

January 31, 2012

SUMMARY OF ATTACHED REMARKS REGARDING THE S.C. INVESTMENT COMMISSION

By

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- Commission infrastructure is very weak - p.2
- Daily operations and portfolio have very significant and unquantifiable risk – p.4
- Current investment strategy is underperforming, expensive and lacks internal controls – p.5
- Portfolio is underperforming peers and former conservative approach to investing – p. 6
- Portfolio lacks adequate transparency – p.11
- Strategic Partners operate “Behind the Curtain” and only former CIO knew investment details - p. 12
- Current portfolio has driven up investment manager fees to historic levels – p.13
- The current portfolio has driven overhead and staff size to record highs – p.14
- The State has lost custody of 70% of retirement funds – p. 16
- Current portfolio had driven away interest and dividend earnings – p.17
- Proper due diligence has not been practiced – p.19
- Lack of Transparency raises suspicions – p.20
- Recommended Legislative actions – p.22