer on methods to achieve short and limited long-term investment objectives which will include, but not be limited to, guidelines on the following: Asset structure, cash and long-term investments; quality restrictions; diversification among investment sectors; turnover and restrictions on exchanges.
- 2) Make recommendations to the State Treasurer at least semi-annually an investment strategy consistent with objectives. Communicates with the State Treasurer immediately when revisions to the plan based on change in market conditions are warranted.
- 3) Assist the State Treasurer in performing research on broker/dealers through which investment transactions may be executed (see INVESTMENT PRACTICES).
- 4) Research and offer input on market trends and interest rate forecasts in preparation for the State Treasurer's projection for General Fund revenue for income earnings for the current and subsequent fiscal year.

Investment Management Division Practices:

Sale of Assets:

From time to time, as economic and interest rate conditions warrant, outright sales of assets will be made to take profits or to otherwise enhance the investment position of the portfolios. In the event that the credit rating of securities held falls below the Investment grade, securities will not be sold in fire sale. Each situation is to be reviewed and either the securities are held until maturity or sold during appropriate market conditions to minimize the impact on the portfolio.

Selection of Broker/Dealers:

The proliferation of investment dealers requires that they be selected based on an evaluation of their actual and/or potential contribution to the Fund. Such criteria include, but are not limited to: net capital (of the firm, not if it's clearing agent), underwriting capability, research services, execution capabilities and commitment to secondary market trading.

Certificates of Deposit:

To assist in meeting local economic needs of communities in South Carolina, funds will be invested in certificates of deposits with financial institutions and branches throughout the State. To distribute these investments equitably, the funds are auctioned off every quarter via internet. The guidelines can be reviewed at the web address www.Bidsc.com. Collateral for these securities must be placed on deposit with a third party institution.

Repurchase Agreements:

Local financial institutions will be polled each morning to determine what interest rate is being offered on overnight and term repurchase agreements. Placement of funds for repurchase agreements will be based on the competitiveness of these rates and the bank's ability to pledge required collateral.

The percentage of daily funds invested in repurchase agreements will be determined in the context of the State's liquidity needs, cash flow projections and investment strategy.

Given the nature of the Local Government Investment Pool ("LGIP") portfolio, greater liquidity, higher quality and shorter maturity is maintained in it.

Investment Management Division Performance Measures:**Benchmarks:**

Each portfolio is evaluated by STO staff and the Investment Advisor to determine the appropriate benchmark to be used for comparison purposes. Benchmarks will be reviewed on (at least) an annual basis, conducted by the STO staff and the Investment Advisor. More frequent evaluations will be conducted as market conditions, portfolio adjustments, or other factors warrant.

Portfolio ID	Portfolio Name	Maturity	Benchmark
AA	Local Government Investment Pool	12 months, up to 10% 2 year max	90-day T-Bills
AD	USC Insurance & Stock Trust	N/A	N/A
CV	SC Housing Trust Fund	N/A	N/A
CZ	SC Housing Home Mortgages	N/A	N/A
C5	SHA Multi Mortgage Escrow Fund	N/A	N/A
C6	SHA Program Fund	N/A	N/A
DI	Long Term Disability Insurance - OPEB	Long-term bias	Barclay's Aggregate
EI	Education Improvement Fund	0-90 days	Fed Funds
GF	General Fund	50% 0-90 days, 50% intermediate	Barc 1-3y Gov/Cr
HI	SC Retirement Health Insurance - OPEB	Long-term bias	Barclay's Aggregate
SA	Ordinary Sinking Fund	Short-term bias	Fed Funds
SB	Insurance Reserve Fund	Long-term bias	Barclay's Aggregate
O1	State Investment Pool	Medium-term bias, no restrictions	Barc 1-3y Gov/Cr
O3	Long Term Pool	Long-term bias	Barclay's Aggregate
O4	Treasury Fund	Medium-term bias	Fed Funds

Current Portfolio/Benchmark allocation guidelines can be found on pages 20-26.

Reporting:

The investment staff shall provide quarterly reports to the Treasurer and other executive staff. These reports include economic updates, portfolio characteristics and performance updates, as well as any other relevant market or portfolio topics relating to the Treasurer's office investments.

Monthly reports:

- Investment Advisor Monthly Report
- Internally generated report

Quarterly reports:

- Executive/Investment Staff Investment Meeting

Annual Audit reports

- External Audit reports
 - The Hobbs Group
 - Elliot Davis
- Internal Audit reports
 - State Auditor's Office

Annual GASB reports

- GASB 28 – Securities Lending collateral/income reports
- GASB 40 – Fair Market Value of Investments reports

Investment Management Division Market Valuation:

Market Valuation:

The market valuation of investments shall be priced quarterly, as of each quarter-end date. Market pricing is determined by the custodian bank (BNY Mellon).

- 1) The current value as determined by the custodial bank for all bonds, notes, certificates of indebtedness, and commercial paper.
- 2) Par value for certificates of deposit, and repurchase agreements.

Investment Management Division Portfolio Summary/Asset Allocation Guidelines:

Local Government Investment Pool:

Portfolio Policy Allocation LOCAL GOVERNMENT INVESTMENT POOL		
Sector	Index % (90-day T-Bills)	Policy Allocation
US Treasury	100%	0 - 100%
US Agency		0 - 20%
Credit		0 - 20%
~ Industrial		0 - 5%
~ Financial		0 - 5%
~ Utility		0 - 5%
~ Sov/Suprntl		0 - 3%
~ Yankee		0 - 3%
~ 144c/Private		0 - 3%
Mortgage		0%
~ GNMA		0%
~ FNMA		0%
~ CMO		0%
SBA's		0%
Municipal		0%
Floating Rate Notes		0 - 30%
~ Agency		0 - 5%
~ Agency Backed		0 - 5%
~ Industrial		0 - 10%
~ Financial		0 - 15%
~ Utility		0 - 5%
~ Yankee		0 - 5%
~ 144a/Private		0 - 3%
~ Municipal		0 - 3%
~ Sov/Suprntl		0 - 3%
Cash Equivalent		0 - 40%
~ Commercial Paper		0 - 40%
Money Reserve		20 - 50%
~ Demand Deposit		0 - 10%
~ Repo		20 - 50%

General Fund:

Portfolio Policy Allocation GENERAL FUND		
Sector	Index % (Barc 1-3y Gov/Cr)	Policy Allocation
US Treasury	53%	0 - 50%
US Agency	8%	0 - 20%
Credit	39%	10 - 20%
~ Industrial		0 - 10%
~ Financial		0 - 5%
~ Utility		0 - 10%
~ Sov/Suprntl		0 - 5%
~ Yankee		0 - 3%
~ 144a/Private		0 - 3%
Mortgage		5 - 30%
~ GNMA		5 - 30%
~ FNMA		0%
~ CMO		0 - 5%
SBA's		5 - 20%
Municipal		0 - 2%
Floating Rate Notes		20 - 40%
~ Agency		0 - 5%
~ Industrial		0 - 10%
~ Financial		0 - 15%
~ Utility		0 - 3%
~ Sov/Suprntl		0 - 5%
~ Yankee		0 - 3%
~ 144a/Private		0 - 3%
~ Municipal		0 - 3%
Cash Equivalent		10 - 30%
~ Commercial Paper		10 - 30%
~ Certificates of Deposit		0 - 5%
Money Reserve		10 - 50%
~ Repo		10 - 40%

State Investment Pool:

Portfolio Policy Allocation STATE INVESTMENT POOL		
Sector	Index % (Barc 1-3y Gov/Cr)	Policy Allocation
US Treasury	55%	0 - 50%
US Agency	8%	0 - 10%
Credit	39%	20 - 50%
~ Industrial		0 - 10%
~ Financial		0 - 5%
~ Utility		0 - 10%
~ Sov/Supmtl		0 - 3%
~ Yankee		0 - 3%
~ 144a/Private		0 - 3%
Mortgage		5 - 30%
~ GNMA		5 - 30%
~ FNMA		0%
~ CMO		0 - 5%
SBA's		5 - 20%
Municipal		0 - 2%
Floating Rate Notes		20 - 40%
~ Agency		0 - 5%
~ Industrial		0 - 10%
~ Financial		0 - 15%
~ Utility		0 - 10%
~ Sov/Supmtl		0 - 3%
~ Yankee		0 - 3%
~ 144a/Private		0 - 3%
~ Municipal		0 - 3%
Cash Equivalent		10 - 30%
~ Commercial Paper		10 - 30%
~ Certificates of Deposit		0 - 5%
Money Reserve		0 - 10%
~ Demand Deposit		0 - 5%
~ Repo		0 - 10%

Insurance Reserve Fund:

Portfolio Policy Allocation INSURANCE RESERVE FUND		
Sector	Index % (Barclay's Aggregate)	Policy Allocation
US Treasury	35%	0 - 50%
US Agency	6%	0 - 20%
Credit	26%	30 - 60%
~ Industrial		10 - 35%
~ Financial		0 - 10%
~ Utility		10 - 20%
~ Sov/Supmtl		0 - 3%
~ Yankee		0 - 3%
~ 144a/Private		0 - 3%
Mortgage	31%	10 - 30%
~ GNMA		5 - 30%
~ FNMA		0 - 3%
~ CMO		0 - 5%
SBA's		10 - 30%
Municipal		0 - 2%
Floating Rate Notes		0 - 15%
~ Agency		0 - 5%
~ Industrial		0 - 10%
~ Financial		0 - 10%
~ Utility		0 - 10%
~ Yankee		0 - 5%
~ 144a/Private		0 - 5%
Cash Equivalent		0 - 5%
~ Commercial Paper		0 - 5%
~ Certificates of Deposit		0 - 5%
Money Reserve		0 - 10%
~ Repo		0 - 10%

Long Term Pool:

Portfolio Policy Allocation LONG TERM POOL		
Sector	Index % (Barclay's Aggregate)	Policy Allocation
US Treasury	35%	0 - 50%
US Agency	6%	0 - 20%
Credit	26%	30 - 60%
~ Industrial		10 - 35%
~ Financial		0 - 10%
~ Utility		10 - 20%
~ Sov/Supmtl		0 - 3%
~ Yankee		0 - 3%
~ 144a/Private		0 - 3%
Mortgage	31%	10 - 30%
~ GNMA		5 - 30%
~ FNMA		0 - 3%
~ CMO		0 - 5%
SBA's		10 - 30%
Municipal		0 - 2%
Floating Rate Notes		0 - 15%
~ Agency		0 - 5%
~ Industrial		0 - 10%
~ Financial		0 - 10%
~ Utility		0 - 10%
~ Yankee		0 - 5%
~ 144a/Private		0 - 5%
Cash Equivalent		0 - 5%
~ Commercial Paper		0 - 5%
~ Certificates of Deposit		0 - 5%
Money Reserve		0 - 10%
~ Repo		0 - 10%

South Carolina Retirement Health Insurance Trust Fund:

Portfolio Policy Allocation SC RETIREMENT HEALTH INSURANCE		
Sector	Index % (Barclay's Aggregate)	Policy Allocation
US Treasury	35%	0 - 50%
US Agency	6%	0 - 20%
Credit	26%	30 - 50%
~ Industrial		10 - 35%
~ Financial		0 - 10%
~ Utility		10 - 20%
~ Sov/Supmtl		0 - 3%
~ Yankee		0 - 3%
~ 144a/Private		0 - 3%
Mortgage	31%	10 - 30%
~ GNMA		5 - 30%
~ FNMA		0 - 3%
~ CMO		0 - 5%
SBA's		10 - 30%
Municipal		0 - 2%
Floating Rate Notes		0 - 15%
~ Agency		0 - 5%
~ Industrial		0 - 10%
~ Financial		0 - 10%
~ Utility		0 - 10%
~ Yankee		0 - 5%
~ 144a/Private		0 - 5%
Cash Equivalent		0 - 5%
~ Commercial Paper		0 - 5%
~ Certificates of Deposit		0 - 5%
Money Reserve		0 - 10%
~ Repo		0 - 10%

Long Term Disability Insurance Trust Fund:

Portfolio Policy Allocation LONG TERM DISABILITY INSURANCE		
Sector	Index % (Barclay's Aggregate)	Policy Allocation
US Treasury	35%	0 - 50%
US Agency	6%	0 - 20%
Credit	26%	30 - 60%
~ Industrial		10 - 35%
~ Financial		0 - 10%
~ Utility		10 - 20%
~ Sov/Supmtl		0 - 3%
~ Yankee		0 - 3%
~ 144a/Private		0 - 3%
Mortgage	31%	10 - 30%
~ GNMA		5 - 30%
~ FNMA		0 - 3%
~ CMO		0 - 5%
SBA's		10 - 30%
Municipal		0 - 2%
Floating Rate Notes		0 - 15%
~ Agency		0 - 5%
~ Industrial		0 - 10%
~ Financial		0 - 10%
~ Utility		0 - 10%
~ Yankee		0 - 5%
~ 144a/Private		0 - 5%
Cash Equivalent		0 - 5%
~ Commercial Paper		0 - 5%
~ Certificates of Deposit		0 - 5%
Money Reserve		0 - 10%
~ Repo		0 - 10%

**South Carolina State Treasurer's Investment Portfolios
Investment Policy Statement**



Adopted: October 19, 2015



MISSION

The South Carolina Office of the State Treasurer is responsible for the administration, management, and investment of the State's funds. The investment of State funds is managed through multiple investment portfolios to preserve the State's capital, while maintaining liquidity and obtaining the best relative rates of return.

The mission of the Investment Management Division within the State Treasurer's Office (STO) is to safely and effectively manage the funds for the State's agencies, local governments, and political subdivisions. The office manages multiple U.S. domestic fixed income portfolios. The Staff consists of three front office personnel, who conduct the trading and portfolio management, and five back office personnel, who conduct the day-to-day operations.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT (IPS)

This IPS defines the investment objectives of the STO Investment Portfolios and establishes policies and procedures so that investment objectives can be met in a prudent manner. This IPS is intended to:

- articulate the objectives of the STO Investment Portfolios and set forth in writing the expectations, objectives, and guidelines for the investment of the STO Investment Portfolios' assets;
- formulate policies regarding permitted investments, benchmarks, and asset allocation strategies;
- identify roles of specific entities having fiduciary responsibility to the STO;
- establish guidelines, consistent with Performance Standards defined herein, for monitoring investment risk and evaluating investment performance.

All assets in the STO Investment Portfolios must be invested in a manner that meets the requirements of this IPS. In conjunction with this IPS, the STO has also established Performance Standards, which provide guidance on the specific procedures to monitor investment performance and risk. These performance standards help achieve short-term and long-term investment objectives and maximize the investment returns in the STO Investment Portfolios.

DELEGATION OF AUTHORITY

The authority to invest State Funds is limited to the State Treasurer under S.C. Code of Laws § 11-13-30:

§ 11-13-30. Only the State Treasurer may invest and deposit funds.

To facilitate the management, investment, and disbursement of public funds, no board, commission, agency or officer within State government except the State Treasurer shall be authorized to invest and deposit funds from any source, including, but not limited to, funds for which he is custodian, such funds to draw the best rate of interest obtainable.

BROAD OBJECTIVES

As a steward of public funds, the Office of State Treasurer seeks to generate the best rate of return within prescribed parameters while maintaining liquidity and attempting to preserve capital.

This policy recognizes that investment decisions involve managing the State's daily fluctuating cash flows and anticipating future revenues and expenditures. STO Staff manages cash balances available to anticipate the future use of these funds. Also, earnings on investments provide one of the major sources of revenue for the State and State agencies annually. Consequently, the soundness and success of an investment program is of primary importance to meet the State's funding needs.



The three investment goals are based on the following principles:

Liquidity – Liquid assets shall be defined as cash and securities with maturities not exceeding one year. To achieve liquidity goals, liquid investments will be limited to cash, repurchase agreements (when collateralized by U.S. Treasury or Federal Agency obligations having a market value in excess of 102 percent of funds advanced), U.S. Treasury Bills, Commercial Paper, and Federal Agency Discount Notes.

Preservation of Capital – In order to minimize the potential for loss of principal, investment grade fixed income securities are to be purchased. A range of maturities and diversification among issuers is desirable as a defense against the susceptibility to price change of the STO Investment Portfolios' assets.

Rates of Return – Enhancement of purchasing power through consistent compounding of underlying principal at rates exceeding the economy's underlying inflation rate is the ultimate objective.

The STO investment portfolios are actively managed and may conceptually be segmented into a maximum of three separate components (or sub-portfolios) where the assets are segregated by the time horizon of each portfolio's respective liabilities. The sub-portfolios may include an Ultrashort Fixed Income portfolio, Short/Intermediate Residual portfolio, and a Long-term Residual portfolio.

In general, the components (or sub-portfolios) may be comprised of the following types of assets.

Ultrashort Fixed Income Portfolio	Short/Intermediate Residual Portfolio	Long-term Residual Portfolio
Repurchase Agreements Treasury Bills CDs Agency & Agency Mortgages Cash Commercial Paper	Treasury Notes CDs Agency & Agency Mortgages Commercial Paper Floating Rate Notes Short-term Credit	Treasury Notes & Bonds Agency & Agency Mortgages TIPS (Inflation Protected Securities) Intermediate- & Long-term Credit Yankee CD's GICS (Government Insured Contract Securities)

The percentage allocations of the sub-portfolios within each investment portfolio will reflect the strategic allocations as approved by the Treasurer. This structure is designed to better delineate responsibilities between internal and external resources and more directly match liabilities with portfolio assets. It is expected that the Ultrashort Fixed Income and Short/Intermediate Residual portfolios will be managed internally by the STO Staff, and the Long-term Residual portfolio may be managed externally by the Investment Advisor.

Investment policies and procedures shall comply with applicable state law and are designed to guide and assist Staff toward achieving the stated objectives. To meet these objectives, the Staff may use various resources, including an Investment Advisor, an Electronic Marketing Communications Network (i.e. Bloomberg), various economic reports, and daily communication with various brokers and financial institution investment officers.



PERFORMANCE STANDARDS

The STO staff has developed investment performance standards as a management tool to monitor performance and compliance issues in the Investment Portfolios. STO may delegate such a role to the Investment Consultant.

Performance Evaluation

Investment Portfolios will be evaluated against their stated investment objectives and investment performance standards, and it is expected that each Investment Portfolio meet or exceed these investment objectives over a complete market cycle (generally three to five years). Performance will be compared relative to the Investment Portfolios' benchmarks. A list of the STO Investment Portfolios and their respective benchmarks is provided below. Performance will be measured and analyzed quarterly. Evaluation will take into consideration both rates of return and volatility of returns.

Portfolio ID	Portfolio Name	Maturity	Benchmark
AA	Local Government Investment Pool	12 months, up to 10% 2 Year	35% 90-day T-Bills 35% S&P US Commercial Paper 30% BC Short-term Govt/Credit
GF	State General Fund / General Deposit	Short/intermediate bias	40% 90-day T-Bills 25% S&P US Commercial Paper 25% BC 1-3 Yr Govt/Credit 10% BC Aggregate
01	State Investment Pool / General Deposit	Medium-term bias	15% 90-day T-Bills 30% S&P US Commercial Paper 35% BC 1-3 Yr Govt/Credit 20% BC Aggregate
SB	Insurance Reserve Fund / General Deposit	Long-term bias	15% 90-day T-Bills 5% S&P US Commercial Paper 80% BC Aggregate
03	Long Term Pool / General Deposit	Long-term bias	10% 90-day T-Bills 90% BC Aggregate
HI	SC Retirement Health Insurance – OPEB	Long-term bias	20% 90-day T-Bills 5% S&P US Commercial Paper 75% BC Aggregate
DI	Long Term Disability Insurance – OPEB	Long-term bias	20% 90-day T-Bills 5% S&P US Commercial Paper 75% BC Aggregate
AD	USC Insurance & Stock Trust*	1 day	n/a
CV	SC Housing Trust Fund*	1 day	n/a
CZ	SC Housing Home Mortgages*	1 day	n/a
C5	SHA Multi Mortgage Escrow Fund*	1 day	n/a
C6	SHA Program Fund*	1 day	n/a
EI	Education Improvement Fund / General Deposit	0-90 days	Fed Funds
SA	Ordinary Sinking Fund	Short-term bias	Fed Funds
04	Treasury Fund/ General Deposit	Medium-term bias	BC 1-3 Yr Government

Shading indicates Investment Portfolios being monitored and reviewed by Investment Consultant.

*Given the portfolio structure, these portfolios are not measured against a benchmark.



OBJECTIVES & PARAMETERS OF SPECIFIC INVESTMENT PORTFOLIOS

Each STO Investment Portfolio possesses unique purposes and cash flows. As a result, the STO has developed custom guidelines for each STO Investment Portfolio that reflects their respective attributes. Some STO Investment Portfolios are *General Deposit Portfolios* while others are *Separate Funds*. All are eligible for block trading.

General Deposit Portfolios

- State General Fund
- State Investment Pool
- Insurance Reserve Fund
- Long Term Pool
- Education Improvement Fund
- Ordinary Sinking Fund
- Treasury Fund

Separate Funds

- Local Government Investment Pool
- SC Retirement Health Insurance - OPEB
- Long Term Disability Insurance - OPEB

A summary of the guidelines pertaining to each STO Investment Portfolio are provided on the following pages.



South Carolina State Treasurer's Investment Portfolios
Investment Policy Statement

	Local Government Investment Pool	State General Fund	State Investment Pool	Insurance Reserve Fund
Sub-portfolios				
Ultrashort Fixed Income	15-75%	35-70%	10-30%	0-25%
Short/Intermediate	25-85%	30-65%	25-90%	20-80%
Long-term	0%	0-10%	0-20%	0-50%
Benchmark	35% T-bills 35% S&P CP 30% BC Sht G/C	40% T-bills 25% S&P CP 25% 1-3 Yr G/C 10% BC Agg	15% T-bills 30% S&P CP 35% 1-3 Yr G/C 20% BC Agg	15% T-bills 5% S&P CP 80% BC Agg
Liquidity				
Ultrashort Fixed Income – daily liquid assets	10%	10%	10%	---
Min % Monthly liquid assets	---	---	---	10%
Non-government Securities				
a. CD's	10%	10%	10%	10%
b. Repurchase Agreements	50%	50%	50%	50%
c. Credit ¹	85%	70%	70%	75%
i. Commercial Paper	60%	45%	45%	45%
ii. Corporates ²	45%	45%	45%	60%
1. Private Placements	2% ³	2% ³	2% ³	2% ³
Diversification				
Minimum # of Holdings	50	50	50	50
Maximum Position Size ⁴	3%	3%	3%	3%
Max US\$ Foreign Govt & Intl Org	20%	20%	20%	20%
Maturity	1 – 28 days ≤ 100% 29 days – 12 mos ≤ 50% 12 mos – 2 yrs ≤ 10%	90 days or less ≤ 100% 5yrs or less ≤ 50% 5 yrs or more ≤ 10%	90 days or less ≤ 100% 5yrs or less ≤ 90% 5 yrs or more ≤ 20%	Full Range
Weighted Average Maturity	60 days	---	---	---
Weighted Average Life	120 days	---	---	---
Repurchase Agreements				
Maximum term	30 days	30 days	30 days	30 days
Collateral of Principal & Interest	102%	102%	102%	102%
Commercial Paper⁵				
Ratings	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2
Split Ratings	Allowed	Allowed	Allowed	Allowed
Maximum Allocation to Tier 2	20%	100%	100%	100%
Maximum Maturity	180 days	180 days	180 days	180 days
Maximum Allocation per Issuer	3%	3%	3%	3%
Portfolio Characteristics				
Minimum Quality	A3/A-	A3/A-	A3/A-	A3/A-
Effective Duration	±30% of index	±30% of index	±30% of index	±30% of BC Agg
Average Maturity	±30% of index	±30% of index	±30% of index	±30% of BC Agg

¹ Including fixed and floating rate securities

² Including Floating Rate Notes, Yankee CD's and Private Placements

³ Rule 144A investment-grade bonds with registration rights are considered prohibited investments. Current 144A positions represent legacy holdings that were purchased prior to the exclusion.

⁴ Obligations issued or guaranteed by the US government, US agencies, or US government-sponsored enterprises are eligible for inclusion without limit.

⁵ Eligible paper is further limited to issuing corporations that have a total commercial paper program size in excess of \$250 million.



South Carolina State Treasurer's Investment Portfolios
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	Long Term Pool	SC Retirement Health Insurance - OPEB	Long-Term Disability Insurance
Sub-portfolios			
Ultrashort Fixed Income	0-25%	0-30%	0-30%
Short/Intermediate	20-80%	25-80%	25-80%
Long-term	0-55%	0-50%	0-50%
Benchmark	10% T-bills 90% BC Agg	20% T-bills 5% S&P CP 75% BC Agg	20% T-bills 5% S&P CP 75% BC Agg
Liquidity			
Ultrashort Fixed Income – daily liquid assets	10%	---	---
Min % Monthly liquid assets	---	10%	10%
Non-government Securities			
a. CD's	10%	10%	10%
b. Repurchase Agreements	50%	50%	50%
c. Credit ⁶	70%	75% ⁹	75% ⁹
i. Commercial Paper	45%	---	---
ii. Corporates ⁷	45%	---	---
iii. Private Placements	2% ⁸	2%	2%
Diversification			
Minimum # of Holdings	50	50	50
Maximum Position Size ¹⁰	3%	3%	3%
Max US\$ Foreign Gov t& Intl Org	20%	20%	20%
Maturity			
Weighted Average Maturity	Full Range	Full Range	Full Range
Weighted Average Life	---	---	---
Repurchase Agreements			
Maximum term	30 days	30 days	30 days
Collateral of Principal & Interest	102%	102%	102%
Commercial Paper¹¹			
Ratings	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2
Split Ratings	Allowed	Allowed	Allowed
Maximum Allocation to Tier 2	100%	100%	100%
Maximum Maturity	180 days	180 days	180 days
Maximum Allocation per Issuer	3%	3%	3%
Portfolio Characteristics			
Minimum Quality	A3/A-	A3/A-	A3/A-
Effective Duration	±30% of BC Agg	±30% of BC Agg	±30% of BC Agg
Average Maturity	±30% of BC Agg	±30% of BC Agg	±30% of BC Agg

⁶ Including fixed and floating rate securities

⁷ Including Floating Rate Notes, Yankee CD's and Private Placements

⁸ Rule 144A investment-grade bonds with registration rights are considered prohibited investments. Current 144A positions represent legacy holdings that were purchased prior to the exclusion.

⁹ Including commercial paper, corporates, fixed and floating rate securities

¹⁰ Obligations issued or guaranteed by the US government, US agencies, or US government-sponsored enterprises are eligible for inclusion without limit.

¹¹ Eligible paper is further limited to issuing corporations that have a total commercial paper program size in excess of \$250 million.



South Carolina State Treasurer's Investment Portfolios
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	Education Improvement Fund	Ordinary Sinking Fund	Treasury Fund
Sub-portfolios			
Ultrashort Fixed Income	15-75%	0-100%	0-30%
Short/Intermediate	25-60%	0-100%	25-80%
Long-term	0%	0%	0-55%
Benchmark	Fed Funds Rate	Fed Funds Rate	BC 1-3 Yr Govt
Liquidity			
Minimum Daily liquid assets	10%	10%	10%
Min % Monthly liquid assets	—	—	—
Non-government Securities			
d. CD's	10%	10%	—
e. Repurchase Agreements	50%	50%	100%
f. Credit ¹²	90%	70%	—
iv. Commercial Paper	90%	45%	—
v. Corporates ¹³	45%	45%	—
i. Private Placements	—	2% ¹⁴	—
Diversification			
Minimum # of Holdings	—	—	—
Maximum Position Size ¹⁵	3%	3%	—
Max US\$ Foreign Govt & Intl Org	20%	20%	—
Maturity			
Weighted Average Maturity	90 days or less	90 days or less	Full Range
Weighted Average Life	—	—	—
Repurchase Agreements			
Maximum term	30 days	30 days	30 days
Collateral of Principal & Interest	102%	102%	102%
Commercial Paper¹⁶			
Ratings	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2
Split Ratings	Allowed	Allowed	Allowed
Maximum Allocation to Tier 2	100%	100%	100%
Maximum Maturity	90 days	90 days	180 days
Maximum Allocation per Issuer	3%	3%	3%
Portfolio Characteristics			
Minimum Quality	A3/A-	A3/A-	A3/A-
Effective Duration	—	—	±30% of BC 1-3 Yr Govt
Average Maturity	—	—	±30% of BC 1-3 Yr Govt

¹² Including fixed and floating rate securities

¹³ Including Floating Rate Notes, Yankee CD's and Private Placements

¹⁴ Rule 144A investment-grade bonds with registration rights are considered prohibited investments. Current 144A positions represent legacy holdings that were purchased prior to the exclusion

¹⁵ Obligations issued or guaranteed by the US government, US agencies, or US government-sponsored enterprises are eligible for inclusion without limit.

¹⁶ Eligible paper is further limited to issuing corporations that have a total commercial paper program size in excess of \$250 million.

South Carolina State Treasurer's Investment Portfolios

Investment Policy Statement



Revised: December 30, 2016



MISSION

The South Carolina Office of the State Treasurer is responsible for the administration, management, and investment of the State's funds. The investment of State funds is managed through multiple investment portfolios to preserve the State's capital, while maintaining liquidity and obtaining the best relative rates of return.

The mission of the Investment Management Division within the State Treasurer's Office (STO) is to safely and effectively manage the funds for the State's agencies, local governments, and political subdivisions. The office manages multiple U.S. domestic fixed income portfolios. The Staff consists of three front office personnel, who conduct the trading and portfolio management, and five back office personnel, who conduct the day-to-day operations.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT (IPS)

This IPS defines the investment objectives of the STO Investment Portfolios and establishes policies and procedures so that investment objectives can be met in a prudent manner. This IPS is intended to:

- articulate the objectives of the STO Investment Portfolios and set forth in writing the expectations, objectives, and guidelines for the investment of the STO Investment Portfolios' assets;
- formulate policies regarding permitted investments, benchmarks, and asset allocation strategies;
- identify roles of specific entities having fiduciary responsibility to the STO;
- establish guidelines, consistent with Performance Standards defined herein, for monitoring investment risk and evaluating investment performance.

All assets in the STO Investment Portfolios must be invested in a manner that meets the requirements of this IPS. In conjunction with this IPS, the STO has also established Performance Standards, which provide guidance on the specific procedures to monitor investment performance and risk. These performance standards help achieve short-term and long-term investment objectives and maximize the investment returns in the STO Investment Portfolios.

DELEGATION OF AUTHORITY

The authority to invest State Funds is limited to the State Treasurer under S.C. Code of Laws § 11-13-30:

§ 11-13-30. Only the State Treasurer may invest and deposit funds.

To facilitate the management, investment, and disbursement of public funds, no board, commission, agency or officer within State government except the State Treasurer shall be authorized to invest and deposit funds from any source, including, but not limited to, funds for which he is custodian, such funds to draw the best rate of interest obtainable.

BROAD OBJECTIVES

As a steward of public funds, the Office of State Treasurer seeks to generate the best rate of return within prescribed parameters while maintaining liquidity and attempting to preserve capital.

This policy recognizes that investment decisions involve managing the State's daily fluctuating cash flows and anticipating future revenues and expenditures. STO Staff manages cash balances available to anticipate the future use of these funds. Also, earnings on investments provide one of the major sources of revenue for the State and State agencies annually. Consequently, the soundness and success of an investment program is of primary importance to meet the State's funding needs.



The three investment goals are based on the following principles:

Liquidity – Liquid assets shall be defined as cash and securities with maturities not exceeding one year. To achieve liquidity goals, liquid investments will be limited to cash, repurchase agreements (when collateralized by U.S. Treasury or Federal Agency obligations having a market value in excess of 102 percent of funds advanced), U.S. Treasury Bills, Commercial Paper, and Federal Agency Discount Notes.

Preservation of Capital – In order to minimize the potential for loss of principal, investment grade fixed income securities are to be purchased. A range of maturities and diversification among issuers is desirable as a defense against the susceptibility to price change of the STO Investment Portfolios' assets.

Rates of Return – Enhancement of purchasing power through consistent compounding of underlying principal at rates exceeding the economy's underlying inflation rate is the ultimate objective.

The STO investment portfolios are actively managed and may conceptually be segmented into a maximum of three separate components (or sub-portfolios) where the assets are segregated by the time horizon of each portfolio's respective liabilities. The sub-portfolios may include an Ultrashort Fixed Income portfolio, Short/Intermediate Residual portfolio, and a Long-term Residual portfolio.

In general, the components (or sub-portfolios) may be comprised of the following types of assets.

Ultrashort Fixed Income Portfolio	Short/Intermediate Residual Portfolio	Long-term Residual Portfolio
Repurchase Agreements Treasury Bills CDs Agency & Agency Mortgages Cash Commercial Paper	Treasury Notes CDs Agency & Agency Mortgages Commercial Paper Floating Rate Notes Short-term Credit	Treasury Notes & Bonds Agency & Agency Mortgages TIPS (Inflation Protected Securities) Intermediate- & Long-term Credit Yankee Bonds and CD's GICS (Government Insured Contract Securities)

The percentage allocations of the sub-portfolios within each investment portfolio will reflect the strategic allocations as approved by the Treasurer. This structure is designed to better delineate responsibilities between internal and external resources and more directly match liabilities with portfolio assets. It is expected that the Ultrashort Fixed Income and Short/Intermediate Residual portfolios will be managed internally by the STO Staff, and the Long-term Residual portfolio may be managed externally by the Investment Advisor.

Investment policies and procedures shall comply with applicable state law and are designed to guide and assist Staff toward achieving the stated objectives. To meet these objectives, the Staff may use various resources, including an Investment Advisor, an Electronic Marketing Communications Network (i.e. Bloomberg), various economic reports, and daily communication with various brokers and financial institution investment officers.



PERFORMANCE STANDARDS

The STO staff has developed investment performance standards as a management tool to monitor performance and compliance issues in the Investment Portfolios. STO may delegate such a role to the Investment Consultant.

Performance Evaluation

Investment Portfolios will be evaluated against their stated investment objectives and investment performance standards, and it is expected that each Investment Portfolio meet or exceed these investment objectives over a complete market cycle (generally three to five years). Performance will be compared relative to the Investment Portfolios' benchmarks. A list of the STO Investment Portfolios and their respective benchmarks is provided below. Performance will be measured and analyzed quarterly. Evaluation will take into consideration both rates of return and volatility of returns.

Portfolio ID	Portfolio Name	Maturity	Benchmark
AA	Local Government Investment Pool	12 months, up to 10% 2 Year	80% 90-day T-Bills 20% BC Short-term Govt/Credit
GF	State General Fund / General Deposit	Short/intermediate bias	50% 90-day T-Bills 30% BC 1-3 Yr Govt/Credit 20% BC Intermediate Aggregate
01	State Investment Pool / General Deposit	Medium-term bias	40% 90-day T-Bills 30% BC 1-3 Yr Govt/Credit 30% BC Intermediate Aggregate
SB	Insurance Reserve Fund / General Deposit	Long-term bias	20% 90-day T-Bills 80% BC Aggregate
03	Long Term Pool / General Deposit	Long-term bias	20% 90-day T-Bills 80% BC Aggregate
HI	SC Retirement Health Insurance – OPEB	Long-term bias	20% 90-day T-Bills 80% BC Aggregate
DI	Long Term Disability Insurance – OPEB	Long-term bias	20% 90-day T-Bills 80% BC Aggregate
AD	USC Insurance & Stock Trust*	1 day	n/a
CV	SC Housing Trust Fund*	1 day	n/a
CZ	SC Housing Home Mortgages*	1 day	n/a
C5	SHA Multi Mortgage Escrow Fund*	1 day	n/a
C6	SHA Program Fund*	1 day	n/a
EI	Education Improvement Fund / General Deposit	0-90 days	Fed Funds
SA	Ordinary Sinking Fund	Short-term bias	Fed Funds
04	Treasury Fund/ General Deposit	Medium-term bias	BC 1-3 Yr Government

Shading indicates Investment Portfolios being monitored and reviewed by Investment Consultant.

*Given the portfolio structure, these portfolios are not measured against a benchmark.



OBJECTIVES & PARAMETERS OF SPECIFIC INVESTMENT PORTFOLIOS

Each STO Investment Portfolio possesses unique purposes and cash flows. As a result, the STO has developed custom guidelines for each STO Investment Portfolio that reflects their respective attributes. Some STO Investment Portfolios are *General Deposit Portfolios* while others are *Separate Funds*. All are eligible for block trading.

General Deposit Portfolios

- State General Fund
- State Investment Pool
- Insurance Reserve Fund
- Long Term Pool
- Education Improvement Fund
- Ordinary Sinking Fund
- Treasury Fund

Separate Funds

- Local Government Investment Pool
- SC Retirement Health Insurance - OPEB
- Long Term Disability Insurance - OPEB

A summary of the guidelines pertaining to each STO Investment Portfolio are provided on the following pages.



South Carolina State Treasurer's Investment Portfolios
Investment Policy Statement

	Local Government Investment Pool	State General Fund	State Investment Pool	Insurance Reserve Fund
Sub-portfolios				
Ultrashort Fixed Income	15-75%	35-70%	10-30%	0-25%
Short/Intermediate	25-85%	30-65%	25-90%	20-80%
Long-term	0%	0-10%	0-20%	0-50%
Benchmark	80% T-bills 20% BC Sht G/C	50% T-bills 30% 1-3 Yr G/C 20% BC Inter Agg	40% T-bills 30% 1-3 Yr G/C 30% BC Inter Agg	20% T-bills 80% BC Agg
Liquidity				
Ultrashort Fixed Income – daily liquid assets	10%	10%	10%	---
Min % Monthly liquid assets	---	---	---	10%
Non-government Securities				
a. CD's	10%	10%	10%	10%
b. Repurchase Agreements	50%	50%	50%	50%
c. Credit ^{1, 2, 3}	85%	70%	70%	75%
Diversification				
Minimum # of Holdings	50	50	50	50
Maximum Position Size ⁴	3%	3%	3%	3%
Max US\$ Foreign Govt & Intl Org	20%	20%	20%	20%
Maturity	1 – 28 days ≤ 100% 29 days – 12 mos ≤ 50% 12 mos – 2 yrs ≤ 10%	90 days or less ≤ 100% 5yrs or less ≤ 50% 5 yrs or more ≤ 10%	90 days or less ≤ 100% 5yrs or less ≤ 90% 5 yrs or more ≤ 20%	Full Range
Repurchase Agreements				
Maximum term	30 days	30 days	30 days	30 days
Collateral of Principal & Interest	102%	102%	102%	102%
Commercial Paper⁵				
Ratings	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2
Split Ratings	Allowed	Allowed	Allowed	Allowed
Maximum Allocation to Tier 2	20%	100%	100%	100%
Maximum Maturity	180 days	180 days	180 days	180 days
Maximum Allocation per Issuer	3%	3%	3%	3%
Portfolio Characteristics				
Minimum Quality	A3/A-	A3/A-	A3/A-	A3/A-
Effective Duration	±30% of index	±30% of index	±30% of index	±30% of BC Agg
Average Maturity	±30% of index	±30% of index	±30% of index	±30% of BC Agg

¹ Including commercial paper, corporates, and fixed and floating rate securities

² Corporates include Floating Rate Notes, Yankee Bonds / CD's and Private Placements

³ Rule 144A investment-grade bonds with registration rights are considered prohibited investments. Current 144A positions represent legacy holdings that were purchased prior to the exclusion.

⁴ Obligations issued or guaranteed by the US government, US agencies, or US government-sponsored enterprises are eligible for inclusion without limit.

⁵ Eligible paper is further limited to issuing corporations that have a total commercial paper program size in excess of \$250 million.



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	Long Term Pool	SC Retirement Health Insurance - OPEB	Long-Term Disability Insurance
Sub-portfolios			
Ultrashort Fixed Income	0-25%	0-30%	0-30%
Short/Intermediate	20-80%	25-80%	25-80%
Long-term	0-55%	0-50%	0-50%
Benchmark	20% T-bills 80% BC Agg	20% T-bills 80% BC Agg	20% T-bills 80% BC Agg
Liquidity			
Ultrashort Fixed Income – daily liquid assets	---	---	---
Min % Monthly liquid assets	10%	10%	10%
Non-government Securities			
a. CD's	10%	10%	10%
b. Repurchase Agreements	50%	50%	50%
c. Credit ^{6,7}	75%	75% ⁹	75% ⁹
i. Private Placements	2% ⁸	2%	2%
Diversification			
Minimum # of Holdings	50	50	50
Maximum Position Size ¹⁰	3%	3%	3%
Max US\$ Foreign Gov t& Intl Org	20%	20%	20%
Maturity	Full Range	Full Range	Full Range
Repurchase Agreements			
Maximum term	30 days	30 days	30 days
Collateral of Principal & Interest	102%	102%	102%
Commercial Paper¹¹			
Ratings	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2
Split Ratings	Allowed	Allowed	Allowed
Maximum Allocation to Tier 2	100%	100%	100%
Maximum Maturity	180 days	180 days	180 days
Maximum Allocation per Issuer	3%	3%	3%
Portfolio Characteristics			
Minimum Quality	A3/A-	A3/A-	A3/A-
Effective Duration	±30% of BC Agg	±30% of BC Agg	±30% of BC Agg
Average Maturity	±30% of BC Agg	±30% of BC Agg	±30% of BC Agg

⁶ Including commercial paper, corporates, and fixed and floating rate securities

⁷ Corporates include Floating Rate Notes, Yankee Bonds / CD's and Private Placements

⁸ Rule 144A investment-grade bonds with registration rights are considered prohibited investments. Current 144A positions represent legacy holdings that were purchased prior to the exclusion.

⁹ Including commercial paper, corporates, fixed and floating rate securities

¹⁰ Obligations issued or guaranteed by the US government, US agencies, or US government-sponsored enterprises are eligible for inclusion without limit.

¹¹ Eligible paper is further limited to issuing corporations that have a total commercial paper program size in excess of \$250 million.



South Carolina State Treasurer's Investment Portfolios
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	Education Improvement Fund	Ordinary Sinking Fund	Treasury Fund
Sub-portfolios			
Ultrashort Fixed Income	15-75%	0-100%	0-30%
Short/Intermediate	25-60%	0-100%	25-80%
Long-term	0%	0%	0-55%
Benchmark	Fed Funds Rate	Fed Funds Rate	BC 1-3 Yr Govt
Liquidity			
Minimum Daily liquid assets	10%	10%	10%
Min % Monthly liquid assets	—	—	—
Non-government Securities			
d. CD's	10%	10%	—
e. Repurchase Agreements	50%	50%	100%
f. Credit ^{12, 13, 14}	90%	70%	—
Diversification			
Minimum # of Holdings	—	—	—
Maximum Position Size ¹⁵	3%	3%	—
Max US\$ Foreign Govt & Intl Org	20%	20%	—
Maturity	90 days or less	90 days or less	Full Range
Repurchase Agreements			
Maximum term	30 days	30 days	30 days
Collateral of Principal & Interest	102%	102%	102%
Commercial Paper¹⁶			
Ratings	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2	A-1/P-1/F-1 A-2/P-2/F-2
Split Ratings	Allowed	Allowed	Allowed
Maximum Allocation to Tier 2	100%	100%	100%
Maximum Maturity	90 days	90s days	180 days
Maximum Allocation per Issuer	3%	3%	3%
Portfolio Characteristics			
Minimum Quality	A3/A-	A3/A-	A3/A-
Effective Duration	—	—	±30% of BC 1-3 Yr Govt
Average Maturity	Max: No < 3 months	Max: No < 3 months	±30% of BC 1-3 Yr Govt

¹² Including commercial paper, corporates, and fixed and floating rate securities

¹³ Corporates include Floating Rate Notes, Yankee Bonds / CD's and Private Placements

¹⁴ Rule 144A investment-grade bonds with registration rights are considered prohibited investments. Current 144A positions represent legacy holdings that were purchased prior to the exclusion

¹⁵ Obligations issued or guaranteed by the US government, US agencies, or US government-sponsored enterprises are eligible for inclusion without limit.

¹⁶ Eligible paper is further limited to issuing corporations that have a total commercial paper program size in excess of \$250 million.



South Carolina State Treasurer's Investment Portfolios
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STO Portfolio Benchmark Definitions:

	LGIP	General Fund	State Investment Pool
Previously	100% BofAML 3 mo T-Bills	100% BC 1-3 Yr Govt/Credit	100% BC 1-3 Yr Govt/Credit
10/1/15 - 2/28/16	35% BofAML 3 mo T-Bills 35% S&P US CP 30% BC Short-term Gov/Corp	40% BofAML 3 mo T-Bills 25% S&P US CP 25% BC 1-3 Yr Govt/Credit 10% BC Aggregate	15% BofAML 3 mo T-Bills 30% S&P US CP 35% BC 1-3 Yr Govt/Credit 20% BC Aggregate
3/1/16 - 12/31/16 ¹⁷	70% BofAML 3 mo T-Bills 30% BCs Short-term Gov/Corp	65% BofAML 3 mo T-Bills 25% BC 1-3 Yr Govt/Credit 10% BC Aggregate	45% BofAML 3 mo T-Bills 35% BC 1-3 Yr Govt/Credit 20% BC Aggregate
1/1/17 - current	80% BofAML 3 mo T-Bills 20% BC Short-term Gov/Corp	50% BofAML 3 mo T-Bills 30% BC 1-3 Yr Govt/Credit 20% BC Inter Aggregate	40% BofAML 3 mo T-Bills 30% BC 1-3 Yr Govt/Credit 30% BC Inter Aggregate

	Insurance Reserve	Long-Term Pool	SCRHI	LTDI
Previously	100% BC Aggregate	100% BC Aggregate	100% BC Aggregate	100% BC Aggregate
10/1/15 - 2/28/16	15% BofAML 3 mo T-Bills 5% S&P US CP 80% BC Aggregate	10% BofAML 3 mo T-Bills 90% BC Aggregate	20% BofAML 3 mo T-Bills 5% S&P US CP 75% BC Aggregate	20% BofAML 3 mo T-Bills 5% S&P US CP 75% BC Aggregate
3/1/16 - 12/31/16 ¹⁷	20% BofAML 3 mo T-Bills 80% BC Aggregate	20% BofAML 3 mo T-Bills 80% BC Aggregate	25% BofAML 3 mo T-Bills 75% BC Aggregate	25% BofAML 3 mo T-Bills 75% BC Aggregate
1/1/17 - current			20% BofAML 3 mo T-Bills 80% BC Aggregate	20% BofAML 3 mo T-Bills 80% BC Aggregate

	Edu. Improvement Fund	Ord. Sinking Fund	Treasury Fund
Previously	100% Fed Funds Rate	100% Fed Funds Rate	100% Fed Funds Rate
10/1/15 - current	100% Fed Funds Rate	100% Fed Funds Rate	100% BC Govt 1-3 Yr

¹⁷ Benchmarks were revised as the S&P US CP Index was discontinued. Allocations to this benchmark were reallocated to the BofAML 3 mo T-Bills Index.