

Popular Annual Financial Report

South Carolina Retirement Systems
For the fiscal year ended June 30, 2017
Pension trust funds of the State of South Carolina



Serving those who serve South Carolina

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South Carolina Public Employee Benefit Authority Retirement Division

South Carolina Retirement Systems Popular Annual Financial Report For the Fiscal Year Ended June 30, 2017 Pension Trust Funds of the State of South Carolina

To our Members

We are pleased to present the South Carolina Public Employee Benefit Authority's (PEBA) *Popular Annual Financial Report* (PAFR) for the South Carolina Retirement Systems for the fiscal year ended June 30, 2017. This is the Systems' 14th consecutive annual popular report and it is intended to provide a summary of the Systems' annual financial information in an easily understandable format to supplement the more thorough *Comprehensive Annual Financial Report* (CAFR).

Data presented in this report was derived from the fiscal year 2017 CAFR, which was prepared in accordance with Generally Accepted Accounting Principles. To learn more about the Systems' financial activities, the CAFR which contains more detailed information, may be viewed online or downloaded from the Facts and figures page of our website, www.peba.sc.gov. For any other questions or assistance, please contact our Customer Contact Center at 803.737.6800 or 888.260.9430.



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Executive Director



Travis J. Turner, CPA, CISA
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THIS REPORT CONTAINS AN ABBREVIATED DESCRIPTION OF THE RETIREMENT BENEFITS OFFERED BY THE SOUTH CAROLINA PUBLIC EMPLOYEE BENEFIT AUTHORITY (PEBA). THE INFORMATION IN THIS REPORT IS MEANT TO SERVE AS A GUIDE FOR OUR MEMBERS AND DOES NOT CONSTITUTE A BINDING REPRESENTATION OF PEBA. TITLE 9 OF THE SOUTH CAROLINA CODE OF LAWS CONTAINS A COMPLETE DESCRIPTION OF THE RETIREMENT BENEFITS, THEIR TERMS AND CONDITIONS, AND GOVERNS ALL RETIREMENT BENEFITS OFFERED BY THE STATE. STATE STATUTES ARE SUBJECT TO CHANGE BY THE GENERAL ASSEMBLY. PLEASE CONTACT PEBA FOR THE MOST CURRENT INFORMATION.

THE LANGUAGE USED IN THIS REPORT DOES NOT CREATE ANY CONTRACTUAL RIGHTS OR ENTITLEMENTS AND DOES NOT CREATE A CONTRACT BETWEEN THE MEMBER AND PEBA. PEBA RESERVES THE RIGHT TO REVISE THE CONTENT OF THIS REPORT.

Profile

South Carolina Public Employee Benefit Authority

Fiscal year 2017 ended PEBA's fifth fiscal year of operations as an agency, having been created effective July 1, 2012, by the South Carolina General Assembly. The agency is governed by an 11-member Board of Directors. PEBA is responsible for administration of the various Retirement Systems and retirement programs of the state of South Carolina, including the State Optional Retirement Program (State ORP) and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs.

PEBA administers the South Carolina Retirement Systems' five defined benefit pension plans. A defined benefit plan is a retirement plan in which contributions are made to fund a level of retirement income at a future retirement date. Specified monthly service retirement benefits, as well as disability benefits and death benefits are provided to eligible members and/or their surviving beneficiaries. The plans' terms specify the amount of pension benefits to be provided at a future date or after a certain period of time. Monthly benefits are specified as a function of a formula that is based on years of creditable service, average final compensation, and age.

This report contains information on the following defined benefit pension trust funds:

- The South Carolina Retirement System (**SCRS**) was established July 1, 1945, to provide retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The South Carolina Police Officers Retirement System (**PORS**) was established July 1, 1962, to provide retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates
- The Retirement System for Members of the General Assembly of the State of South Carolina (**GARS**) was established January 1, 1966, to provide retirement and other benefits to members of the General Assembly. Retirement reform legislation closed the GARS plan to individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.
- The Retirement System for Judges and Solicitors of the State of South Carolina (**JSRS**) was established July 1, 1979, to provide retirement and other benefits to state judges and solicitors. JSRS also covers circuit public defenders.
- The South Carolina National Guard Supplemental Retirement Plan (**SCNG**) was established July 1, 1975, to provide supplemental retirement benefits to members who served in the South Carolina National Guard. The Retirement Systems assumed administrative responsibility for this fund in 2006.

PEBA sponsors the State ORP which is a defined contribution plan administered by four different third party record keepers. The State ORP is an alternative plan available to newly hired employees of state agencies, institutions of higher education, public school districts and individuals first elected to the General Assembly at or after the general election in November 2012. In addition, PEBA is responsible for the South Carolina Deferred Compensation Plan (401k and 457 plans) administered by a third party record keeper, as well as the state's employee insurance programs. State ORP, Deferred Compensation and employee insurance assets are not considered part of the Retirement Systems for financial statement purposes.

The membership and annuitant data provided in the chart below is based on the actuarial data provided to the Systems' actuary for preparation of the July 1, 2016 and July 1, 2015 actuarial valuations.

Membership and Annuitant Composition

	South Carolina Retirement System	Police Officers Retirement System	General Assembly Retirement System	Judges and Solicitors Retirement System	South Carolina National Guard Supplemental Retirement Plan
Total Membership	<u>July 1, 2016</u>	<u>July 1, 2016</u>	<u>July 1, 2016</u>	<u>July 1, 2016</u>	<u>July 1, 2016</u>
Active	190,923	26,651	102	157	12,253
Inactive	169,806	15,001	32	2	1,969
Retirees & Beneficiaries ¹	137,855	17,288	358	210	4,709
Active Members					
Average Age	45	40	56	57	32
Average Years of Service	10	10	14	15	10
Average Annual Salary	\$41,330	\$42,640	\$22,710	\$138,102	N/A ²
Annuitants and Beneficiaries					
Average Current Age for Service Retirees	70	65	74	71	71
Average Age at Retirement for Service Retirees	59	55	61	60	60
Average Years of Service at Retirement-All Retirees	22	18	20	26	26
Average AFC ³ at Retirement-All Retirees	\$43,225	\$44,693	\$21,792	\$118,096	N/A
Average Current Annual Benefit-All Retirees ⁴	\$20,068	\$20,007	\$18,475	\$84,367	\$912

	South Carolina Retirement System	Police Officers Retirement System	General Assembly Retirement System	Judges and Solicitors Retirement System	South Carolina National Guard Supplemental Retirement Plan
Total Membership	<u>July 1, 2015</u>	<u>July 1, 2015</u>	<u>July 1, 2015</u>	<u>July 1, 2015</u>	<u>July 1, 2015</u>
Active	187,318	26,575	104	157	12,165
Inactive	164,509	14,149	36	2	2,052
Retirees & Beneficiaries ¹	134,640	16,709	362	206	4,647
Active Members					
Average Age	45	39	56	57	32
Average Years of Service	10	10	13	15	10
Average Annual Salary	\$39,604	\$39,625	\$22,481	\$135,432	N/A ²
Annuitants and Beneficiaries					
Average Current Age for Service Retirees	70	65	73	71	70
Average Age at Retirement for Service Retirees	59	55	61	60	60
Average Years of Service at Retirement-All Retirees	22	18	20	25	26
Average AFC ³ at Retirement-All Retirees	\$42,677	\$44,201	\$21,701	\$116,817	N/A
Average Current Annual Benefit-All Retirees ⁴	\$19,931	\$19,829	\$18,414	\$80,883	\$915

¹Represents members who retired, including those who participate in the Teacher and Employee Retention Incentive (TERI) program or who returned to employment as a working retiree, and surviving beneficiaries of former members.

²The South Carolina National Guard Supplemental Retirement Plan is non-contributory; therefore, active member salaries are not reported to the Systems.

³Average Final Compensation (AFC) is a component used in the formula for calculating annuity benefits.

⁴Includes benefit adjustments applied since retirement.

Fiscal Year 2017 Highlights

Administrative Activities

- Many technology upgrades have provided for enhanced customer experiences. Employer and member portal upgrades expanded user capabilities such as electronic payments for employers submitting retirement contributions, electronic document uploads of supporting documentation and online retirement refund status updates. During the fiscal year, PEBA also purchased and implemented a new call management system, which replaced our previous 20-year-old system.
- A new informational series, Navigating Your Benefits, was developed and launched to assist members in making insurance and retirement decisions through common-language explanations. The series offers a variety of flyers and videos. A new member e-newsletter, *pebapulse*, was implemented to provide up-to-date insurance and retirement information. With increased emphasis on retirement awareness and wellness, new communication pieces were developed to assist members and employers in making informed decisions.

Public Policy Activities

- The Enterprise Risk Management (ERM) and Compliance Department has made strides to improve management of the programs that oversee PEBA's compliance with state and federal regulations as well as the monitoring of those programs. The privacy officer role was structurally reorganized under the ERM Department and a privacy officer was hired to manage PEBA's regulations related to information privacy such as HIPAA. A few of the initiatives that have been implemented include: improving PEBA's processes for internally reporting possible incidents, improving training programs for staff, completing a HIPAA risk assessment for the agency and finalizing a new privacy policy for the agency.
- On April 25, 2017, Governor Henry McMaster signed into law the Retirement Funding and Administration Act of 2017 which became effective on July 1, 2017. The legislation had significant impacts on SCRS and PORS by increasing the employer and employee contribution rates, establishing a ceiling on the employee contribution rate, and requiring a scheduled reduction of the funding period. The Act also lowered the assumed rate of return and addressed various governance issues including the assignment of the PEBA Board of Directors as custodian of the retirement trust funds and assignment of the Retirement System Investment Commission (RSIC) and PEBA as co-trustees. The Joint Committee on Pension Systems Review has publicly stated that they will continue their work during fiscal year 2018. PEBA will continue to work with the Joint Committee during its evaluation.

Operational System Improvements

PEBA continued early initiatives to replace its legacy systems. PEBA hired a project director and issued a request for proposal for a client services vendor to facilitate and support the replacement of our information systems. The client services vendor is an expert in public pension and insurance enterprise system implementation. The client services vendor will begin work in Fall 2017 by reviewing the functional and technical requirements for the new system.

The project is expected to take approximately 5 years to complete and has been named "peba:connect".

Summary of Financial Condition

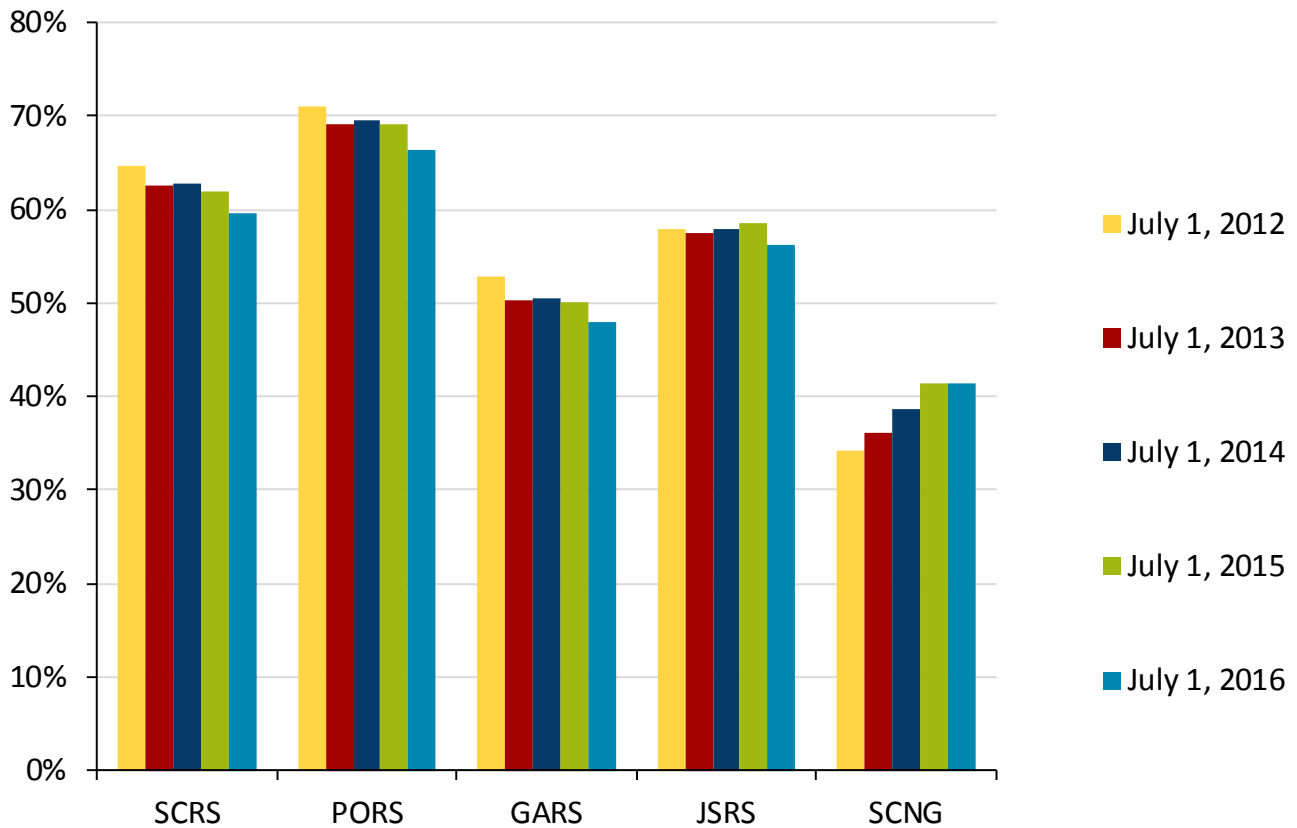
The main funding objective of the pension trust funds is to meet future benefit obligations of retirees and beneficiaries through employee and employer contributions and investment earnings. Each year, the external consulting actuaries determine the actuarial soundness of the plans based on long term obligations and the sufficiency of current contribution levels to fund the liabilities of each plan over a reasonable time frame.

The July 1, 2016, actuarial valuations which were adopted by the PEBA Board in December 2016, determined the actuarial status of each plan and the minimum necessary employee and employer contribution requirements for fiscal year 2017. The market value of assets is less than the actuarial value of assets, so deferred investment losses exist which will be recognized as investment losses in future years.

The funded ratios of the five plans as of July 1, 2016, range from a low of 41.5 percent for SCNG to a high of 66.3 percent for PORS. The funded ratio for SCRS, which represents the largest membership of the five plans, decreased from 62.0 percent to 59.5 percent and similarly PORS decreased from 69.2 percent to 66.3 percent. Declines in funded ratios were primarily due to the continued recognition of deferred investment losses experienced in prior fiscal years, which are recognized in the actuarial value of assets using a modified five-year smoothing technique. The below chart illustrates actuarial funded ratios over the past five years for each of the five defined benefit plans.

Actuarial Funded Ratios

(Actuarial assets as a percentage of actuarial accrued liabilities)

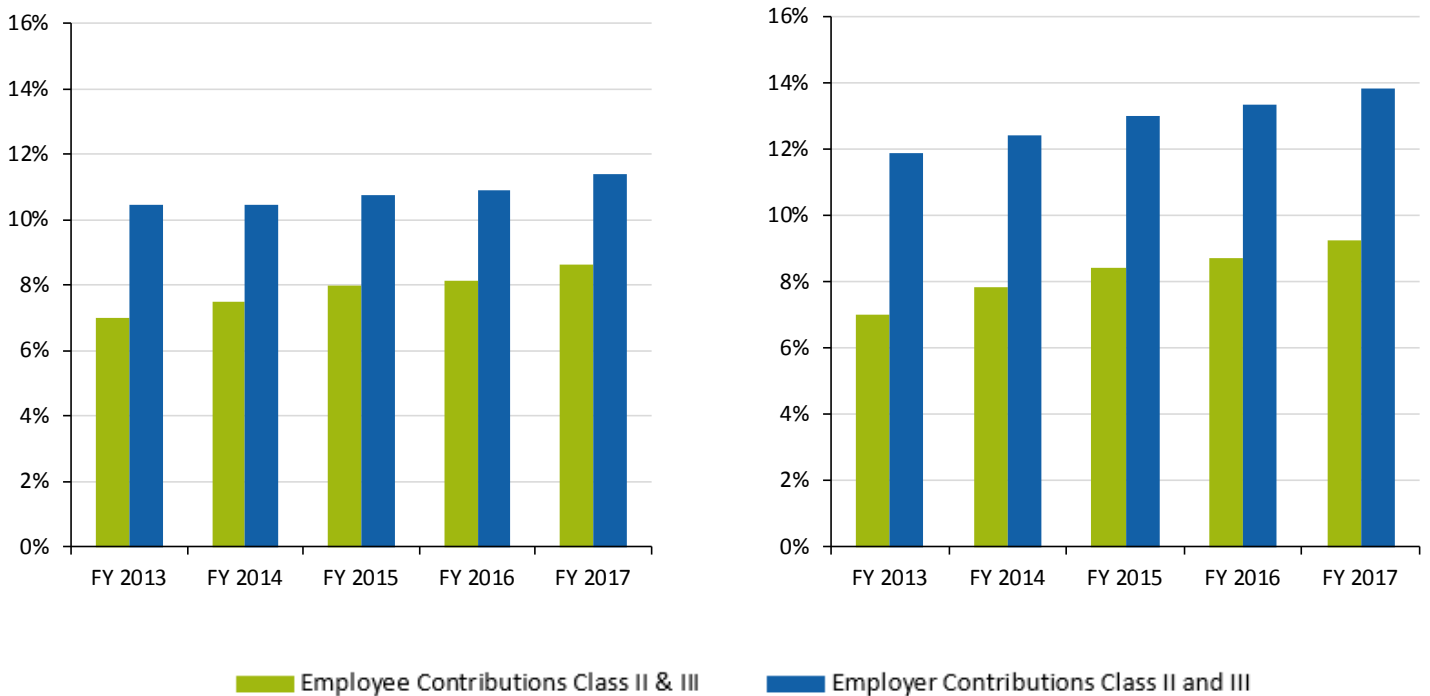


As of July 1, 2016, the unfunded actuarial accrued liability for SCRS increased from \$16.8 billion to \$18.6 billion and PORS increased from \$1.9 billion to \$2.2 billion. The largest source of increase was the result of continual recognition of deferred investment losses in the actuarial value of assets. Absent significant favorable investment experience, those deferred losses will continue to be reflected, or smoothed, in the actuarial value of assets over the next few years. Other non-investment related experience activity such as mortality, salary experience, payroll growth and turnover, which are considered normal within the course of plan experience, contributed to other actuarial gains and losses, as actual experience cannot be precisely predicted and will never exactly match the estimated assumptions.

Actuarial smoothing techniques, which defer investment gains and losses, help to dampen the short-term volatility inherent in investment markets by allowing only a portion of investment gains and losses to be recognized each year. Actual investment returns for fiscal year 2016 were less than the assumed rate of return. Specifically, the return documented in the 2016 valuation was negative .07 percent on a dollar-weighted basis for the plan year ending June 30, 2016 compared to a 7.50 percent assumed rate of return. Using smoothing techniques, all of the Systems recognized a net actuarial loss on investment returns for the valuation year. As of the July 1, 2016 valuation, the market value of SCRS assets was \$3.3 billion less than the actuarial value of those assets, which signifies that the retirement system is in a position of deferred losses. Therefore, unless investment returns in excess of the assumed rate of return are achieved, the future recognition of these deferred losses is expected to increase the unfunded actuarial accrued liability thus additional funding sources are scheduled per recent legislative action.

The below chart illustrates employee and employer contribution rates for SCRS and PORS over the past five fiscal years. Pension reform legislation was enacted which increases, but also establishes a ceiling for employee contribution rates. Effective July 1, 2017, employee rates increase to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS. The legislation also increases employer contribution rates effective July 1, 2017 for both SCRS and PORS by 2 percentage points to 13.56 percent and 16.24 percent, respectively. The SCRS and PORS employer contribution rates increased by more than one percentage point for Fiscal Year 2017-18; therefore, in accordance with General Provision 117.151 of the 2017-2018 Appropriations Act, funds were appropriated to PEBA to be credited toward contributions due from all participating employers in SCRS and PORS for Fiscal Year 2017-18. Employer contribution rates are scheduled to continue to increase by a minimum of 1 percentage point each year through July 1, 2022, and further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in statute.

Employee and Employer Retirement Contribution Rates



Statement of Fiduciary Net Position

The Statement of Fiduciary Net Position on Page 8 presents the Systems' assets and liabilities and the resulting net position restricted for pensions. This statement reflects a year-end snapshot of the Systems' investments, at fair value, along with cash and short-term investments, receivables and other assets and liabilities.

Total fiduciary net position for all five defined benefit plans of the Systems combined, increased by \$2.15 billion, which was nearly eight percent from the prior fiscal year ended June 30, 2016. The net position of the plans is impacted by contributions paid into the plans, investment performance, and benefit payments out of the system. It is important to note that growth in fiduciary net position depends on both investment performance and contributions from employers and employees. The plans are in a net cash outflow position with benefit payments exceeding contributions; therefore, investment performance must first make up this gap before fiduciary net position can grow. The increase in net position from \$28.1 billion to \$30.2 billion was primarily attributable to positive investment performance.

The Systems' investment portfolio continues to participate in a securities lending program, managed by BNY Mellon (Securities Lending Program), whereby securities are loaned for the purpose of generating additional income. The gross securities lending revenue for the fiscal year was \$773 thousand, a decrease from \$946 thousand in the prior year. As reported by BNY Mellon, at June 30, 2017, the fair value of securities on loan was \$164.65 million, the fair value of the invested cash collateral was \$123.27 million, and the securities lending obligations were \$170.46 million. The reported difference in the value of the invested cash collateral and the securities lending obligations in the securities lending program, is reflected within "Other Liabilities" on the Retirement Systems' Statement of Fiduciary Net Position, consistent with information reported on accounting statements provided by BNY Mellon as both the custodial bank and securities lending agent.

Statement of Changes in Fiduciary Net Position

The Statement of Changes in Fiduciary Net Position on Page 8 presents information showing how the Systems' net position restricted for pensions changed during the year. This statement includes additions for contributions by members and employers and investment earnings and deductions for annuity payments, refunded contributions, death benefit payments and administrative expenses.

The increase in the dollar amount of employee and employer contributions collected compared to the prior year, is largely attributable to increased contribution rates. Effective July 1, 2016, employee and employer contribution rates for both SCRS and PORS increased by 0.50 percent of pay. This resulted in SCRS employee and employer rates increasing to 8.66 percent and 11.56 percent, respectively, and similarly, the employee and employer contribution rates for PORS increased to 9.24 percent and 14.24 percent.

For the fiscal year ended June 30, 2017, the net of fee investment performance return on a time weighted basis reported by the custodial bank, BNY Mellon, was 11.88 percent. This return reflects performance of the Systems, at the aggregate for the pooled investments of the consolidated pension trust funds, after the deduction for manager fees and/or expenses. This fiscal year's performance was well above the prior year's return of negative 0.39 percent and is considered an actuarial gain since it was more than the 7.5 percent actuarial investment rate of return assumed for the plans.

Annuity benefits increased 8.4 percent from the prior fiscal year. The total number of retired members and beneficiaries receiving monthly retirement benefits from the Systems increased from approximately 161,000 to nearly 164,000 annuitants during the year. Additionally, monthly benefits increased because eligible SCRS and PORS annuitant payees received an annual benefit adjustment equal to the lesser of 1 percent or \$500 on July 1, 2016. Lastly, the largest effect was the surge in the amount of distributions paid to members ending their participation in the Teacher and Employee Retention Incentive (TERI) program which produced an increase of nearly \$138 million in annuity benefits paid in the form of TERI distributions.

South Carolina Retirement Systems Fiduciary Net Position

June 30, 2017 and 2016
(Amounts expressed in thousands)

Assets	2017	2016	Increase / (Decrease)	% Increase / (Decrease)
Cash & cash equivalents, receivables, and prepaid expenses	\$ 3,712,085	\$ 4,979,349	\$ (1,267,264)	(25.45)%
Investments, at fair value	27,995,164	24,790,218	3,204,946	12.93%
Securities lending cash collateral invested	123,275	55,737	67,538	121.17%
Capital Assets, net of accumulated depreciation	2,537	2,741	(204)	(7.44)%
Total Assets	<u>31,833,061</u>	<u>29,828,045</u>	<u>2,005,016</u>	<u>6.72%</u>
Liabilities				
Deferred retirement benefits	95,327	71,693	23,634	32.97%
Obligations under securities lending	123,275	55,737	67,538	121.17%
Other accounts payable	1,397,531	1,633,962	(236,431)	(14.47)%
Total Liabilities	<u>1,616,133</u>	<u>1,761,392</u>	<u>(145,259)</u>	<u>(8.25)%</u>
Total Fiduciary Net Position Restricted for Pensions	<u>\$ 30,216,928</u>	<u>\$ 28,066,653</u>	<u>\$ 2,150,275</u>	<u>7.66%</u>

South Carolina Retirement Systems Changes in Fiduciary Net Position

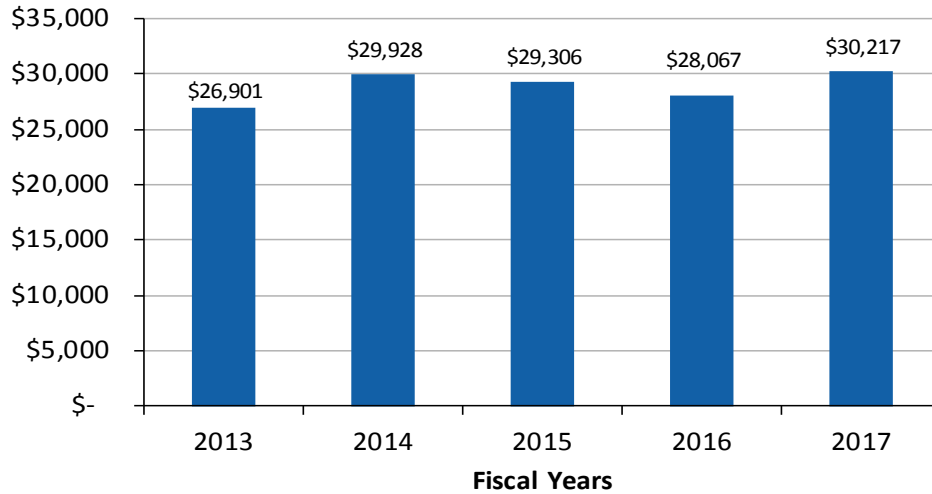
For the Years Ended June 30, 2017 and 2016
(Amounts expressed in thousands)

Additions	2017	2016	Increase / (Decrease)	% Increase / (Decrease)
Employee contributions	\$ 957,779	\$ 871,936	\$ 85,843	9.85%
Employer contributions	1,375,926	1,262,585	113,341	8.98%
State-appropriated contributions	4,591	4,591	-	0.00%
Net Investment income (loss)	3,269,390	(191,288)	3,460,678	1809.15%
Other income	1,958	1,830	128	6.99%
Total Additions	<u>5,609,644</u>	<u>1,949,654</u>	<u>3,659,990</u>	<u>187.73%</u>
Deductions				
Annuity benefits	3,291,197	3,036,279	254,918	8.40%
Refunds	125,762	112,954	12,808	11.34%
Death benefits	25,133	22,771	2,362	10.37%
Administrative & other expenses	17,277	16,687	590	3.54%
Total Deductions	<u>3,459,369</u>	<u>3,188,691</u>	<u>270,678</u>	<u>8.49%</u>
Increase (Decrease) in Fiduciary Net Position	<u>2,150,275</u>	<u>(1,239,037)</u>	<u>3,389,312</u>	<u>273.54%</u>
Beginning Fiduciary Net Position	28,066,653	29,305,690	(1,239,037)	(4.23)%
Ending Fiduciary Net Position Restricted for Pensions	<u>\$ 30,216,928</u>	<u>\$ 28,066,653</u>	<u>\$ 2,150,275</u>	<u>7.66%</u>

The following graph reflects Fiduciary Net Position restricted for pensions for the five consolidated defined benefit plans over the past five fiscal years:

South Carolina Retirement Systems Fiduciary Net Position

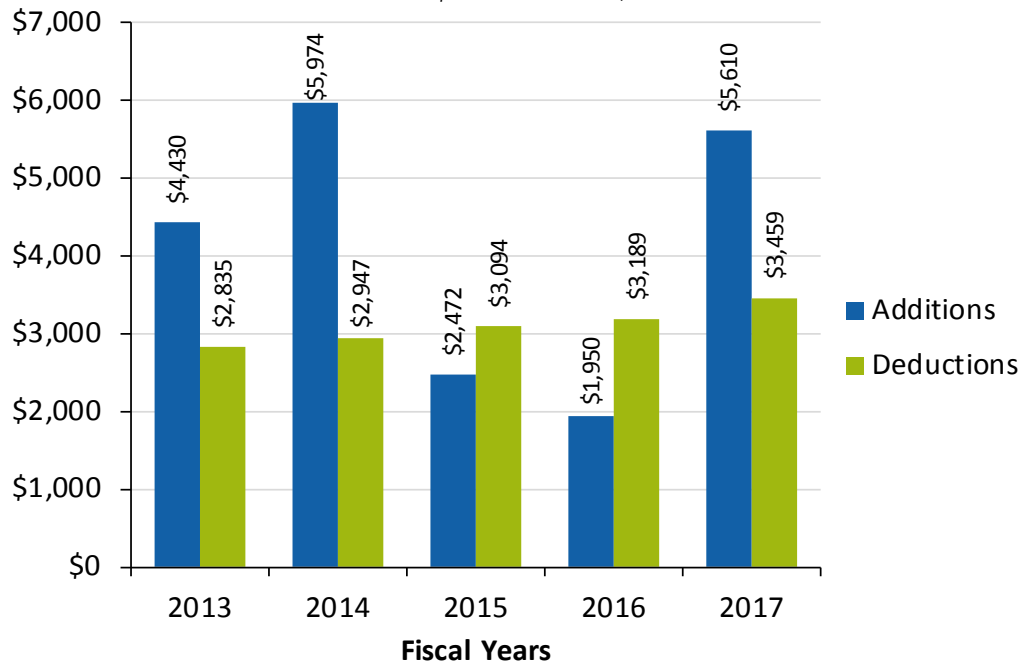
Five Years Ended June 30, 2017
(Amounts expressed in millions)



The following graph represents additions from all sources (employee contributions, employer contributions and investment gains and losses) and deductions (annuities, refunds, death benefits, administrative expense and depreciation) from Fiduciary Net Position over the past five fiscal years:

South Carolina Retirement Systems Summary of Additions and Deductions

Five Years Ended June 30, 2017
(Amounts expressed in millions)

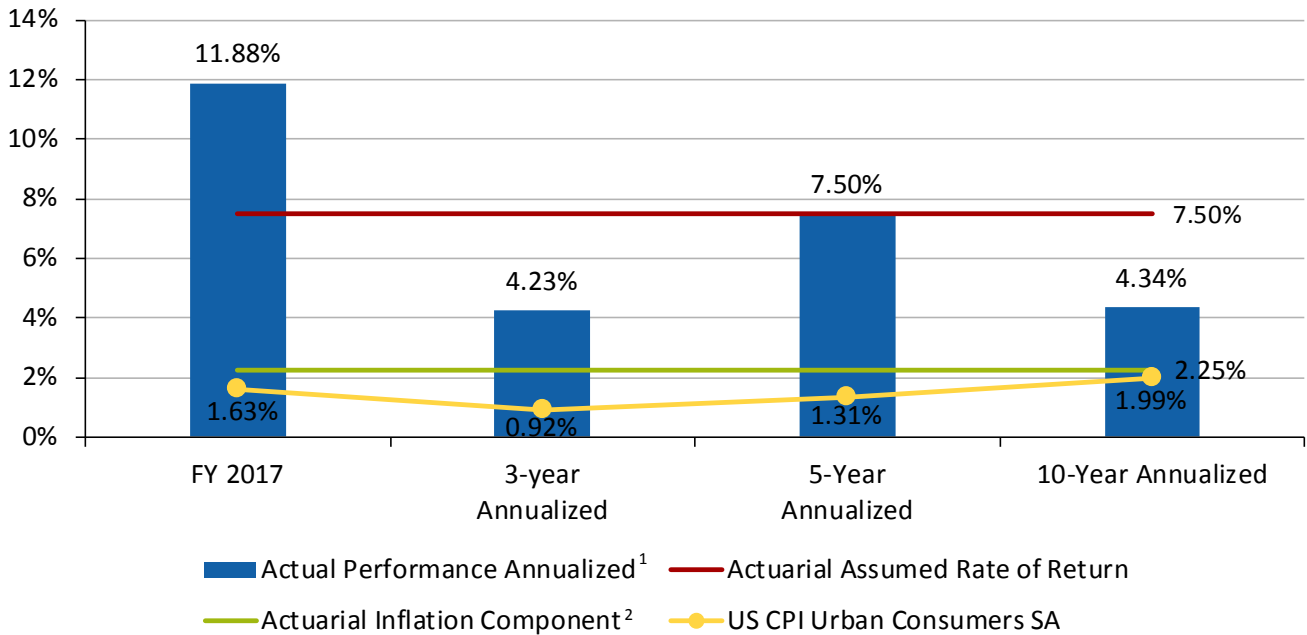


Investments Overview

As of June 30, 2017, the custodial bank reported that assets of the pension trust funds, invested and managed by the Retirement System Investment Commission (RSIC), had a fair value of \$30.1 billion. This represents a \$2.1 billion increase over the previous fiscal year end's investment fair value.

Summary of Investment Performance

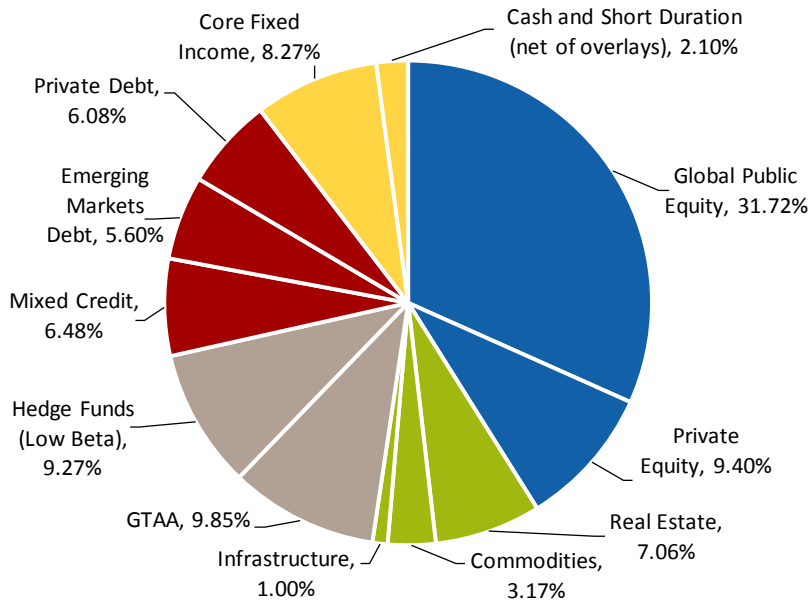
As of June 30, 2017



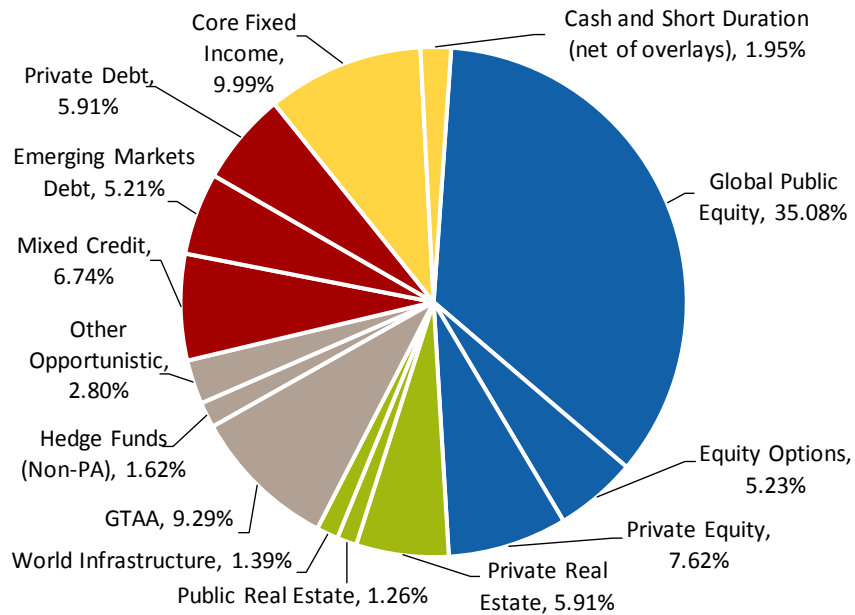
¹Plan returns are from BNY Mellon and are time-weighted, total return calculations, net of fees and expenses. All returns are expressed in U.S. Dollars. Periods greater than one year are annualized.

²The actuarial assumed rate of return was 7.50 percent for years July 1, 2011 – June 30, 2017. The rate was composed of a 2.75 percent inflation rate and a 4.75 percent real rate of return, net of investment and administrative expenses through 2016 and the components changed to a 2.25 percent inflation rate and a 5.25 percent real rate of return for fiscal year 2017.

Portfolio Exposure as of June 30, 2016¹



Portfolio Exposure as of June 30, 2017¹

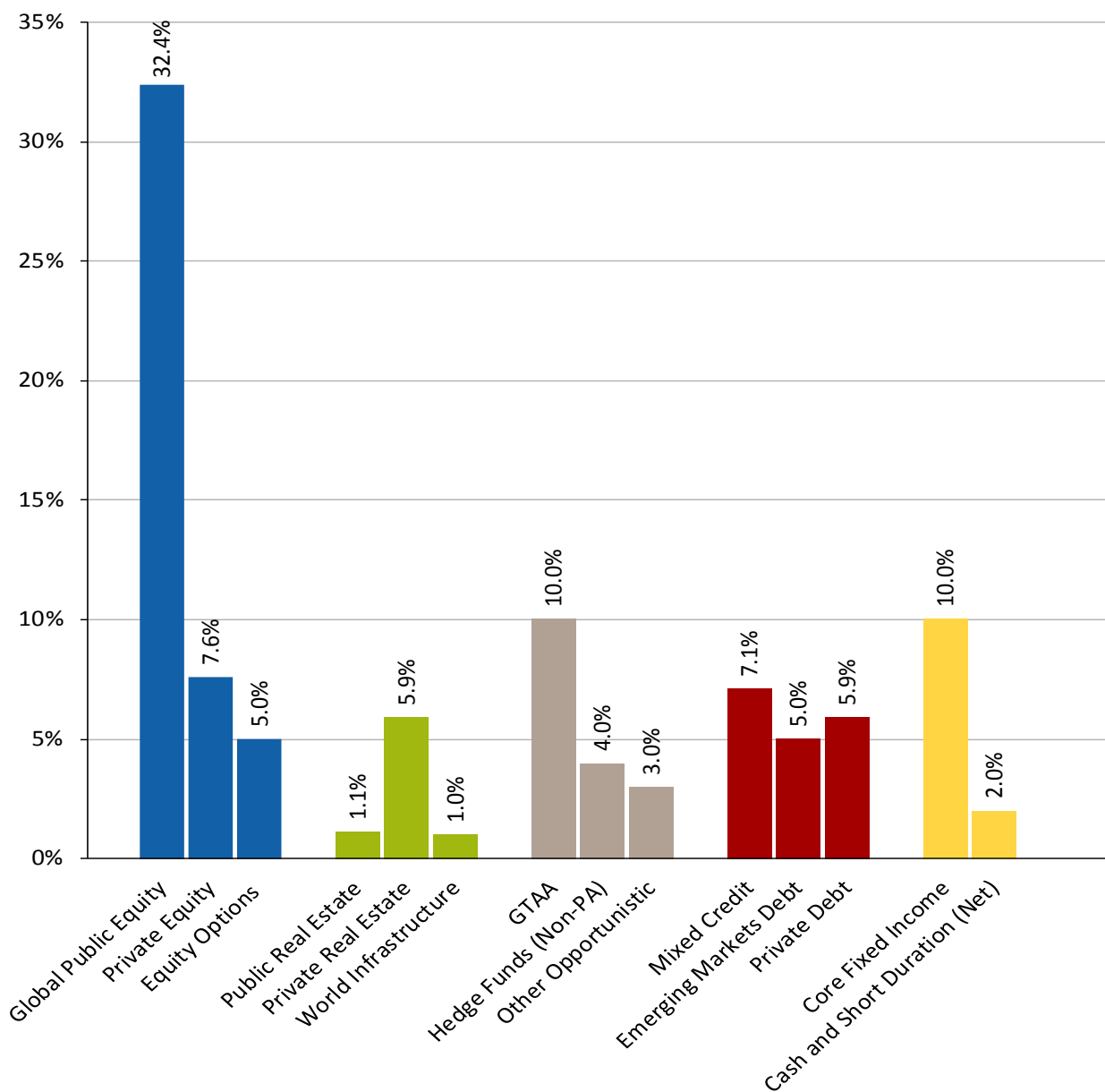


<ul style="list-style-type: none"> Global Equity Global Public Equity² Private Equity Equity Options 	<ul style="list-style-type: none"> Real Assets Public Real Estate Private Real Estate World Infrastructure 	<ul style="list-style-type: none"> Opportunistic GTAA Hedge Funds (Non-PA)² Other Opportunistic
<ul style="list-style-type: none"> Diversified Credit Mixed Credit Emerging Markets Debt Private Debt 	<ul style="list-style-type: none"> Conservative Fixed Income Core Fixed Income² Cash and Short-Duration (net of overlays) 	

¹Asset class exposures include exposure from RSIC's derivative overlay program.

²Asset classes in which hedge funds can be used. Total hedge fund exposure cannot exceed 20% of total Plan assets.

Target Asset Allocation as of June 30, 2017¹



<ul style="list-style-type: none"> Global Equity Global Public Equity² Private Equity Equity Options 	<ul style="list-style-type: none"> Real Assets Public Real Estate Private Real Estate World Infrastructure 	<ul style="list-style-type: none"> Opportunistic GTAA Hedge Funds (Non-PA)² Other Opportunistic
<ul style="list-style-type: none"> Diversified Credit Mixed Credit Emerging Markets Debt Private Debt 	<ul style="list-style-type: none"> Conservative Fixed Income Core Fixed Income² Cash and Short-Duration (net of overlays) 	

¹Target Asset Allocation reflects the policy targets that were adopted by the Commission and in effect at the end of fiscal year 2017. The target weights to Private Equity, Private Debt, and Private Real Estate are equal to their actual weights, reported by the custodial bank, as of the prior month end.

²Asset classes in which hedge funds can be used. Total hedge fund exposure cannot exceed 20% of total Plan assets.

South Carolina Retirement Systems

List of Largest Assets Held

As of June 30, 2017

SCRS held units in the following index funds:							
Units	Description	SCRS	PORS	GARS	JSRS	SCNG	Fair Value
63,888,993	Blackrock MSCI World Index	\$1,011,251,562	\$ 167,386,429	\$1,170,576	\$ 5,853,919	\$ 929,065	\$ 1,186,591,551
22,502,003	Daily MSCI USA Index NL Fund	624,343,393	103,343,832	722,709	3,614,190	573,601	732,597,725
5,032,702	MSCI EAFE Index NL Fund (FD12)	390,928,010	64,707,978	452,519	2,262,999	359,156	458,710,662
486,847	MSCI CAD Index NL Fund (CA-12)	36,678,994	6,071,255	42,458	212,327	33,698	43,038,732
Total							\$ 2,420,938,670
Top Ten Equity Holdings							
Units	Description	SCRS	PORS	GARS	JSRS	SCNG	Fair Value
386,815	Apple Inc	\$ 47,477,086	\$ 7,858,599	\$ 54,957	\$ 274,835	\$ 43,619	\$ 55,709,096
247,768	Simon Property Group Inc	34,156,574	5,653,734	39,538	197,725	31,381	40,078,952
79,937	Equinix Inc	29,236,477	4,839,339	33,843	169,244	26,860	34,305,763
232,596	American Tower Corp	26,229,239	4,341,569	30,362	151,835	24,098	30,777,103
499,291	Prologis Inc	24,952,017	4,130,158	28,883	144,442	22,924	29,278,424
219,919	Johnson & Johnson	24,794,065	4,104,013	28,700	143,528	22,779	29,093,085
2,137,125	National Grid PLC	22,517,802	3,727,237	26,066	130,351	20,688	26,422,144
136,040	AvalonBay Communities Inc	22,279,742	3,687,833	25,790	128,973	20,469	26,142,807
537,029	TransCanada Corp	21,785,918	3,606,093	25,218	126,114	20,015	25,563,358
297,797	Vinci SA	21,631,547	3,580,541	25,040	125,220	19,873	25,382,221
Total							\$ 322,752,953
Top Ten Fixed Income Holdings							
Par Value	Description	SCRS	PORS	GARS	JSRS	SCNG	Fair Value
\$ 104,170,000	Commit to Purchase FNMA 3.50% due 08/01/2047	\$ 91,026,641	\$ 15,067,096	\$ 105,368	\$ 526,934	\$ 83,629	\$ 106,809,668
65,030,000	Commit to Purchase FNMA 4.00% due 08/01/2047	58,162,322	9,627,262	67,326	336,689	53,435	68,247,034
61,000,000	US Treasury Bond 2.50% due 02/15/2045	48,515,570	8,030,492	56,159	280,846	44,573	56,927,640
46,000,000	Commit to Purchase FNMA 3.00% due 08/01/2047	39,089,387	6,470,233	45,248	226,280	35,912	45,867,060
43,000,000	US Treasury Note 1.00% due 10/15/2019	36,299,681	6,008,469	42,019	210,131	33,350	42,593,650
35,000,000	Federal Farm Credit Bank 1.17% due 05/16/2019	29,664,670	4,910,216	34,338	171,722	27,254	34,808,200
33,000,000	Commit to Purchase FNMA 3.00% due 09/01/2047	27,995,702	4,633,961	32,406	162,061	25,720	32,849,850
30,000,000	Commit to Purchase FNMA 4.50% due 08/01/2047	27,391,169	4,533,897	31,707	158,562	25,165	32,140,500
26,725,000	Exxon Mobil Corp 1.708% due 03/01/2019	22,825,785	3,778,216	26,422	132,134	20,971	26,783,528
25,000,000	Federal Home Loan Bank 1.65% due 01/06/2020	21,306,657	3,526,764	24,664	123,340	19,575	25,001,000
Total							\$ 472,028,130

Note: A complete list of portfolio holdings is available upon request.

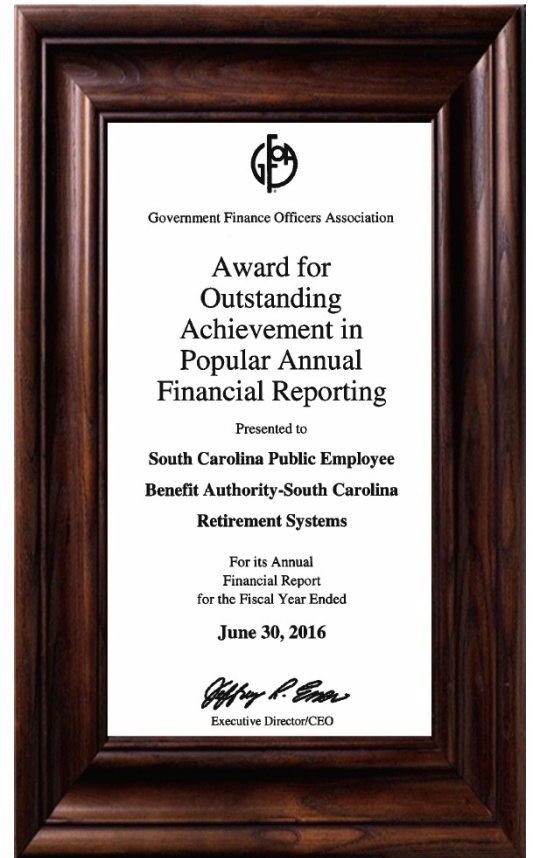
Fiscal Year 2016 GFOA Award

The South Carolina Retirement Systems' *Popular Annual Financial Report* for the fiscal year ended June 30, 2016, received an Award for Outstanding Achievement in Popular Annual Financial Reporting from the Government Finance Officers Association (GFOA) of the United States and Canada.

This is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

To receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a *Popular Annual Financial Report* in which the content conforms to program standards of creativity, presentation, understandability and reader appeal.

This award is valid for a period of one year only. The Systems has received the Award for Outstanding Achievement for each of the last 13 consecutive years (fiscal years ended 2004-2016). We believe our current report continues to conform to the GFOA's Popular Annual Financial Reporting requirements and are submitting it for consideration.



2017 PPCC Award



The South Carolina Retirement Systems received the Public Pension Coordinating Council's Public Pension Standards 2017 Award.

It is the 14th consecutive year during which the S.C. Public Employee Benefit Authority applied for and received the Council's award in recognition of meeting professional plan design and administration standards.

The Public Pension Coordinating Council is a confederation of the National Association of State Retirement Administrators, the National Conference on Public Employee Retirement Systems and the National Council on Teacher Retirement.



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