

Financial Statements
South Carolina Retirement Systems
Year Ended June 30, 2026

Administered by the
South Carolina Public Employee Benefit Authority
Columbia, South Carolina

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SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
1401 Main Street, Suite 1200 • Columbia, SC 29201

October 14, 2026

Members of the South Carolina Public Employee
Benefit Authority
State of South Carolina
Columbia, South Carolina

This report on the audit of the financial statements of the South Carolina Retirement Systems for the fiscal year ended June 30, 2026, was issued by Crowe LLP, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

Sue F. Moss, CPA
Interim State Auditor

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INDEPENDENT AUDITOR'S REPORT

The Honorable Henry D. McMaster, Governor
Ms. Sue F. Moss, CPA, State Auditor,
and Board of Directors
South Carolina Public Employee Benefit Authority
Columbia, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the South Carolina Retirement Systems (the Systems) as administered by the South Carolina Public Employee Benefit Authority, included as fiduciary funds of the State of South Carolina, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Systems, as of June 30, 2026, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Systems and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Systems' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Systems' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Systems' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the Systems' 2025 financial statements, and we expressed unmodified opinions on the respective financial statements of the Systems in our report dated October 14, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2025, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of changes in the employers' net pension liability, employers' net pension liability, employers' and nonemployer's contributions, and investment returns and related notes as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

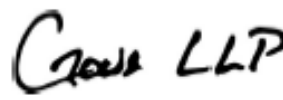
Supplementary Information

Our audit for the year ended June 30, 2026 was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Systems' basic financial statements. The other supplementary information, as listed in the table of contents, for the year ended June 30, 2026 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2026 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2026.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Systems as of and for the year ended June 30, 2025 (not presented herein) and have issued our report thereon dated October 14, 2025 which contained unmodified opinions on the respective financial statements of the Systems. The other supplementary information, as listed in the table of contents, for the year ended June 30, 2025 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2025 basic financial statements. The information was subjected to the audit procedures applied in the audit of the 2025 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2025.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2026 on our consideration of the Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Systems' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Systems' internal control over financial reporting and compliance.


Crowe LLP

Dallas, Texas
October 14, 2026

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Management's Discussion and Analysis (unaudited)

This section presents management's discussion and analysis of the financial position and results of operations for the South Carolina Retirement Systems' pension trust funds (Systems) for the year ended June 30, 2026. It is intended to provide an objective, readable analysis of the changes in fiduciary net position, investment performance and funding-related measures based on currently known facts, decisions and conditions. It contains information from the financial statements, notes and supplementary information included in this report, accompanied by explanations. This narrative is intended as a supplement and should be read in conjunction with the financial statements.

This financial report is designed to provide a general overview of the Retirement Systems' financial activities and position for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to S.C. PEBA, Attn: Retirement and Investment Accounting, 202 Arbor Lake Drive, Columbia, SC 29223. Inquiries can also be made at www.peba.sc.gov or by calling 888.260.9430.

Overview of the Financial Statements

This report contains the Systems' financial statements and provides information about the activities of the five defined benefit pension plans administered by the South Carolina Public Employee Benefit Authority, which are listed below, in addition to comparative summary information about the activities of the Systems as a whole:

- South Carolina Retirement System (SCRS) - A member contributory multiple-employer plan covering teachers, as well as state and municipal employees;
- Police Officers Retirement System (PORS) - A member contributory multiple-employer plan covering state and local law enforcement personnel and firefighters;
- Retirement System for Members of the General Assembly of the State of South Carolina (GARS) - A member contributory plan providing benefits to members of the South Carolina General Assembly, which is closed to persons first elected to the South Carolina General Assembly at or after the general election in November 2012;
- Retirement System for Judges and Solicitors of the State of South Carolina (JSRS) - A member contributory plan covering Judges, Solicitors, Public Defenders and Administrative Law Judges; and
- South Carolina National Guard Supplemental Retirement Plan (SCNG) - A non-contributory supplemental benefit plan for members of the South Carolina National Guard.

The Systems represents the collective retirement funds that are held in a group trust for the plans and are protected by the state's constitution. PEBA was created July 1, 2012, and administers the various retirement systems and retirement programs. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

PEBA is considered a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the annual comprehensive financial report of the

state. Financial statements prepared on behalf of the Systems include the following information, for the fiscal year ended June 30, 2026, with combined total comparative information for the fiscal year ended June 30, 2025:

- *Statement of Fiduciary Net Position*
- *Statement of Changes in Fiduciary Net Position*
- Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information

The *Statement of Fiduciary Net Position* 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.

The *Statement of Changes in Fiduciary Net Position* presents information showing how the Systems' net positions restricted for pensions changed during the year. This statement includes additions for members, employers, nonemployer and state appropriated contributions and investment earnings (losses) and deductions for retirement benefit payments, refunded contributions, death benefit payments and administrative expenses.

Notes to the Financial Statements are an integral part of the basic financial statements and provide additional information necessary to gain a comprehensive understanding of data reported in the basic financial statements.

Required Supplementary Information presents schedules pertaining to the employers' net pension liability, changes in employers' net pension liability, employers' and nonemployer's contributions, and the money-weighted rate of return on investments. These schedules are intended to provide additional information useful in evaluating the condition of the Systems.

Other Supplementary Information includes Schedules of Changes in Fiduciary Net Position, as well as Schedules of Administrative Expenses, Professional and Consultant Fees and Investment Fees and Expenses.

Separate fiduciary funds are used to account for the activities of the five defined benefit trust funds administered by PEBA. All funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan.

The Systems' principal sources of additions to fiduciary position are employee contributions, employer contributions and investment earnings. In addition, the General Assembly provided funds to PEBA through legislative appropriations that are classified as nonemployer contributions by the Systems. A portion of the appropriated funds were made available for PEBA to distribute to participating employers in the form of a credit to be used towards contributions due to SCRS and PORS, and a portion of the funds were appropriated as additional contributions to JSRS. Required annual contributions for the SCNG are also funded through an annual state appropriation. Deductions from fiduciary position consist primarily of payments of monthly annuities to retired members or their beneficiaries, and refunds of member contributions and accumulated interest that are distributed upon request, and subsequent to, termination of employment. The defined benefit plans include an incidental death benefit in which employers can elect to participate that provides death benefits to beneficiaries of both active and retired members. Additionally, PORS includes an accidental death program that provides death benefits to survivors of PORS members.

All assets of the Systems are held in a group trust and the Commission has exclusive authority to invest and manage those assets. The Commission operates pursuant to statutory provisions and under governance policies

that allow for a diverse asset allocation, and which afford RSIC and its Chief Investment Officer discretion and flexibility to quickly react to changes in market conditions. The Retirement Systems' investment portfolio is structured to focus on ensuring the long-term stability of the plans, seeking superior returns at acceptable levels of risk.

Financial Summary

The Systems' financial stability and long-term ability to sufficiently fund retirement benefits payable to members in future years is viable because funds are accumulated and invested on a regular and systematic basis. The five defined benefit funds provide monthly service retirement benefits, disability benefits and death benefits to eligible members and/or their surviving beneficiaries.

On a combined basis, the defined benefit plans' fiduciary net position was \$58.7 billion at June 30, 2026, up from \$50.8 billion in the prior fiscal year. This represents an increase of more than 15% from the previous fiscal year ended June 30, 2025. The net position of the plans is impacted by contributions paid into the plans, investment performance and benefits paid out of the plans. Although contributions received exceeded benefits and expenses for the fiscal year, allowing the plans to continue to experience positive net cash outflows, it is also crucial for favorable investment performance to be achieved for the fiduciary net position to grow. Thus, the increase in net position for the fiscal year was attributable to both increased contributions and positive investment performance.

Summary comparative financial statements of the Retirement Systems' pension trust funds are presented on the following page.

Fiduciary Net Position

As of June 30

(Amounts expressed in thousands)

	2026	2025	Increase / (Decrease)	% Increase / (Decrease)
Assets				
Cash and cash equivalents, receivables, and prepaid expenses	\$ 6,398,829	\$ 7,611,493	\$ (1,212,664)	(15.93)%
Investments, at fair value	52,647,910	43,650,203	8,997,707	20.61%
Securities lending cash collateral invested	245,997	306,413	(60,416)	(19.72)%
Capital assets, net of accumulated depreciation	2,282	1,543	739	47.89%
Total assets	<u>59,295,018</u>	<u>51,569,652</u>	<u>7,725,366</u>	14.98%
Liabilities				
Obligations under securities lending	245,997	306,413	(60,416)	(19.72)%
Other liabilities	381,722	444,223	(62,501)	(14.07)%
Total liabilities	<u>627,719</u>	<u>750,636</u>	<u>(122,917)</u>	(16.38)%
Net Position Restricted for Pensions	<u>\$ 58,667,299</u>	<u>\$ 50,819,016</u>	<u>\$ 7,848,283</u>	15.44%

Changes in Fiduciary Net Position

Years Ended June 30

(Amounts expressed in thousands)

	2026	2025	Increase / (Decrease)	% Increase / (Decrease)
Additions				
Employee contributions	\$ 1,460,030	\$ 1,398,575	\$ 61,455	4.39%
Employer contributions	3,256,256	3,109,604	146,652	4.72%
Nonemployer contributions	105,488	104,076	1,412	1.36%
State appropriated contributions	5,290	5,290		0.00%
Net investment income	7,520,986	5,100,830	2,420,156	47.45%
Other income	920	1,820	(900)	(49.45)%
Total additions	<u>12,348,970</u>	<u>9,720,195</u>	<u>2,628,775</u>	27.04%
Deductions				
Annuity benefits	4,244,902	4,094,422	150,480	3.68%
Refunds	204,461	192,915	11,546	5.99%
Death benefits	30,534	30,355	179	0.59%
Administrative and other expenses	20,790	23,147	(2,357)	(10.18)%
Total deductions	<u>4,500,687</u>	<u>4,340,839</u>	<u>159,848</u>	3.68%
Net increase in Net Position	<u>7,848,283</u>	<u>5,379,356</u>	<u>2,468,927</u>	45.90%
Net Position Restricted for Pensions				
Beginning of year	50,819,016	45,439,660	5,379,356	11.84%
End of year	<u>\$ 58,667,299</u>	<u>\$ 50,819,016</u>	<u>\$ 7,848,283</u>	15.44%

Detailed Analysis of the Plan's Financial Position and Results of Operations

Assets

The Commission operates pursuant to statutory provisions and under governance policies that allow for a diverse asset allocation, and which afford RSIC and its CIO discretion and flexibility to quickly react to changes in market conditions. The Retirement Systems' investment portfolio is structured to focus on ensuring the long-term stability of the plans, seeking superior returns at acceptable levels of risk.

The *Statement of Fiduciary Net Position* illustrates the combined total of Cash and cash equivalents, receivables and prepaid expenses decreased 16% from fiscal year 2025. The decrease in this line item was primarily due to the decrease from \$6.14 billion to \$3.97 billion in the dollar amount of Cash and cash equivalents at June 30, 2026. Cash fluctuates in line with Plan allocations. As allocations shift, RSIC adjusts cash positions accordingly. Balances remain within the target asset allocation ranges allowed per the Commission's *Annual Investment Plan*.

Capital assets, net of accumulated depreciation, increased from \$1.5 million at June 30, 2025, to \$2.3 million at June 30, 2026, which was an increase of nearly 48% from fiscal year 2025. During fiscal year 2026, PEBA entered into a subscription-based information technology arrangement and the Retirement Systems recognized an intangible asset for \$805,000, which will be amortized over a five-year period.

Investment Performance

For the fiscal year ended June 30, 2026, investment performance, net of fees, on a time-weighted basis reported by the custodial bank, the Bank of New York, was 14.53%. The net rate of 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 investment expenses. Performance for fiscal year 2026 exceeded the prior fiscal year's return of 11.34%. The Plan outperformed the policy benchmark, which returned 13.98%, by 55 basis points. Additionally, the Plan performance exceeded the actuarial assumed rate of return of 7% by 753 basis points; therefore, the plans also experienced an actuarial gain for the fiscal year.

Public equity was the strongest performing asset class this fiscal year, returning 24.7% and outperforming the 24.22% benchmark return. Hedge funds, which support the Portable Alpha program, returned 14.91% and generated 1,096 basis points of excess return over the Secured Overnight Financing Rate. Private equity returned 10.07% but trailed its benchmark, which returned 12.33%. Private debt delivered a 6.06% return, underperforming its benchmark by 25 basis points. Real assets, which include private and public real estate and infrastructure, returned 3.13%, below the benchmark's 5.71%. The Bonds asset class, which incorporates cash and short duration investments, returned 3.03% versus its benchmark return of 3.79%. All asset class results reflect the impact of synthetic returns generated through the overlay portfolio.

For investment performance calculation purposes, the books are closed 12 business days after month end, capturing the corresponding valuations reported by investment managers to that point. However, for investment valuation purposes, and specifically to ensure financial statements include the most complete values of private market investments, the books are held open longer at fiscal year-end, which allows more time for valuations to be received from investment managers with lagged reporting. Because of the timing difference between accounting and performance, the investment performance of some reported valuations included in the reported plan's net position are not included in plan performance for the current fiscal year. Accordingly, the performance of those particular assets will be included in the calculation of following fiscal year's plan performance.

The Systems' investment portfolio participates in a securities lending program, managed by BNY, whereby securities are loaned for the purpose of generating additional income. As the securities lending agent, BNY is responsible for making loans of securities on a collateralized basis from the Systems' investment portfolio to

various third-party broker-dealers and financial institutions. Securities lending revenue, net of borrower rebates, was \$2.31 million, an increase of \$627,000 from the prior year. As reported by BNY, at June 30, 2026, the fair value of securities on loan was \$238.55 million, the fair value of the invested cash collateral was \$246 million, and the securities lending obligations were \$246 million.

All investment manager fees, whether directly invoiced or deducted from the funds' net asset value on a net of fee basis, are classified and reported as investment expense in the *Statement of Changes in Fiduciary Net Position*. RSIC is responsible for overseeing the collection, validation and aggregation of non-invoiced/netted fee and expense information performed by their external consultant. On an annual basis, fee information is communicated to PEBA so that amounts can be reclassified and reported in the Systems' financial statements. Investment manager fees reported include management fees, performance fees and carried interest (accrued during the fiscal year), and other expenses. There is no industry standard for reporting pension plan investment fees and expenses; therefore, to compare investment expenses as reported by the Systems with investment management costs reported by other public pension plans, an understanding of the actual fees and expenses included in any comparative report is necessary. Total investment manager fees for fiscal year 2026 were \$624.22 million, which includes both directly invoiced amounts and amounts deducted on a net of fee basis, but excludes bank fees and other miscellaneous investment expenses. Comparatively, total investment manager fees were 10.9% higher than the prior fiscal year 2025 total of \$562.63 million. The increase for the current fiscal year is primarily attributed to higher management fees and expenses resulting from the growth in Plan assets under management.

In accordance with the South Carolina Code of Laws, the Commission has exclusive authority to select the custodial bank, with PEBA as a third-party beneficiary of the contract with full rights to information. The Commission contracts with BNY to serve as custodial bank for the Retirement Systems' funds. Under a provision of the contract for custody services and in an effort to maintain transparency, BNY directly invoices the trust funds on a quarterly basis for both custody and other ancillary services utilized. PEBA and RSIC jointly verify invoices accurately reflect services rendered and are appropriate for the period, before amounts are paid from the trust fund. Securities lending revenue within the pension trust fund is the initial source from which such costs are paid to the custodial agent.

Contributions

The *Statement of Changes in Fiduciary Net Position* depicts slight increases in the dollar amounts of both employee and employer contributions, attributable to increased payroll growth. Contributions to each of the Plans are prescribed in Title 9 of the South Carolina Code of Laws. For fiscal year 2026, employee contribution rates remained capped at 9% of pay for SCRS and 9.75% for PORS, and total employer contribution rates for both SCRS and PORS remained at 18.56% of pay and 21.24%, respectively. These employer rates are inclusive of contributions for the incidental and accidental death benefit plans, which are only applicable to employers participating in those benefits.

This represents the eighth year in which the General Assembly has included funding for PEBA to distribute to some employers to help offset a portion of the SCRS and PORS employer retirement contributions. Nonemployer contributions for fiscal year 2026 totaled \$88.7 million and \$13.9 million for SCRS and PORS, respectively. The General Assembly also continued to fund \$2.9 million in nonemployer contributions to JSRS. The notes provide additional information regarding nonemployer contributions.

Employer contributions for GARS and SCNG are determined by the Systems' actuary on an annual basis. SCNG employer contributions are provided annually by state appropriations.

Deductions

Amounts paid out of the plans also increased marginally compared with the previous year. Annuity benefits paid from the five defined benefit plans increased nearly 4% from the prior fiscal year. The change resulted in part from the annual benefit adjustment equal to the lesser of 1% or \$500 granted to eligible SCRS and PORS annuity recipients effective July 1, 2025. In addition, the number of annuitants receiving monthly benefits increased slightly, as did the average monthly benefit of those annuitants.

PEBA is the governing body responsible for administration of both the state's retirement plans and employee insurance programs. Administrative costs are proportionately allocated for retirement operations and funded from the retirement trust funds. Amounts are reflected as administrative expenses on the *Statement of Changes in Fiduciary Net Position*. Administrative and other expenses decreased from \$23.1 million in fiscal year 2025 to \$20.8 million in fiscal year 2026, which was a decrease of just over 10% from the prior year. The primary driver of this reduction was cost savings achieved on system modernization projects.

Actuarial Valuations and Funding Progress

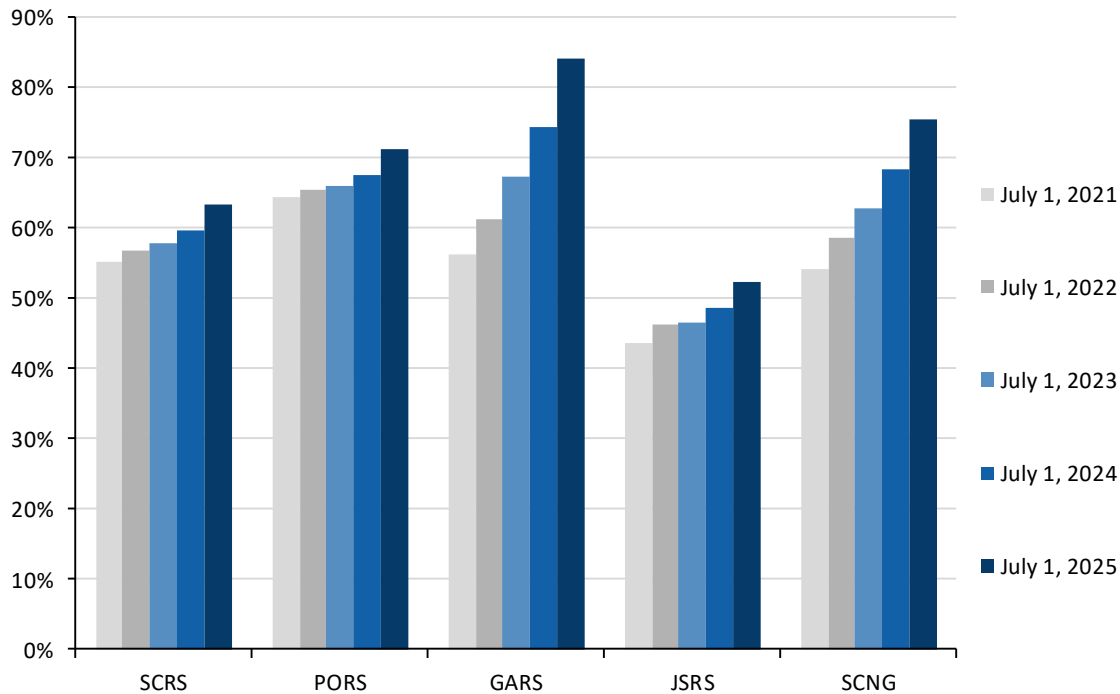
Actuarial valuations are performed annually by an external consulting actuary for each of the five defined benefit plans to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Additionally, the PEBA Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least 85%. The Retirement System Funding and Administration Act of 2017, effective on July 1, 2017, scheduled the amortization period to be reduced from 30 years to 20 years over a 10-year schedule. Over time and provided investment performance meets long-term assumptions and there are no future benefit enhancements, the funded ratio of each system is expected to improve significantly.

For purposes of developing the actuarially determined contribution rate, the most recently completed valuations prepared as of July 1, 2025, recognized investment performance using the smoothing method, which recognizes each year's investment gain or loss, determined on a fair value of assets basis, over a closed five-year period at a rate of 20% per year. This asset valuation method mitigates the short-term impact of market volatility and allows changes in market conditions to be recognized (smoothed) over a longer period.

Actuarial valuations are prepared by Gabriel, Roeder, Smith & Company (GRS) as the consulting actuary for funding purposes and the funded ratio (the ratio of the actuarial assets to the actuarial accrued liability) is a standard of measure of a plan's funded status. It provides an indication as to whether sufficient assets are accumulated to pay benefits when due; the greater the level of funding, the larger the ratio of assets to liabilities. The funding progress of a retirement system should be reviewed over a multi-year period, such as five to 10 years, to identify trends in the system's funded status. The most recent actuarial valuations prepared by GRS for funding purposes as of July 1, 2025, showed a slight increase in funded status for SCRS, PORS and JSRS while the funded ratios for GARS and SCNG showed larger improvements. The changes in funded ratios do not affect the availability of funds or resources for future use, and considering scheduled contributions, actuarial projections indicate unfunded liabilities should be amortized and funded within the guidelines established in Title 9 of the South Carolina Code of Laws. The actuarial funded ratios of the five plans are presented in the graph on the following page.

Actuarial Funded Ratios

(Actuarial assets as a percentage of actuarial accrued liabilities)



Significant Capital Asset and Long-Term Financing Activity

Although the Systems entered into a SBITA during fiscal year 2026, which increased Capital Assets, net of accumulated depreciation, by \$791,000, the financial statements continue to include a modest balance in Capital Assets, net of accumulated depreciation, of \$2.3 million. The notes provide additional information regarding capital assets, as well as SBITA liabilities. Relative to the size of the Systems investment assets, these balances remained small and did not materially affect the changes in fiduciary net position discussed above.

Currently Known Facts, Decisions or Conditions

The Retirement System Funding and Administration Act of 2017 modified state statute to schedule additional funding. Effective July 1, 2017, employee rates were increased and capped at 9% for SCRS and 9.75% for PORS. The legislation also increased employer contribution rates annually for both SCRS and PORS. Beginning July 1, 2017, employer rates increased by 2% and additional employer contribution rates were scheduled to increase by 1% each year until reaching 18.56% for SCRS and 21.24% for PORS. The rates effective July 1, 2025, represent the ultimate rates set in statute and are not expected to increase further. Provided contributions allow the unfunded actuarial accrued liability (UAAL) to be amortized over the statutorily defined funding period, there are no scheduled rate increases for either employee or employer contributions, and rates are expected to remain at the current levels. However, if at any point in the future contribution rates are no longer considered sufficient to meet the funding periods set for the applicable year, future employer contribution rates can be further increased, if necessary. The PEBA Board has authority to increase the employer contribution rates as necessary to meet the amortization period set in statute.

As of July 1, 2025, the UAAL decreased for all five defined benefit plans administered by PEBA. The UAAL for SCRS and PORS decreased from the prior year to \$23.6 billion for SCRS and \$3.1 billion for PORS. The dollar amount of the UAAL is expected to gradually decrease in the future provided investment performance meets long-term assumptions and there are no future benefit enhancements.

State statute requires an experience study be conducted at least once in each five-year period. The most recent actuarial experience study was completed by GRS for the five-year period ending June 30, 2023. Except for the investment return assumption, the PEBA Board adopted a new set of demographic and economic assumptions that were first used in the July 1, 2024, actuarial valuations. The investment return assumption is a prescribed assumption set in Section 9-16-335 of South Carolina Code of Laws. The current 7% return assumption expired on July 1, 2025, and the PEBA Board recommended continued use of the 7% investment return assumption for the subsequent four-year period to the Senate Finance Committee and House Ways and Means Committee.

This page contains no other content.

South Carolina Retirement Systems

Statement of Fiduciary Net Position

As of June 30, 2026
With summarized comparative totals for June 30, 2025
(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTAL	2025 TOTAL
Assets							
Cash and cash equivalents	\$ 3,088,431	\$ 841,416	\$ 7,104	\$ 19,517	\$ 12,399	\$ 3,968,867	\$ 6,140,693
Receivables							
Due from other systems	11	96	181			288	2,087
Employee and employer contributions	376,033	50,202	7	338		426,580	433,790
Accrued investment income	30,511	6,488	48	200	60	37,307	30,766
Unsettled investment sales	1,643,559	307,169	2,065	10,403	1,748	1,964,944	1,003,284
Other investment receivables	250	47		2		299	131
Total receivables	2,050,364	364,002	2,301	10,943	1,808	2,429,418	1,470,058
Investments, at fair value							
Short-term securities	196,580	36,739	247	1,244	209	235,019	218,621
Fixed Income	1,429,811	267,222	1,796	9,050	1,521	1,709,400	822,811
Global Public Equity	21,642,056	4,044,750	27,187	136,984	23,016	25,873,993	22,278,285
Alternatives	20,768,399	3,881,469	26,089	131,454	22,087	24,829,498	20,330,486
Total investments	44,036,846	8,230,180	55,319	278,732	46,833	52,647,910	43,650,203
Securities lending cash collateral invested	205,762	38,456	258	1,302	219	245,997	306,413
Prepaid expenses	454	85	1	3	1	544	742
Capital assets, net of accumulated depreciation	1,995	270	5	11	1	2,282	1,543
Total assets	49,383,852	9,474,409	64,988	310,508	61,261	59,295,018	51,569,652
Liabilities							
Due to other systems	273	15				288	2,087
Accounts payable - unsettled investment purchases	131,419	24,561	165	832	140	157,117	141,803
Investment fees payable	2,946	550	4	19	3	3,522	2,353
Obligations under securities lending	205,762	38,456	258	1,302	219	245,997	306,413
Due to South Carolina Retiree Health Insurance Trust Fund	106,896	1,901				108,797	105,404
Benefits payable	5,820	655			7	6,482	8,493
Other liabilities	88,201	16,577	107	540	91	105,516	184,083
Total liabilities	541,317	82,715	534	2,693	460	627,719	750,636
Net Position Restricted for Pensions	\$ 48,842,535	\$ 9,391,694	\$ 64,454	\$ 307,815	\$ 60,801	\$ 58,667,299	\$ 50,819,016

The accompanying notes are an integral part of these financial statements.

South Carolina Retirement Systems

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2026

With summarized comparative totals for the year ended June 30, 2025

(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTAL	2025 TOTAL
Additions							
Contributions							
Employee	\$ 1,234,949	\$ 220,947	\$ 104	\$ 4,030	\$ -	\$ 1,460,030	\$ 1,398,575
Employer	2,767,700	459,194	6,202	23,160		3,256,256	3,109,604
Nonemployer	88,706	13,882		2,900		105,488	104,076
State appropriated					5,290	5,290	5,290
Total contributions	4,091,355	694,023	6,306	30,090	5,290	4,827,064	4,617,545
Investment income							
Net appreciation							
in fair value of investments	6,250,901	1,168,250	7,852	39,565	6,648	7,473,216	4,980,591
Interest and dividend income	568,458	115,257	957	4,154	1,039	689,865	696,418
Investment expense	(539,008)	(100,737)	(677)	(3,412)	(573)	(644,407)	(577,864)
Net income from investing activities	6,280,351	1,182,770	8,132	40,307	7,114	7,518,674	5,099,145
From securities lending activities:							
Securities lending income	9,550	1,785	12	60	10	11,417	14,033
Securities lending borrower rebates	(7,616)	(1,423)	(10)	(48)	(8)	(9,105)	(12,348)
Net income from securities lending activities	1,934	362	2	12	2	2,312	1,685
Total net investment income	6,282,285	1,183,132	8,134	40,319	7,116	7,520,986	5,100,830
Supplemental retirement benefits funded by the State	145	5				150	162
Transfers of contributions from other Systems		579		191		770	1,658
Total additions	10,373,785	1,877,739	14,440	70,600	12,406	12,348,970	9,720,195
Deductions							
Refunds of contributions to members	171,533	32,649	4	275		204,461	192,915
Transfers of contributions to other Systems	770					770	1,658
Regular retirement benefits	3,662,799	536,651	6,183	32,132	4,841	4,242,606	4,091,764
Deferred retirement benefits						-	414
Supplemental retirement benefits	145	5				150	162
Death benefits	26,654	3,854	15	11		30,534	30,355
Accidental death benefits		2,146				2,146	2,082
Depreciation	168	22		1		191	189
Administrative expenses	16,533	3,148	22	105	21	19,829	21,300
Total deductions	3,878,602	578,475	6,224	32,524	4,862	4,500,687	4,340,839
Net increase in Net Position	6,495,183	1,299,264	8,216	38,076	7,544	7,848,283	5,379,356
Net Position Restricted for Pensions							
Beginning of year	42,347,352	8,092,430	56,238	269,739	53,257	50,819,016	45,439,660
End of year	<u>\$ 48,842,535</u>	<u>\$ 9,391,694</u>	<u>\$ 64,454</u>	<u>\$ 307,815</u>	<u>\$ 60,801</u>	<u>\$ 58,667,299</u>	<u>\$ 50,819,016</u>

The accompanying notes are an integral part of these financial statements

South Carolina Retirement Systems

Notes to Financial Statements

I. Basis of Presentation and Summary of Significant Accounting Policies

Description of the Entity

The South Carolina Public Employee Benefit Authority (PEBA) was created by the South Carolina General Assembly effective July 1, 2012. PEBA is a state agency responsible for the administration and management of the state's employee insurance programs and retirement systems.

The governing board of the authority is a board of directors consisting of 11 members. The membership composition is as follows:

- three non-representative members appointed by the Governor;
- two members appointed by the President Pro Tempore of the Senate, one a non-representative member and one a representative member who is either an active or retired member of the South Carolina Police Officers Retirement System (PORS);
- two members appointed by the Chairman of the Senate Finance Committee, one a non-representative member and one a representative member who is a retired member of the South Carolina Retirement System (SCRS);
- two members appointed by the Speaker of the House of Representatives, one a non-representative member and one a representative member who must be a state employee who is an active contributing member of SCRS;
- two members appointed by the Chairman of the House Ways and Means Committee, one a non-representative member and one a representative member who is an active contributing member of SCRS employed by a public school district.

Non-representative members of the PEBA board may not belong to the classes of employees and retirees from which representative members must be appointed. Individuals appointed to the PEBA board must possess certain qualifications.

Members of the PEBA board serve for terms of four years, on a staggered schedule and until their successors are appointed and qualify. Vacancies on the PEBA Board must be filled within 60 days in the manner of the original appointment for the unexpired portion of the term.

The financial statements of the South Carolina Retirement Systems (Systems) presented herein contain the following funds:

Pension Trust Funds

- South Carolina Retirement System (SCRS)
- South Carolina Police Officers Retirement System (PORS)
- Retirement System for Members of the General Assembly of the State of South Carolina (GARS)
- Retirement System for Judges and Solicitors of the State of South Carolina (JSRS)
- South Carolina National Guard Supplemental Retirement Plan (SCNG)

Each pension trust fund operates on an autonomous basis; funds may not be utilized for any purpose other than for the benefit of each plan's participants.

The Systems are part of the state of South Carolina's primary government and are included in the *Annual Comprehensive Financial Report of the State of South Carolina*. In making this determination, factors of financial accountability, governance and fiduciary responsibility of the state were considered.

Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for public school districts and employees of the state and its political subdivisions thereof.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

The Retirement System for Members of the General Assembly of the State of South Carolina (GARS), a single-employer defined benefit pension plan, was created effective January 1, 1966, pursuant to the provisions of Section 9-9-20 of the South Carolina Code of Laws to provide retirement allowances and

other benefits for members of the General Assembly. Retirement reform legislation closed the plan to individuals newly elected to the Senate or House of Representatives on or after the general election of 2012.

The Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), a single-employer defined benefit pension plan, was created effective July 1, 1979, pursuant to the provisions of Section 9-8-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for judges, solicitors, circuit public defenders of the state and administrative law court judges.

The South Carolina National Guard Supplemental Retirement Plan (SCNG), a single-employer defined benefit pension plan, was created effective July 1, 1975, and is governed by the provisions of Section 9-10-30 of the South Carolina Code of Laws for the purpose of providing supplemental retirement benefits to certain members who served in the South Carolina National Guard.

A summary of information related to employers and members follows (dollar amounts expressed in thousands). This information was reported in the most recent actuarial valuation as of July 1, 2025.

	State	School	Other	Total
SCRS				
Number of Employers ¹	34	109	600	743
Annualized Prior Year Compensation for Active Members	\$3,979,777	\$5,038,983	\$3,273,206	\$12,291,966
Average Number of:				
Active Contributing Members	63,733	92,304	57,605	213,642
Retirees and beneficiaries currently receiving benefits ²				158,358
Terminated members entitled to but not yet receiving benefits ²				246,333
Total SCRS Membership				618,333
PORS				
Number of Employers ¹	23	4	298	325
Annualized Prior Year Compensation for Active Members	\$550,252		\$1,398,702	\$1,948,954
Average Number of:				
Active Contributing Members	8,346		20,654	29,000
Retirees and beneficiaries currently receiving benefits ²				22,315
Terminated members entitled to but not yet receiving benefits ²				24,751
Total PORS Membership				76,066
GARS				
Number of Employers	1			1
Annualized Prior Year Compensation for Active Members	\$788			\$788
Average Number of:				
Active Members	50			50
Retirees and beneficiaries currently receiving benefits	336			336
Terminated members entitled to but not yet receiving benefits	25			25
Total GARS Membership	411			411
JSRS				
Number of Employers	1			1
Annualized Prior Year Compensation for Active Members	\$36,798			\$36,798
Average Number of:				
Active Members (168 positions)	168			168
Retirees and beneficiaries currently receiving benefits ³	235			235
Terminated members entitled to but not yet receiving benefits	7			7
Total JSRS Membership	410			410
SCNG				
Number of Employers	1			1
Annualized Prior Year Compensation for Active Members ⁴	N/A			N/A
Average Number of:				
Active Members	12,737			12,737
Retirees and beneficiaries currently receiving benefits	5,266			5,266
Terminated members entitled to but not yet receiving benefits	1,181			1,181
Total SCNG Membership	19,184			19,184

¹ Although there are 92 SCRS, 30 PORS, 2 GARS and 4 JSRS state agencies that report separately, the State is considered the primary government and therefore, all state agencies are included as a single employer. Institutions of Higher Education and Quasi-State Agencies are counted as separate employers and included within the "State" category. This schedule includes only employers that submitted contributions for an active member during the fiscal year.

² Employee Class not determinable from data.

³ Count includes 13 retired-in-place members as of July 1, 2025.

⁴ Annualized Prior Year Compensation is not applicable for SCNG because it is a non-contributory plan.

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

SCRS

Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP

As an alternative to membership in SCRS, newly hired state, public school and higher education employees and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into an account administered by one of four third-party service providers. The Retirement Systems assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third-party service providers. For this reason, State ORP assets are not considered part of the Systems for financial statement purposes.

Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the investment providers for the employee contribution (9 percent) and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for a portion of the employer contribution (13.41 percent) and a death benefit contribution (0.15 percent), which is retained by SCRS. The activity for the State ORP is as follows:

State ORP Activity

Year Ended June 30, 2026

(Dollar amounts expressed in thousands)

Active Contributing Participants	38,627
Compensation of Participants	\$2,604,377
Employer Contributions Retained by SCRS	\$349,247
Death Benefit Contributions Retained by SCRS	\$3,907
Employee Contributions to Investment Providers	\$234,394
Employer Contributions to Investment Providers	\$130,219

PORS

To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

GARS

Members of the Senate and the House of Representatives who were first elected to office prior to November 2012 are required to participate in and contribute to the system upon taking office as a member of the South Carolina General Assembly; however, the GARS plan is closed to individuals newly elected to the Senate or the House of Representatives on or after the general election of 2012.

JSRS

All solicitors, circuit public defenders, judges of a Circuit, Family or Administrative Law Court and justices of the Court of Appeals and Supreme Court are required to participate in and contribute to the system upon taking office.

SCNG

Membership consists of individuals who serve in the South Carolina National Guard.

Pension Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below.

SCRS

A Class Two member who has separated from service with at least five years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight years of earned service is eligible for a monthly pension subject to the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the

early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

PORS

A Class Two member who has separated from service with at least five years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

GARS

A member is eligible for a monthly pension at age 60 or with 30 years credited service. A member who has attained age 70 or has 30 years of service is eligible to retire and draw an annuity while continuing to serve in the General Assembly. A member is eligible to receive a deferred annuity with eight years of service. An incidental death benefit is also provided to beneficiaries of deceased members. Retirees receive increases in benefits based upon increases in the current salary of their respective active positions. GARS is closed to new members and persons newly elected to the General

Assembly must elect membership in SCRS or State ORP or may elect non-membership.

JSRS

A pension benefit is payable at age 70 with 15 years' service, age 65 with 20 years' service, 25 years' service regardless of age for a judge or 24 years of service for a solicitor or a circuit public defender regardless of age. A judge is vested in the system after attaining 10 years of earned service in the position of judge, and a solicitor or a circuit public defender is vested in the system after attaining eight years of earned service. A member who has reached maximum eligibility is eligible to retire and draw an annuity while continuing to serve. An incidental death benefit is also provided to members. Retirees receive increases in benefits based upon increases in the current salary of their respective active positions.

SCNG

A monthly pension is payable at age 60 provided the member was honorably discharged from active duty with at least 20 years of total creditable military service. Of the 20 years total creditable military service, at least 15 must have been served in the South Carolina National Guard. Additionally, the final 10 years of military service must have been served in the South Carolina National Guard. No cost-of-living increases are provided to SCNG retirees.

Summary of Significant Accounting Policies

Fund Structure

The Systems' accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate pension trust funds (fiduciary fund type) are used to account for the activities of the five public employee retirement systems administered by PEBA.

Comparative Totals

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Systems' financial statements for the year ended June 30, 2025, from which the summarized information was derived.

Basis of Accounting

All funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan.

New Accounting Pronouncement

The Systems implemented GASB Statement No. 103, Financial Reporting Model Improvements in the current fiscal year. Adoption of this statement required updates to Management's Discussion and Analysis (MD&A) to conform with the revised reporting model guidance, including the prescribed structure and enhanced analytical content. Implementation of GASB 103 did not result in changes to the pension plan financial statements, note disclosures, or other required supplementary information.

Administrative Expenses

Administrative expenses are the responsibility of PEBA and all accounting and corresponding disclosures relating to administrative expenses of the pension trust funds are included in the financial statements of the Systems.

Administrative expenses for the Retirement Division of PEBA are funded by the trust funds and are allocated to each of the systems based on its respective portion of the prior fiscal year Net Position Restricted for Pensions in order to pay for actual expenses incurred during the year. Administrative expenses of the Systems include the Retirement Division's portion of PEBA employee

salaries and associated employee benefits, costs for contractual services and operating expenses.

Cash and Cash Equivalents

The Systems classify cash on deposit in financial institutions and cash on deposit in the state's internal cash management pool as cash and cash equivalents. The Systems also classify certain short-term highly liquid securities as cash equivalents if the date of maturity is three months or less from the date of acquisition. Forward contracts, foreign currencies and cash held in the strategic partnership accounts are also classified as cash and cash equivalents.

Contributions

Employee, employer, nonemployer and state appropriated contributions are recognized in the period in which they are due, pursuant to formal commitments as well as statutory requirements. Substantially all contributions receivable are collected within 30 days of year-end.

Investments

The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority for investing and managing all assets held in trust for the South Carolina Retirement Systems. The Commission serves as co-trustee and co-fiduciary for the assets of the Retirement Systems. Funds of the Systems are invested subject to the terms, conditions, limitations, and restrictions imposed by Section 16, Article X of the South Carolina Constitution and Section 9-1-1310 (B) and Title 9 Chapter 16 of the South Carolina Code of Laws. The funds and assets of the various state retirement systems are not funds of the State but are instead held in trust as provided in Section 9-16-20.

The RSIC is structured as a separate state agency reporting to a body of appointed and ex officio Commissioners. The Commission is an eight member board as provided in Section 9-16-315 of the South Carolina Code of Laws. The Commission employs a Chief Executive Officer (CEO) who serves as the agency head of the RSIC, reporting directly to

the Commission, with functions and duties assigned by the Commission. The CEO is the central source of authority and accountability for administrative decisions. In addition, the Commission employs a Chief Investment Officer (CIO) who reports to the CEO for day to day oversight and strategic planning objectives and who serves as the central source of authority and accountability for all investment decisions delegated to him or her by the Commission and state law. The Commission also engages external investment consultants, who are accountable to the Commission, to work collaboratively with RSIC staff to fulfill the duties of investing the Systems' portfolio.

As with PEBA, administrative costs of the RSIC are paid from the Systems, and its budget is funded entirely from the trust fund. Costs include Commissioner, investment and administrative staff compensation, as well as other contractual services and other operating expenses. The allocation of those administrative costs is based upon a proration of such costs in proportion to the assets that each system bears to the total assets of all of the systems for the most recently completed fiscal year.

State law requires the Commission to adopt a Statement of Investment Objectives and Policies ("SIOP") and to review it annually and to either amend it or reaffirm it. The SIOP establishes investment and performance objectives, policies and guidelines, roles, responsibilities, and delegation of authority for the management of plan assets. State law also requires RSIC's Chief Investment Officer ("CIO") to develop an Annual Investment Plan ("AIP") which must be presented to and adopted by the Commission prior to May 1st of each year. Pursuant to state law, relevant portions of the SIOP may constitute parts of the AIP.

In order to ensure consistency and agreement between the SIOP and AIP, the Commission has consolidated the requirements of both into one document which it will review annually prior to May 1st. As part of the annual review, the Commission will amend or reaffirm, as it deems appropriate, those portions of this document intended to meet the requirements of the SIOP and the Commission

will consider the CIO's recommendation of any necessary changes to those portions of this document intended to meet the requirements of the AIP.

The Commission manages Systems' assets with a long-term horizon and seeks to earn an appropriate risk-adjusted return in consideration of the specific goals, needs and circumstances of the Systems and in the exclusive interest of members of the Systems. Among the decisions the Commission can make, asset allocation has the most significant impact on the portfolio's return, risk profile and cost and is reviewed annually as part of the development of the SIOP/AIP.

The asset allocation process is paramount to the development of the AIP. Based on 20-year Capital Market Expectations provided by the Commission's investment consultant, the Commission comes to a consensus and establishes the Policy Portfolio expected to achieve a 30-year annualized rate of return that meets its investment objective with an expected volatility acceptable to the Commission. The Commission recognizes that the CIO and investment staff may add value by structuring the Actual Portfolio in a manner that deviates from the Policy Portfolio target weights or may also pursue a strategy that causes the composition of an asset class to differ from the policy benchmark. As a result, the Commission provides the CIO and the investment staff with the discretion to structure the portfolio within the asset class and sub-asset class ranges. The asset allocation is reviewed on an ongoing (typically weekly) basis by staff and the CIO to ensure that the Portfolio is within its allocation ranges. When an asset class reaches its minimum or maximum allocation, staff will initiate rebalancing transactions to keep allocations within the approved ranges or seek Commission approval to remain outside the range.

Based on the Commission's determination of the appropriate risk tolerance for the Portfolio and its long-term return expectations, it has authorized the following Policy Asset Allocation, including target allocations and ranges for each asset class that were

adopted by the Commission for the fiscal year beginning July 1, 2025.

Asset Class	Policy Target	Policy Range	
		(Min)	(Max)
Public Equity¹	43%	30%	55%
Bonds¹	25%	10%	35%
Non-Index	0%	0%	10%
Investment Grade			
Non-Investment Grade	0%	0%	10%
Net Cash/Short Duration	0%	0%	8%
Private Equity^{1,2}	12%	5%	20%
Private Debt^{1,2}	8%	5%	13%
Real Assets^{1,2}	12%	6%	18%
Real Estate	9%	6%	14%
Infrastructure	3%	0%	6%
Portable Alpha Hedge Funds ³	0%	0%	15%

¹ Component of Policy Benchmark.

² RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 40 percent of total plan assets.

³ Portable Alpha Hedge Funds are expressed as gross exposure but, as collateral supporting the Overlay program, net to zero when calculating total Plan fair value. Hedge funds may not exceed 15 percent of total plan assets.

At June 30, 2026, the Systems held no investments (other than those issued or explicitly guaranteed by the U.S. government) in any one organization that represent five percent or more of the plans' fiduciary net position.

For the year ended June 30, 2026, the annual money weighted rate of return on plan investments was 14.53 percent net of fees. The money weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

As a fiduciary acting on behalf of the Systems, the Commission enters into individual agreements with various investment managers to invest plan assets. As of June 30, 2026, there were 306 legal agreements in place with 106 investment managers.

The PEBA Board serves as custodian and co-trustee of the assets of the retirement trust funds. The Commission is also co-trustee of the assets of the retirement trust funds and has exclusive authority to select the custodial bank with PEBA as a third-party beneficiary of the contract, with full rights to information.

BNY serves as custodial bank of the funds of the Retirement Systems. Assets also include investments not custodied at BNY, such as funds held in partnerships, commingled accounts, or private market asset classes. The custodial bank provides consolidated recordkeeping services which reflect these securities not held in the custodian's vault or for which the custodian or its nominee is not the registered owner (non-custody securities).

For financial statement purposes, investments of the pension trust funds are reported at fair value in the Statement of Fiduciary Net Position. Short term securities categorized as cash or cash equivalents are reported at fair value. The Systems hold domestic and global equity securities which are traded on organized exchanges. Equity securities held by the custodian are valued by the custodian using the last reported price on a trade-date basis. The Systems hold domestic and global fixed income securities. The custodian values those fixed income assets which are held in custody based upon prices received from external pricing sources and in accordance with the custodian's pricing policy. Commingled funds, which may contain equity and/or fixed income securities are priced based upon the manager's pricing policy and a Net Asset Value (NAV) is provided to the custodian. Private market investments typically utilize a limited partnership structure and private equity funds normally invest in companies that are not publicly traded on a stock exchange. The fair values of alternative investments including private equity, private debt, hedge funds, private real estate and private infrastructure, for which daily fair values are not readily ascertainable, are valued in good faith based on the most recent financial information available for the underlying companies and reported by the investment managers at the measurement date, adjusted for subsequent cash flow activities through June 30, 2026. Valuation of investments is a joint responsibility of PEBA and RSIC. Staff from both offices serve on a joint valuation committee which oversees and reviews the valuations provided by the custodian and/or the external investment managers. The estimated fair value of these investments is intended to

approximate, but at times may differ, from values that would have been used had a liquid public market existed.

Investments are combined in a commingled investment pool, with each system owning a percentage of the pool and receiving proportionate investment income in accordance with their respective ownership percentage. Investment income includes realized and unrealized appreciation (depreciation) in the fair value of investments, interest income earned, dividend income earned, less investment expense, plus income from securities lending activities, less deductions for securities lending expenses.

While some investment managers submit invoices for their investment management fees, a significant number of investment managers provide account valuations on a net of fee basis. For greater transparency, the RSIC makes a good faith attempt to account for netted fee amounts that are not necessarily readily separable. Through a process that consists of the collection, validation, and aggregation by RSIC's consultant and reasonableness testing and review by RSIC, the Retirement Division of PEBA is provided with a collection of investment fees and expenses that would not otherwise be disclosed. The RSIC provides the netted fee information to PEBA on an annual basis so that amounts can be reclassified and reported in the financial statements on the Investment expense line of the Statement of Changes in Fiduciary Net Position. The non-invoiced investment expenses include amounts for investment management fees, performance fees (including carried interest allocations), and other investment expenses such as organizational expenses in limited partnership structures. Management Fees are reported net of offsets and rebates, which has the effect of reducing the total fees reported, because it is a truer representation of the overall cost of the investment. Offsets can include things such as Board of Director fees, Broken Deal fees, and Monitoring fees. There is no industry standard for reporting pension plan investment fees and expenses; therefore, in order to compare investment expense as reported by the

Systems with investment management costs reported by other public pension plans, an understanding of the actual fees and expenses included in any comparative reports is necessary. Additionally, investment plan composition directly influences the fee structure of a plan and adjustments for differences in plan asset allocation are necessary before conclusions can be reached from such comparisons.

Capital Assets

Capital Assets are valued at historical cost or at estimated historical cost if actual historical cost data is not available. The costs of normal maintenance and repairs that do not significantly add to the value of an asset or materially extend the asset's useful life are not capitalized. An individual asset is capitalized and reported if it has an estimated useful life of at least two years and a historical cost as follows: more than \$5 thousand for machinery and equipment; more than \$100 thousand for buildings and intangible assets. All land and non-depreciable land improvements are

capitalized and reported, regardless of cost. Depreciation is recorded using the straight-line method over the useful life of 40 years for the building and a useful life of 2 to 25 years for equipment. Land is not depreciated.

Subscription-Based Information Technology Arrangements

Subscription-based information technology arrangements (SBITA) are included in the statement of net position as capital assets and other liabilities. SBITA represent the Systems' right to use subscription-based information technology. SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term.

II. Contributions and Reserves

Contributions to each of the Plans are prescribed in Title 9 of the South Carolina Code of Laws. The board may increase the percentage rate in SCRS and PORS employer contributions on the basis of the actuarial valuations. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the board are insufficient to meet the statutory funding period for amortization of the unfunded liabilities of the plans, the board shall increase the contribution rates for the employer as necessary to maintain the amortization period.

If the most recent annual actuarial valuation of the Systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than 85 percent, then the board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 percent. If

contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than 85 percent, then effective on the following July first, and annually thereafter as necessary, the board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than 85 percent.

The Retirement System Funding and Administration Act established a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS respectively. State statute sets the employer rate at 18.56 percent for SCRS and 21.24 percent for PORS and beginning July 1, 2017, scheduled the amortization periods to be reduced from 30 years to 20 years over a ten-year schedule.

Following are the employee and employer contribution rates applicable for fiscal year 2026 (amounts expressed in thousands):

System	Employee Rate	Employer Rate
SCRS	9%	18.56% ¹
PORS	9.75%	21.24% ²
GARS	11%	\$6,201 ³
JSRS	10%	62.94% ³
SCNG	Non-contributory	\$5,290 ⁴

¹ Includes incidental death benefit contribution rate of 0.15%.
² Includes incidental death benefit and accidental death benefit contribution rate of 0.20% each.
³ Includes incidental death benefit contributions as determined by the Systems’ actuary.
⁴ The contributions for SCNG determined by the Systems’ actuary were \$3,402 however, the contributions provided by state appropriations were \$5,290.

The General Assembly included funding to PEBA, to be distributed to some employers to help offset a portion of the employer’s retirement contributions. PEBA allocates amounts to employers in the same dollar amount for which credits were calculated in previous years. In no event shall a participating employer receive a credit that exceeds the employer contributions due from the employer for the fiscal year. PEBA issued credit invoices to certain SCRS and PORS employers who then applied the credit invoices towards contributions otherwise due to the Systems. Nonemployer contributions in fiscal year 2026 totaled \$88.7 million and \$13.9 million for SCRS and PORS respectively. The General Assembly also continues to fund \$2.9 million in nonemployer contributions to JSRS.

Employer contributions for GARS and SCNG are determined by the Systems’ actuary on an annual basis. SCNG employer contributions are provided annually by state appropriations.

In accordance with South Carolina State Statute, for fiscal year 2026 an additional employer contribution surcharge of 6.10 percent of covered payroll was added to the contribution rate applicable to state and local governments, and public school entities covered by the state’s retiree health and dental insurance benefits. This assessment is for the purpose of providing retiree health and dental insurance benefits and is not a part of the

actuarially established contribution rates for retirement funding purposes. Functioning as a collecting agent, SCRS and PORS collected and remitted these funds to the South Carolina Retiree Health Insurance Trust Fund. (amounts expressed in thousands):

	Retiree Insurance Surcharge
SCRS	\$593,805
State ORP	157,003
PORS	37,352
Total	\$788,160

The Fiduciary Net Position of each plan is required to be reserved in the following accounts:

The **Employer Fund** is credited with all employer and nonemployer retirement contributions and investment earnings of the Employee and Employer Funds. Upon retirement, all member account balances and contributions are transferred to the Employer Fund as all annuities and administrative expenses of the Systems are paid from this fund. Annual state appropriations to the SCNG are also credited to the Employer Fund to provide funding for the payment of annuities and administrative expenses.

The **Employee Fund** is credited with all contributions made by active members of the Systems. Interest is credited to each active member’s individual account at an annual rate of 4 percent by transferring funds from the Employer Fund to the Employee Fund. At termination of employment prior to retirement, employee contributions and accumulated interest may be refunded from this fund to the member. At retirement, employee contributions and interest are transferred from the Employee Fund to the Employer Fund for subsequent payment of benefits.

The **Death Benefit Fund**, an incidental death program within SCRS and PORS, is the fund to which participating employers contribute for the purpose of providing a death benefit to active and retired members of the Systems. Employer contributions

and investment earnings are credited to this fund. Death benefit payments and administrative expenses are paid from this fund. The assets in the Death Benefits Fund are not held separately in a dedicated trust for the sole purpose of paying death benefits to beneficiaries of deceased members. These benefits are considered allowable within the defined benefit plans and are held within the pension trust funds.

The **Accidental Death Fund** (PORS only) is the fund to which participating employers contribute for the purpose of providing annuity benefits to beneficiaries of members of PORS killed in the actual performance of their duties. This fund and its benefits are independent of any other retirement

benefit available to the beneficiary. Employer contributions and investment earnings are credited to this fund. Monthly survivor annuities and administrative expenses are paid from this fund.

The **Qualified Excess Benefit Arrangement (QEBA) Fund** is the fund from which annuity benefits are paid when a benefit recipient exceeds IRC Section 415(b) limits on the amount an individual may receive annually from a qualified defined benefit pension plan. Employer contributions are credited to this fund on an as-needed basis in an amount equivalent to the amount of funds necessary to pay benefits out of the QEBA fund due to IRC Section 415(b) limitations. Accordingly, the QEBA fund currently has no reserve balance.

Balances in the respective reserves on June 30, 2026, were as follows (amounts expressed in thousands):

	SCRS	PORS	GARS	JSRS	SCNG	Total
Employee Fund	\$ 13,051,802	\$ 1,871,581	\$ 4,959	\$ 36,748	\$ -	\$ 14,965,090
Employer Fund	35,627,554	7,283,587	59,495	271,067	60,801	43,302,504
Death Benefit Fund	163,179	97,236				260,415
Accidental Death Fund		139,290				139,290
QEBA Fund						-
Totals	\$ 48,842,535	\$ 9,391,694	\$ 64,454	\$ 307,815	\$ 60,801	\$ 58,667,299

III. Deposits and Investments

Deposit and Investment Risk Disclosures

The tables presented on pages 35-38 include disclosures of credit and interest rate risk in accordance with Governmental Accounting Standards Board Statement 40 and are designed to inform financial statement users about investment risks which could affect the Systems’ ability to meet its obligations. These tables classify investments by risk type, while the financial statements disclose investments by asset class. The table amounts were provided by the custodian bank and agree to the Statement of Fiduciary Net Position.

Custodial Credit Risk

Deposits

The Systems’ deposits at June 30, 2026, were as follows (amounts expressed in thousands):

	<u>Carrying Amount</u>
SCRS	\$78,859
PORS	9,607
GARS	132
JSRS	162
SCNG	124
Total	<u>\$88,884</u>

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Systems’ deposits may not be recovered. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000; however, amounts in excess of \$250,000 are uninsured and uncollateralized. The Commission has a formal Counterparty Policy which covers policies and procedures related to oversight and management of Counterparty Risk, including the custodial bank. To monitor custodial credit risk, the credit quality of financial institutions at which deposits are held are periodically reviewed using internal analysis and rating agencies’ reports.

As of June 30, 2026, actual bank balances totaled \$40.74 million. Amounts in excess of \$250,000 were uninsured and uncollateralized.

As of June 30, 2026, cash held by the custodian, in broker and strategic partnerships accounts as well as forward contracts and foreign currencies totaled \$96.44 million. These balances are classified as cash and cash equivalents on the Statement of Fiduciary Net Position.

Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Systems will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. Investing for the Systems is governed by Section 16, Article X of the South Carolina Constitution and Section 9-1-1310(B) and Title 9 Section 16 of the South Carolina Code of Laws. Funds held in trust for the Retirement Systems may be invested and reinvested in a variety of instruments as outlined by Section 9-1-1310(B) of the South Carolina Code of Laws.

The following table presents the fair value of investments:

Statement of Invested Assets

June 30, 2026

(Amounts expressed in thousands)

Investment Type	Fair Value	Investment Type	Fair Value
Short Term Investments		Fixed Income Allocation	
Short Term Investment Funds (U.S. Regulated)	\$ 3,753,575	U.S. Government	
Commercial Paper	57,021	U.S. Government Treasuries ¹	\$ 12,094
Certificates of Deposit	23,410	Mortgage Backed	
U. S. Treasury Bills	182,725	Federal National Mortgage Association	29,362
Municipals - 1 year or less	2,339	Municipals	3,746
Options - Cash Equivalents	(269)	Corporate	
Swaps - Cash Equivalents	(239)	Corporate Bonds	551,881
Total Short Term Investments	<u>\$ 4,018,562</u>	Asset Backed Securities	54,864
Equity Allocation		Private Placements	756,099
Global Public Equity		Investment Grade Bonds	7,425
Common Stocks	\$ 25,303,694	Emerging Debt	207,769
Real Estate Investment Trusts	565,819	Options - Fixed Income	(64)
Preferred	4,480	Futures - Fixed Income	86,234
Total Global Public Equity	<u>\$ 25,873,993</u>	Swaps - Fixed Income	(10)
Alternatives		Total Fixed Income	<u>\$ 1,709,400</u>
Hedge Funds	\$ 7,175,882		
Private Equity	7,908,970		
Private Debt	4,259,810		
Private Real Estate	4,022,536		
Private Infrastructure	1,462,300		
Total Alternative Investments	<u>\$ 24,829,498</u>		
Total Invested Assets		\$56,431,453	
Invested Securities Lending Collateral		\$ 245,997	

Reconciliation of Statement of Invested Assets (listed above) to the *Statement of Fiduciary Net Position*

Total Invested Assets	\$ 56,431,453
Short Term Investments classified as Cash & Cash Equivalents on <i>Statement of Fiduciary Net Position</i>	
Short Term Investment Funds (U.S. Regulated)	\$ (3,753,575)
Commercial Paper	(27,235)
Certificates of Deposit	(3,241)
Options - Cash Equivalents	269
Swaps - Cash Equivalents	239
Total Investments on <i>Statement of Fiduciary Net Position</i>	\$ 52,647,910

¹ U.S. Government Treasuries includes Notes, Bonds, and Treasury Inflation Protected Securities (TIPS).

Fair Value Measurements

The Systems categorize fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The valuation technique uses a three level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These classifications are summarized as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.

Level 2 Inputs: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment. In determining the appropriate levels, the Systems performed a detailed analysis of the assets and liabilities that are subject to GASB Statement No. 72.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Investments classified according to the fair value hierarchy are valued according to the pricing policy established by the Plan's custodian bank. Pricing is based primarily on prices from several third-party vendors or other specified alternative sources which are considered to be reliable. Where available, the custodian bank uses more than one vendor for securities of each asset type, class or issue. The price received from a primary source is used in valuation unless a tolerance check, or price challenge, results in the use of a price from a secondary vendor. The Systems may override prices provided by the custodian bank if it is deemed necessary or appropriate.

The Systems have the following recurring fair value measurements as of June 30, 2026 (amounts in thousands):

Investments by Fair Value Level	At 6/30/2026	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short Term Investments				
Short Term Investment Funds (U. S. Regulated)	\$ 3,753,575	\$ 3,753,575	\$ -	\$ -
Commercial Paper	57,021		57,021	
Certificates of Deposit	23,410		23,410	
U. S. Treasury Bills	182,725	182,725		
Municipals - 1 year or less	2,339		2,339	
Total Short Term Investments	\$ 4,019,070	\$ 3,936,300	\$ 82,770	\$ -
Equity Allocation				
Global Public Equity				
Common Stocks	\$ 1,819,805	\$ 1,819,805	\$ -	\$ -
Real Estate Investment Trusts	565,819	565,819		
Preferred	4,480	3,137	1,343	
Total Global Public Equity	\$ 2,390,104	\$ 2,388,761	\$ 1,343	\$ -
Fixed Income Allocation				
U. S. Government				
U.S. Government Treasuries	\$ 12,094	\$ 12,094	\$ -	\$ -
Mortgage Backed				
Federal National Mortgage Association	29,362		29,362	
Municipals	3,746		3,746	
Corporate				
Corporate Bonds	551,881		295,443	256,438
Asset Backed Securities	54,864		54,864	
Private Placements	756,099		756,099	
Total Fixed Income	\$ 1,408,046	\$ 12,094	\$ 1,139,514	\$ 256,438
Total Investments by Fair Value Level	\$ 7,817,220	\$ 6,337,155	\$ 1,223,627	\$ 256,438
Investments measured at the net asset value (NAV)				
Global Equity Common Stocks	\$ 23,483,889			
Investment Grade Bonds	7,425			
Emerging Debt	207,769			
Hedge Funds	7,175,882			
Private Equity	7,908,970			
Private Debt	4,259,810			
Private Real Estate	4,022,536			
Private Infrastructure	1,462,300			
Total investments measured at the NAV	\$ 48,528,581			
Total investments measured at fair value	\$ 56,345,801			
Investment derivative instruments				
Cash Equivalents				
Options - Cash Equivalents	\$ (269)	\$ 3	\$ (272)	\$ -
Swaps - Cash Equivalents	(239)		(239)	
Fixed Income Investments				
Options - Fixed Income	(64)	(64)		
Futures - Fixed Income	86,234	86,234		
Swaps - Fixed Income	(10)		(10)	
Total investment derivative instruments	\$ 85,652	\$ 86,173	\$ (521)	\$ -
Total Invested Assets	\$ 56,431,453			

The investments that are measured at the Net Asset Value (NAV) are noted below (amounts in thousands).

	Fair Value at 6/30/26	Unfunded Commitments ¹	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Global Equity Common Stocks	\$ 23,483,889	\$ -	Daily/Monthly	5 - 30 days
Investment Grade Bonds	7,425		Illiquid	Illiquid
Emerging Debt	207,769		Daily/Monthly	10 - 15 days
Hedge Funds	7,175,882		Quarterly	50 - 180 days
Private Equity	7,908,970	4,342,953	Illiquid	Illiquid
Private Debt	4,259,810	3,180,114	Illiquid	Illiquid
Private Real Estate	4,022,536	1,214,100	Illiquid	Illiquid
Private Infrastructure	1,462,300	679,402	Illiquid	Illiquid
Total investments measured at the NAV	\$ 48,528,581	\$ 9,416,569		

¹ For purposes of this table, amounts are reported in US Dollars. The unfunded commitments for the Private Equity Category include £4,420 and €331,878 that have been converted to USD.

Global Equity Funds. This investment type includes 7 passive index funds that invest primarily in global developed and emerging equity public markets instruments. The fair values of the investments in this asset type have been determined using NAV per share of the fund and reported by the Investment Managers. Redemptions are generally allowed monthly, provided adequate notice.

Investment Grade Bond Funds. This investment type includes one fund that generally invests in mortgage-related securities. The fair value estimates are calculated using an internal discounted cash flow model for each asset pool and reported by the Investment Manager. A withdrawal of capital requires prior consent of the fund's Board which may or may not be granted.

Emerging Debt Funds. This investment type includes two funds that generally invest in debt securities issued in any currency and may hold foreign currency. The fair values of the investments in this asset type have been determined using NAV per share of the fund or percent ownership of the NAV of the fund and reported by the Investment Managers. Redemptions are generally allowed daily or monthly, provided adequate notice, and one fund charges a redemption fee.

Hedge Funds. This investment type includes 26 funds that generally invest in hedge fund strategies that seek alpha in equity or credit markets or seek to minimize embedded market beta. There are 21 of these funds invested through strategic partnership investments which may consist of underlying investments in more than one hedge fund. The fair values of the investments in this asset type have been determined using NAV per share of the investments or percent ownership of the NAV of the fund and reported by the Investment Managers. Redemptions are generally allowed quarterly, provided adequate notice, however, it is common that funds have authority to require longer redemption timeframes and/or make the redemption subject to gates to mitigate any detrimental impact to the fund.

Private Equity Funds. This investment type includes 205 funds that consist of 95 investments in limited partnerships, 79 investments in co-investment funds, 22 investments on manager co-investment platforms, and 9 funds within strategic partnership investments, including 4 co-investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. Manager co-investment platforms consist of underlying investments in more than one co-investment fund. The private equity investments span the venture capital, growth equity, secondaries, energy and buyout strategies. Private equity is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the

most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Private Debt Funds. This investment type includes 71 funds that consist of 43 investments in limited partnerships, 10 co-investment funds, and 18 funds within strategic partnership investments, including 10 co-investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The private debt investments span the direct lending, distressed, mezzanine, mortgages, and opportunistic strategies. Private Debt is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Private Real Estate Funds. This investment type includes 35 funds that consist of 29 investments in limited partnerships, three investments in co-investment funds, and three funds that are strategic partnership investments, including two co-investments. Strategic partnerships may consist of underlying investments in more than one limited partnership or co-investment fund. The real estate investments span the core, diversified, real estate debt, value add, and opportunistic strategies. Real Estate is considered an illiquid investment strategy as funds generally have a life span of seven to 10 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Private Infrastructure Funds. This investment type includes 16 funds that consist of 11 investments in limited partnerships, and 5 investments in co-investment funds. Common types of infrastructure investments are in transportation, energy, telecommunications, and utilities. These assets tend to benefit from a rising inflation environment. Infrastructure is considered an illiquid investment strategy as funds generally have a life span of 20 years. The nature of investments in this asset type is that distributions are received through investment generated income and the liquidation of the underlying assets of the fund. The fair values of the investments in this asset type are valued in good faith based upon the most recent financial information available for the underlying companies. These are reported by the Investment Managers at the measurement date, adjusted for subsequent cash flow activities through the year-end reporting date. The estimated fair value of these investments may differ from values that would have been used had a ready market existed.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. While the RSIC has no formal interest rate risk policy, interest rate risk is observed within the portfolio using effective duration (option adjusted duration), which is a measure of the price sensitivity of a bond or a portfolio of bonds to interest rate movements given a 100 basis point change in interest rates. Effective duration takes into account that expected cash flows will fluctuate as interest rates change and provides a measure of risk that changes proportionately with market rates. Investment guidelines may specify the degree of interest rate risk taken versus the benchmark within each fixed income portfolio. Disclosures for interest rate risk at June 30, 2026, are noted below (amounts expressed in thousands).

Investment Type	Fair Value Total	Fair Value Duration Not Available	Fair Value Duration Available	Effective Duration (option adjusted duration)
Short Term Investments				
Short Term Investment Funds (U.S. Regulated)	\$ 3,753,575	\$ -	\$ 3,753,575	0.08
Invested Securities Lending Collateral	245,997		245,997	0.00
Commercial Paper	57,021		57,021	0.22
Certificates of Deposit	23,410		23,410	0.27
U. S. Treasury Bills	182,725		182,725	0.45
Municipals - 1 year or less	2,339		2,339	0.16
Options - Cash Equivalents	(269)		(269)	(344.53)
Swaps - Cash Equivalents	(239)		(239)	3.33
Total Short Term Investments	\$ 4,264,559	\$ -	\$ 4,264,559	
Global Public Equity				
Preferred	4,480		4,480	11.67
Total Equity Investments	\$ 4,480	\$ -	\$ 4,480	
Fixed Income Allocation				
U. S. Government				
U.S. Government Treasuries	12,094		12,094	1.09
Mortgage Backed				
Federal National Mortgage Association	29,362		29,362	4.63
Municipals	3,746		3,746	1.02
Corporate				
Corporate Bonds	551,881	317,088	234,793	2.26
Asset Backed Securities	54,864	3,171	51,693	0.20
Private Placements	756,099	75,928	680,171	2.48
Investment Grade Bonds	7,425		7,425	5.50
Emerging Debt	207,769		207,769	6.70
Options - Fixed Income	(64)	(64)		
Futures - Fixed Income	86,234		86,234	909.00
Swaps - Fixed Income	(10)	263	(273)	(0.05)
Total Fixed Income	\$ 1,709,400	\$ 396,386	\$ 1,313,014	
Mixed Credit Hedge Fund Allocation				
Mixed Credit Hedge Funds	5,434		5,434	0.10
Total Mixed Credit Hedge Funds	\$ 5,434	\$ -	\$ 5,434	
Total Invested Assets	\$ 5,983,873	\$ 396,386	\$ 5,587,487	
Total Portfolio Effective Duration (option adjusted duration)				14.79

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the holders of its securities. Each individual portfolio within fixed income is managed in accordance with investment guidelines that are specific as to permissible credit quality ranges, exposure levels within individual quality tiers and average credit quality. Within high yield portfolios, a quality rating of lower than C is not permissible in any of the fixed income guidelines except in those circumstances of downgrades subsequent to purchase, in which case the investment manager is responsible for communicating the downgrade to the Commission's consultant and staff. The Systems' fixed income investments at June 30, 2026, were rated by Moody's and are presented below.

Credit Risk

(Amounts expressed in thousands)

Investment Type and Fair Value	AAA	AA	A	BAA	BA	B
Short Term Investments²						
Short Term Investment Funds (U. S. Regulated)	\$ 3,753,575	\$ -	\$ -	\$ -	\$ -	\$ -
Invested Securities Lending Collateral						
Commercial Paper		34,473		22,548		
Certificates of Deposit		10,781	9,539			
Municipals - 1 year or less		2,244	95			
Options - Cash Equivalents						
Swaps - Cash Equivalents						
Global Public Equity						
Preferred				2,985	956	
Fixed Income Allocation²						
Mortgage Backed						
Federal National Mortgage Association						
Municipals		3,621				
Corporate						
Corporate Bonds	3,999	11,560	37,751	56,856	34,225	129,567
Asset Backed Securities	12,159	3,592	2,050	15,194	2,307	
Private Placements	21,821	27,883	36,904	45,391	72,028	70,119
Investment Grade Bonds						
Emerging Debt						
Options - Fixed Income						
Futures - Fixed Income						
Swaps - Fixed Income						
Totals	\$ 3,791,554	\$ 94,154	\$ 86,339	\$ 142,974	\$ 109,516	\$ 199,686

Chart continued on next page

¹The column labeled Not Rated by S&P or Moody's represents securities that were either not rated or had a withdrawn rating.

²U.S. Treasury Bills, Notes and Bonds with a fair value of \$194.8 million are not included because they are not subject to credit risk.

Chart continued from previous page

Credit Risk (cont.)

(Amounts expressed in thousands)

		Not Rated		Total
CAA	CA	Int'l and EMD Commingled Funds or held in Strategic Partnerships	Not rated by S&P or Moody's ¹	
\$ -	\$ -	\$ -	\$ -	\$ 3,753,575
			245,997	245,997
				57,021
			3,090	23,410
				2,339
			(269)	(269)
			(239)	(239)
			539	4,480
			29,362	29,362
			125	3,746
1,208	811		275,904	551,881
1,150			18,412	54,864
11,677			470,276	756,099
		7,425		7,425
		207,769		207,769
			(64)	(64)
			86,234	86,234
			(10)	(10)
<u>\$ 14,035</u>	<u>\$ 811</u>	<u>\$ 215,194</u>	<u>\$ 1,129,357</u>	<u>\$ 5,783,620</u>

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. Concentration of credit risk shall not apply to the obligations of the U.S. Government and Federal Agencies. Concentration limits are outlined in the investment guidelines of each individual portfolio within domestic fixed income and monitored by the investment managers. RSIC receives annual attestation of credit risk concentration levels from those managers. As of June 30, 2026, there is no single issuer exposure within the portfolio that comprises five percent or more of the overall portfolio. Therefore, there is no concentration of credit risk.

Currency	Cash & Cash Equivalents	Forward Contracts	Private Equity	Private Debt	Private Infrastructure	Fixed Income	Equity	Total
Australian Dollar	\$ 6	\$ (38,871)	\$ -	\$ -	\$ 36,926	\$ 3,999	\$ 2,597	\$ 4,657
Canadian Dollar	16	(16)					20,834	20,834
Danish Krone	5							5
Euro Currency	747	(354,088)	306,762	23,135	166,284	146,748	24,950	314,538
Hong Kong Dollar	11	444					2,586	3,041
Japanese Yen	6	190					1,088	1,284
Pound Sterling	246	(71,876)	150,438	10,547		8,154	9,436	106,945
Totals	\$ 1,037	\$(464,217)	\$ 457,200	\$ 33,682	\$ 203,210	\$ 158,901	\$ 61,491	\$ 451,304

Derivatives

Derivatives are financial instruments for which the value is derived from underlying assets or data. All of the Systems' derivatives are considered investments. Excluding futures, derivatives generally take the form of contracts in which two parties agree to make payments at a later date based on the value of specific assets or indices. Through certain collective trust funds, the Systems may invest in various derivative financial instruments such as futures and options thereon; forward foreign currency contracts, options, interest rate, currency, equity, index, credit default, total return swaps, interest-only strips, and CMOs to enhance the performance and reduce volatility.

To comply with the requirements of multiple exchanges, cash and securities in the amount of \$21.6 and \$183.3 million, respectively, were held in

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. The Systems participates in foreign markets to diversify assets, reduce risk and enhance returns. Currency forwards are used to manage currency fluctuations and are permitted by investment policy. Policy forbids speculating in forwards and other derivatives.

The table below presents the Systems' exposure to foreign currency risk in U.S. dollars at June 30, 2026, (amounts expressed in thousands):

trust by the clearing brokers on June 30, 2026. The Systems' derivatives, consisting of futures, options, forward contracts and swaps are presented in the tables on pages 39-42. Investments in limited partnerships and commingled funds may include derivatives that are not shown in the derivative totals.

The RSIC works with their overlay provider to utilize derivatives primarily to facilitate changes to the asset allocation of the total plan and take advantage of their low cost of implementation. Derivatives are utilized for several reasons:

- **Asset Allocation:** In many cases, synthetic exposures (using derivatives) are placeholders until managers are hired and funded. In

time, the Commission may substitute traditional managers for much of the synthetic exposure currently in the portfolio. Efficient Market Theory dictates that in some asset classes, synthetics are the best way to achieve exposure.

- Risk Management: Derivatives allow investors the ability to swiftly and efficiently increase or decrease

exposures in order to manage portfolio risk.

- Cost: A synthetic (derivative) solution is often the least expensive way to gain exposure to an asset class or to manage portfolio risk. Derivatives are more beneficial in each of the three major measures of cost: commission costs, market impact of trading and opportunity costs.

Futures

Futures are contractual obligations that require the buyer (seller) to buy (sell) assets at a predetermined date at a predetermined price. These contracts are standardized and trade on an organized exchange with gains and losses settled daily thereby significantly reducing credit and default risk. Gains and losses are included in the net appreciation/

(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position.

The tables below present classification information on the Systems' derivatives at June 30, 2026, (amounts expressed in thousands):

Changes in Fair Value				
	Classification	Gain/Loss		
Futures Contracts	Net depreciation	\$	(59,408)	
Forward Contracts	Net appreciation		2,224	
Swaps	Net depreciation		(19,461)	
Options	Net appreciation		3,543	

Fair Value				
	Forward Contracts	Futures	Options	Swaps
Cash and Cash Equivalents	\$ 334	\$ -	\$ (269)	\$ (239)
Fixed Income		86,234	(64)	(10)
Totals	\$ 334	\$ 86,234	\$ (333)	\$ (249)

At June 30, 2026, the Systems had the following exposure via futures contracts (dollar amounts expressed in thousands):

Futures Contracts	Expiration	Long/Short	Quantity	Notional Value¹	Fair Value
US 2YR NOTE FUTURE (CBT)	September 2026	Short	13,859	\$ 2,856,795	\$ (2,603)
US LONG BOND FUTURE (CBT)	September 2026	Long	62	7,037	171
US 5YR TREAS NTS FUTURE (CBT)	September 2026	Long	66	7,065	27
US 2YR NOTE FUTURE (CBT)	September 2026	Long	67	13,811	1
US LONG BOND FUTURE (CBT)	September 2026	Long	16,778	1,904,303	41,809
US 10YR NOTE FUTURE (CBT)	September 2026	Long	28,209	3,099,904	10,919
US 5YR TREAS NTS FUTURE (CBT)	September 2026	Long	42,290	4,527,012	11,670
US ULTRA BOND (CBT)	September 2026	Long	7,537	875,470	24,240
Totals				\$ 13,291,397	\$ 86,234

¹ Notional value is the nominal or face amount that is used to calculate payments made on derivative instruments (futures, forwards, swaps and options). This amount generally does not change hands and is thus referred to as notional. The notional amount represents the economic equivalent to an investment in the physical securities represented by the derivative contract.

Forwards

Forwards are contractual obligations that require the delivery of assets at a fixed price on a predetermined date. These contracts are “over-the-counter” (OTC) instruments, meaning they are not traded on an organized exchange. Currency forwards gains and losses are included in the net appreciation/(depreciation) in the fair value of

investments total of the Statement of Changes in Fiduciary Net Position.

At June 30, 2026, the Systems had the following forward exposures, listed by counterparty (amounts expressed in thousands):

Broker	Notional Value	Fair Value	Counterparty Exposure
Bank of America NA	\$ 306,424	\$ (1,255)	63.93%
Bank of New York Mellon Corp	86,807	783	18.11%
Barclays Bank PLC	1,809	6	0.38%
Citibank NA	4,127	36	0.86%
HSBC Securities Inc	4,153	7	0.87%
JPMorgan Chase Bank NA	13,315	8	2.78%
Royal Bank of Canada	2,079	6	0.43%
Toronto-Dominion Bank	110	1	0.02%
UBS/AG Stamford	60,517	742	12.62%
Totals	\$ 479,341	\$ 334	100%

Swaps

The Systems entered into various swap agreements to manage plan exposure. Swaps are OTC agreements to exchange a series of cash flows according to specified terms. The underlying asset can be an interest rate, an exchange rate, a commodity price or any other index.

Total return swaps are primarily used to efficiently achieve a target asset allocation. Exposures to an asset class are typically gained by paying a reference rate such as SOFR, plus or minus a spread, in exchange for the risk and returns of a desired market index. Similarly, exposures can be reduced by receiving a reference rate in exchange for the economic risks and returns of an index.

Counterparty risk, or default risk, is the risk that a party will not honor its contractual obligations. The

Systems seeks to actively manage its counterparty risk by thorough analysis and evaluation of all potential counterparties by investment staff and the independent overlay manager. Risk is further minimized through diversification among counterparties with high credit ratings and collateralizing unrealized gains and losses. The Systems currently does not participate in a master netting agreement. Unrealized gains and losses are not netted across instrument types and are included in the net appreciation/(depreciation) in the fair value of investments total of the Statement of Changes in Fiduciary Net Position. The table below reflects the counterparty credit ratings at June 30, 2026, for currency forwards, swap agreements, and options (amounts expressed in thousands):

Quality rating	Forwards	Swaps	Options	Total
Aa2	\$ 278	\$ -	\$ (67)	\$ 211
Aa3	16	(9)	(71)	(64)
A1	31		(152)	(121)
A2	2		(43)	(41)
A3	7			7
Total subject to credit risk	\$ 334	\$ (9)	\$ (333)	\$ (8)
Centrally cleared:				
Chicago Mercantile Exchange Inc	\$ -	\$ (239)	\$ -	\$ (239)
Intercontinental Exchange Holdings		(1)		(1)
Total not subject to credit risk	\$ -	\$ (240)	\$ -	\$ (240)
Totals	\$ 334	\$ (249)	\$ (333)	\$ (248)

At June 30, 2026, the Systems held swaps as shown in the tables below (amounts expressed in thousands):

Counterparty	Fixed Income Swaps	SCRS Pays	SCRS Receives	Maturity Date	Current Notional	Fair Value ¹
Chicago Mercantile Exchange	Cleared Interest Rate Swaps	Fixed	Variable	Various	\$ 35,700	\$ (239)
Intercontinental Exchange Holdings	Cleared Credit Default Swaps	Fixed/Variable	Fixed/Variable	6/20/2031	23,776	(1)
Morgan Stanley Capital Services LLC	Credit Default Swaps	Fixed	Variable	12/20/2029	91	(9)
					<u>\$ 59,567</u>	<u>\$ (249)</u>

¹ Fair Value is the amount reasonably expected to be received if the underlying positions were liquidated on the following business day.

Options

Options are exchange traded agreements between two parties for a future transaction on an underlying asset at a reference or strike price. The buyer of an option has the right, but not the obligation, to transact. The seller of an option has the obligation to transact if forced by the buyer. The price of an option is derived by taking the difference in the underlying asset and the strike price plus a premium for the remaining time until expiration. At June 30, 2026, the Systems had the following option positions (dollar amounts expressed in thousands):

Option Contracts	Underlying Security	Expiration	Quantity	Fair Value
PUT AUG 26 003.640 ED 081326	OIS P SOFR 1D	August 2026	(1,404,375)	\$ (10)
PUT AUG 26 003.640 ED 081326	OIS P SOFR 1D	August 2026	(1,404,375)	(10)
PUT AUG 26 003.685 ED 081426	OIS P SOFR1D	August 2026	(1,605,000)	(10)
PUT AUG 26 003.685 ED 081426	OIS P SOFR1D	August 2026	(1,605,000)	(10)
PUT AUG 26 003.710 ED 08/19/26	OIS P SOFR 1D	August 2026	(1,003,125)	(6)
PUT AUG 26 003.710 ED 08/19/26	OIS P SOFR 1D	August 2026	(1,003,125)	(6)
CALL SEP 26 097.500 ED 091126	3 MONTH SOFR FUT (CME)SEP 26	September 2026	134	(2)
CALL SEP 26 098.000 ED 091126	3 MONTH SOFR FUT (CME)SEP 26	September 2026	(134)	(2)
CALL SEP 26 003.350 ED 092126	OIS P SOFR1D	September 2026	2,986,000	2
CALL SEP 26 003.350 ED 092126	OIS P SOFR1D	September 2026	2,986,000	2
CALL SEP 26 003.350 ED 092126	OIS P SOFR1D	September 2026	2,987,000	2
CALL SEP 26 003.350 ED 092126	OIS P SOFR1D	September 2026	2,986,000	2
CALL SEP 26 003.425 ED 092426	OIS P SOFR1D	September 2026	3,158,000	1
CALL SEP 26 003.425 ED 092426	OIS P SOFR1D	September 2026	6,332,000	3
CALL SEP 26 003.30 ED 092526	OIS P SOFR1D	September 2026	3,153,000	1
CALL SEP 26 003.300 ED 09/25/2	OIS P SOFR1D	September 2026	6,336,000	2
CALL SEP 26 003.425 ED 092826	OIS P SOFR1D	September 2026	8,472,000	4
CALL SEP 26 003.425 ED 092826	OIS P SOFR1D	September 2026	4,139,000	2
PUT SEP 26 003.950 ED 092426	OIS P SOFR1D	September 2026	(6,332,000)	(24)
PUT SEP 26 003.950 ED 092426	OIS P SOFR1D	September 2026	(8,472,000)	(31)
PUT SEP 26 003.950 ED 092426	OIS P SOFR1D	September 2026	(3,158,000)	(12)
PUT SEP 26 003.950 ED 092526	OIS P SOFR1D	September 2026	(3,153,000)	(12)
PUT SEP 26 003.950 ED 09/25/2	OIS P SOFR1D	September 2026	(6,336,000)	(24)
PUT SEP 26 003.950 ED 092826	OIS P SOFR1D	September 2026	(4,139,000)	(16)
CALL DEC 26 003.375 ED 122426	OIS P SOFR1D	December 2026	3,159,000	4
CALL DEC 26 003.375 ED 122426	OIS P SOFR1D	December 2026	3,159,000	4
CALL DEC 26 003.375 ED 122826	OIS P SOFR1D	December 2026	9,477,000	12
CALL DEC 26 003.250 ED 122826	OIS P SOFR1D	December 2026	5,265,000	5
CALL DEC 26 003.375 ED 122826	OIS P SOFR1D	December 2026	5,265,000	6
CALL DEC 26 003.250 ED 12/28/2	OIS P SOFR1D	December 2026	5,265,000	5
PUT DEC 26 003.950 ED 122826	OIS P SOFR1D	December 2026	(5,265,000)	(26)
PUT DEC 26 003.950 ED 122826	OIS P SOFR1D	December 2026	(9,477,000)	(47)
PUT DEC 26 003.950 ED 12/28/26	OIS P SOFR1D	December 2026	(5,265,000)	(26)
PUT DEC 26 003.950 ED 122826	OIS P SOFR1D	December 2026	(5,265,000)	(26)
PUT DEC 26 003.950 ED 122426	OIS P SOFR1D	December 2026	(3,159,000)	(15)
PUT DEC 26 003.950 ED 122426	OIS P SOFR1D	December 2026	(3,159,000)	(15)
CALL MAR 27 098.000 ED 031227	3 MONTH SOFR FUT (CME)MAR27	March 2027	(95)	(6)
CALL MAR 27 097.500 ED 031227	3 MONTH SOFR FUT (CME)MAR27	March 2027	95	10
Total Cash Equivalents				(269)
CALL JUL 26 079.700 ED 070226	ISHR IBX USD HIYLD CB ETF-UI	July 2026	(138,479)	(10)
CALL JUL 26 080.050 ED 071026	ISHR IBX USD HIYLD CB ETF-UI O	July 2026	(137,916)	(5)
CALL JUL 26 080.000 ED 071726	ISHR IBX USD HIYLD CB ETF-UI	July 2026	(137,830)	(14)
CALL JUL 26 079.800 ED 072426	ISHR IBX USD HIYLD CB ETF-UI	July 2026	(138,063)	(35)
Total Fixed Income				(64)
Total				\$ (333)

Alternative Investments

The Alternative Investment category includes the following asset classes: private equity, hedge funds, private debt, private real estate and private infrastructure.

Private equity, private debt, private real estate and private infrastructure investments are typically structured as limited partnerships. In this structure, the Systems is one of several limited partners, while the investment manager serves as the general partner. Investing in such limited partnerships legally obligates the Systems to invest the committed amount until the investment is fully funded or the contractual investment period has expired. Hedge fund investments are typically on subscription basis with a single, initial investment with no further commitment.

The Systems established several strategic partnerships to gain access to deal flow, to receive favorable economics and to efficiently take advantage of market opportunities. Investments within the strategic partnership accounts may include allocations to any asset class including those considered alternative investments. Assets of Strategic Partnerships are reported within their respective asset class totals.

The Commission's intent is to access superior risk-adjusted returns through investing in alternative investment asset classes. Due to their low correlation to traditional asset classes, alternative investments diversify the portfolio and help reduce the risk associated with volatility of returns.

Commitments

The Commission, on behalf of the Systems, has entered into contractual agreements with numerous alternative investment managers and is committed for future funding of private equity, private debt, private real estate and private infrastructure investments. At June 30, 2026, the Systems' commitments, including commitments within Strategic Partnerships, are shown in the following table (amounts expressed in thousands):

	Total Commitment	Amount Funded to Date	Remaining Unfunded Commitment ¹
Limited Partnerships USD			
Private Equity	\$ 11,034,533	\$ 7,076,883	\$ 3,957,650
Private Debt	9,177,509	5,997,395	3,180,114
Private Real Estate	5,944,032	4,729,932	1,214,100
Private Infrastructure	1,635,070	955,668	679,402
Totals	\$ 27,791,144	\$ 18,759,878	\$ 9,031,266
Limited Partnerships EUR			
Private Equity	€ 606,609	€ 274,731	€ 331,878
Private Debt	22,657	22,657	
Private Infrastructure	125,000	125,000	
Totals	€ 754,266	€ 422,388	€ 331,878
Limited Partnerships AUD			
Private Infrastructure	\$ 40,000	\$ 40,000	
Totals	\$ 40,000	\$ 40,000	\$ -
Limited Partnerships GBP			
Private Equity	£ 75,000	£ 70,580	£ 4,420
Private Debt	7,000	7,000	
Private Infrastructure	22,000	22,000	
Totals	£ 104,000	£ 99,580	£ 4,420

¹ For purposes of this table, amounts are reported separately by currency.

Securities Lending

The Systems' investment portfolio currently participates in a securities lending program, managed by BNY ("Securities Lending Program"), whereby securities are loaned for the purpose of generating additional income. BNY is responsible for making loans of securities on a collateralized basis to various third party broker-dealers and financial institutions and collecting cash and non-cash collateral. The fair value of the required collateral must initially meet or exceed 102 percent of the fair value of the securities loaned for U. S. securities, 105 percent for cross currency securities and 107 percent for equity securities, providing a margin against a decline in the fair value of collateral. If the collateral value falls below 102 percent, the borrower must post additional collateral. In conjunction with generating revenue, the collateral pool seeks to maintain a net asset value (NAV) of \$1, which is determined by dividing the fair value of the assets by the cost of those assets.

The Commission's Policy requires that the maximum amount of securities that may be on loan is 65 percent of eligible securities. Conservative investment guidelines continue to be maintained within the Securities Lending Program. The re-investment of the cash collateral is restricted to short duration, low risk securities and is monitored by RSIC on an ongoing basis. The types of securities available for loan during the year ended June 30, 2026 included U. S. Government securities, Corporate bonds, Non- U. S. Sovereign debt and Global equities. The contractual agreement between the RSIC and BNY provides indemnification in the event the borrower fails to return the securities lent or fails to pay the Systems income distribution by the securities' issuers while the securities are on loan.

Indemnification is also provided if the investment of cash collateral results in investment loss. Cash, U. S. Government securities, Corporate securities, Asset-backed securities and Global equities can be received as collateral for these loans. Collateral securities cannot be pledged or sold without a borrower default. Cash collateral received is invested, and accordingly, investments made with cash collateral are reported as an asset. A corresponding liability is recorded as the Systems must return the cash collateral to the borrower upon the expiration of the loan.

At June 30, 2026, the fair value of securities on loan was \$238.55 million. The fair value of the invested cash collateral was \$246 million and securities lending obligations were \$246 million. Securities lending revenue, net of borrower rebates, for the fiscal year was \$2.31 million, an increase from \$1.69 million in the prior year.

With regard to counterparty credit risk, the Systems' cash collateral invested is held by the counterparty and is uninsured. All securities loaned can be terminated on demand by either the Systems or the borrower. At year end the average number of days the loans were outstanding was one day. The average weighted maturity of investments made with cash collateral was three days. At June 30, 2026, there had been no losses resulting from borrower defaults and the Systems had no credit risk exposure to borrowers because the amounts the Systems owed the borrowers exceeded the amounts the borrowers owed the Systems.

The following table presents the fair value (amounts expressed in thousands) of the underlying securities and the total collateral received for securities on loan at June 30, 2026:

	SCRS	PORS	GARS	JSRS	SCNG	06/30/26 TOTALS	06/30/25 TOTALS
Securities lent for cash collateral							
Corporate bonds	\$ 9,873	\$ 1,845	\$ 13	\$ 63	\$ 10	\$ 11,804	\$ 7,525
Global Public Equity	189,661	35,447	238	1,200	202	226,748	291,624
Total	<u>\$199,534</u>	<u>\$ 37,292</u>	<u>\$ 251</u>	<u>\$1,263</u>	<u>\$ 212</u>	<u>\$ 238,552</u>	<u>\$ 299,149</u>
Securities lent for non-cash collateral							
Corporate bonds	\$ 1,766	\$ 330	\$ 2	\$ 11	\$ 2	\$ 2,111	\$ -
U. S. Government Securities	8,025	1,500	10	51	9	9,595	1,998
Global Public Equity	508,931	95,115	640	3,221	541	608,448	275,761
Total	<u>\$518,722</u>	<u>\$ 96,945</u>	<u>\$ 652</u>	<u>\$3,283</u>	<u>\$ 552</u>	<u>\$ 620,154</u>	<u>\$ 277,759</u>
Cash collateral invested as follows							
Repurchase agreements	\$205,762	\$ 38,456	\$ 258	\$1,302	\$ 219	\$ 245,997	\$ 306,413
Total	<u>\$205,762</u>	<u>\$ 38,456</u>	<u>\$ 258</u>	<u>\$1,302</u>	<u>\$ 219</u>	<u>\$ 245,997</u>	<u>\$ 306,413</u>
Securities received as collateral							
U.S. Government Securities	\$ 86,095	\$ 16,091	\$ 108	\$ 545	\$ 91	\$ 102,930	\$ 32,367
Global Public Equity	378,881	70,810	476	2,398	403	452,968	118,020
Global Fixed Income	91,064	17,019	115	576	97	108,871	145,913
Total	<u>\$556,040</u>	<u>\$103,920</u>	<u>\$ 699</u>	<u>\$3,519</u>	<u>\$ 591</u>	<u>\$ 664,769</u>	<u>\$ 296,300</u>

IV. Transfers between Systems

Transfers between systems are statutorily authorized internal transfers of contributions and service credit from one retirement system to another retirement system that result from members voluntarily initiating the transfer when certain conditions are met.

Transfers made within the systems administered by PEBA during the fiscal year ended June 30, 2026, were as follows (amounts expressed in thousands):

Transfers from:	Transfers to:					
	SCRS	PORS	GARS	JSRS	SCNG	Total
SCRS	\$ -	\$ 579	\$ -	\$191	\$ -	\$ 770
PORS						
GARS						
JSRS						
SCNG						
Total	<u>\$ -</u>	<u>\$ 579</u>	<u>\$ -</u>	<u>\$191</u>	<u>\$ -</u>	<u>\$ 770</u>

The following schedule reflects amounts due to or due from other systems as of June 30, 2026, (amounts expressed in thousands):

Due from:	Due to:					
	SCRS	PORS	GARS	JSRS	SCNG	Total
SCRS	\$ -	\$ 96	\$177	\$ -	\$ -	\$ 273
PORS	11		4			15
GARS						
JSRS						
SCNG						
Total	<u>\$ 11</u>	<u>\$ 96</u>	<u>\$181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 288</u>

V. Related Party Transaction

The pension plans provide pension and other benefits to employees of all state agencies. Revenues received from these agencies are recorded in the financial statements as employee and employer contributions and constitute approximately 34% of combined contribution revenues.

At June 30, 2026, a liability of approximately \$108.8 million was due to the South Carolina Retiree Health Insurance Trust Fund for insurance surcharge collected from employers in accordance with section 1-11-710 of the South Carolina Code of Laws. Employee and employer contributions receivable of approximately \$88.9 million were due from state agencies, institutions of higher education and quasi-state agencies.

The SCNG Supplemental Retirement Plan received state appropriated contributions in the amount of \$5.3 million during the fiscal year.

The General Assembly included funding to PEBA, to be distributed to some employers to help offset a

portion of the employer's retirement contributions. PEBA allocates amounts to employers in the same dollar amount for which credits were calculated in previous years. In no event shall a participating employer receive a credit that exceeds the employer contributions due from the employer for the fiscal year. PEBA issued credit invoices to certain SCRS and PORS employers who then applied the credit invoices towards contributions otherwise due to the Systems. Nonemployer Contributions in fiscal year 2026 totaled \$88.7 million and \$13.9 million for SCRS and PORS respectively. The General Assembly also continues to fund \$2.9 million in nonemployer contributions to JSRS.

The Retirement System Investment Commission is a separate state agency; however, the administrative costs of RSIC are funded by transfers from the Systems' trust funds. Transfers in the amount of approximately \$16.5 million were made to RSIC during the fiscal year.

VI. Deferred Retirement Option Plan

A deferred retirement option plan exists under JSRS. A member who has not yet reached the age of 60 years, but who is eligible to retire and receive the maximum monthly benefit, may retire and continue to serve as a judge, a solicitor or a circuit public defender. The member's normal monthly retirement benefit is deferred and placed in the system's trust fund on behalf of the member. Upon reaching the age of 60 years, the balance of the member's deferred retirement benefit is distributed to the member. As of June 30, 2026, the benefits held in trust totaled \$1,280,518.

VII. Capital Assets

Capital assets at June 30, 2026, consist of the following amounts (expressed in thousands).

	Ending Balances 6/30/2025	Additions	Deletions	Ending Balances 6/30/2026
Non-depreciable capital assets				
Land	\$ 582	\$ -	\$ -	\$ 582
Total non-depreciable capital assets	582	-	-	582
Capital assets being depreciated or amortized				
Building	4,749			4,749
Equipment	1,775	125		1,900
Subscription Assets		805		805
Total capital assets being depreciated or amortized	6,524	930	-	7,454
Total Capital Assets	7,106	930	-	8,036
Accumulated Depreciation/Amortization				
Building	3,890	118		4,008
Equipment	1,673	59		1,732
Subscription Assets		14		14
Total Accumulated Depreciation/Amortization	5,563	191	-	5,754
Capital Assets, Net	\$ 1,543	\$ 739	\$ -	\$ 2,282

VIII. Compensated Absences

As state employees, most full-time permanent employees of SC PEBA's Retirement Division earn 15 days of annual leave and 15 days of sick leave per year during their first ten years of service. After ten years of service is complete, most employees earn an additional 1.25 days of annual leave for each year of service over ten until they reach a maximum of 30 days per year. Sick leave earnings remain at 15 days per year regardless of years of service. Employees may carry forward up to 45 days of annual leave and 180 days of sick leave from one calendar year to the next. Upon termination of employment, employees are eligible to receive payment for up to 45 days of accumulated unused annual leave at the pay rate then in effect. Employees are not eligible to receive payment for accumulated unused sick leave upon termination. As of June 30, 2026, the total compensated absences liability for PEBA's Retirement Division employees was \$1.09 million, a net decrease of \$78 thousand from the \$1.2 million as of June 30,

2025. The liability is included in Other Liabilities on the Statement of Fiduciary Net Position.

IX. Participation in Pension Plans

Generally, all employees of PEBA are required to participate in the South Carolina Retirement System (SCRS) or the State Optional Retirement Program (ORP) as a condition of employment. Additional information related to membership, benefits and contribution requirements is contained within these notes to the financial statements.

Employer contributions for Retirement Division staff are paid by PEBA and are allocated to the pension trust funds along with all other administrative expenses. Administrative expenses of the Systems are funded by investment earnings. For the year ended June 30, 2026, PEBA's contributions to SCRS for Retirement Division staff were \$1.9 million of which \$83 thousand represented the nonemployer contribution that was applied as a legislatively appropriated credit.

X. Subscription-Based Information Technology Arrangements

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITAs)*, requires the recognition of liabilities related to SBITAs. The liabilities related to these arrangements are included in other liabilities in the Statement of Fiduciary Net Position, with interest expense recognized over the contract term.

The following schedule represents minimum commitments due for subscriptions payable as of June 30, 2026 (expressed in thousands):

Fiscal Year	Principal	Interest	Total
2027	\$ 298	\$ 43	\$ 341
2028	149	34	183
2029	169	24	193
2030	189	13	202
Total Subscription Liabilities	\$ 805	\$ 114	\$ 919

The discount rate used to calculate the present value of SBITA liabilities was 6.75 percent.

XI. Net Pension Liability of Employers

The total pension liability of each defined benefit pension plan summarized below was determined based on the most recent actuarial valuation, which was conducted using membership data as of July 1, 2025, projected forward to the end of the fiscal year, and financial information as of June 30, 2026, using generally accepted actuarial procedures. Information included in the following schedule is based on the certification provided by our consulting actuary, Gabriel Roeder Smith & Company. A Schedule of Employers' Net Pension Liability is intended to provide information about whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. This schedule as well as a Schedule of Changes in the Employers' Net Pension Liability is presented in the Required Supplementary Information (RSI) section.

The net pension liability (i.e. the Systems' total pension liability determined in accordance with GASB Statement No. 67 less the fiduciary net position) as of June 30, 2026, is as follows (dollar amounts expressed in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a % of the Total Pension Liability
SCRS	\$ 66,556,341	\$ 48,842,535	\$ 17,713,806	73.4%
PORS	11,483,333	9,391,694	2,091,639	81.8%
GARS	62,928	64,454	(1,526)	102.4%
JSRS	510,888	307,815	203,073	60.3%
SCNG	69,468	60,801	8,667	87.5%

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2023.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability for each plan as of June 30, 2026. The total pension liability for each plan is based on the actuarial valuations performed as of July 1, 2025, and rolled-forward from the valuation date to the plans' fiscal year ending June 30, 2026, using generally accepted actuarial principles. There was no legislation enacted during the 2026 legislative session that had a material change in the benefit provisions for any of the systems.

	SCRS	PORS	GARS	JSRS	SCNG
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Actuarial assumptions:					
Investment rate of return ¹	7.00%	7.00%	7.00%	7.00%	7.00%
Projected salary increases	3.0% to 11.25% (varies by service)	3.5% to 11.0% (varies by service)	None	3.0%	None
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually	None	3.00%	None

¹ Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumption, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80 percent of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
Educators and Judges	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety, Firefighters and members of the South Carolina National Guard	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

The long-term expected rate of return on pension plan investments is based upon 30-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2026 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation / Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Public Equity	43.0%	5.39%	2.32%
Bonds	25.0%	2.80%	0.70%
Private Equity ¹	12.0%	8.70%	1.04%
Private Debt ¹	8.0%	6.60%	0.53%
Real Assets	12.0%		
Real Estate ¹	9.0%	5.50%	0.49%
Infrastructure ¹	3.0%	7.20%	0.22%
Total Expected Return ²	100.0%		5.30%
Inflation for Actuarial Purposes			2.25%
Expected Rate of Return			7.55%

¹RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 40 percent of total plan assets.

²Portable Alpha Strategies, which utilize hedge funds, are not included in the Policy Target and are capped at 15% of total assets.

The discount rate used to measure the total pension liability of each plan was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. The contributions required for JSRS, GARS, and the SCNG are based on PEBA’s current funding policy which include the change in funding in future years as a result of the enactment of the Retirement System Funding and Administration Act of 2017. Based on those assumptions, the system’s fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In accordance with GASB Statement No. 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the following table presents the net pension liability of the participating employers calculated using the discount rate of 7 percent, as well as what the employers’ net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate.

Discount Rate Sensitivity Analysis

(Amounts expressed in thousands)

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	\$ 25,644,143	\$ 17,713,806	\$ 11,125,068
PORS	3,625,056	2,091,639	836,699
GARS	3,564	(1,526)	(5,943)
JSRS	258,170	203,073	156,427
SCNG	17,507	8,667	1,484

XII. Death Benefit Program

In addition to monthly pension benefits provided through the Systems, a death benefit program is available to employers. For participating employers, incidental death benefits are provided for both active and retired members. These benefits are funded through separate death benefit programs within SCRS and PORS on a cost-sharing, multiple-employer basis. The assets in the death benefits fund are not held separately in a dedicated trust for the sole purpose of paying death benefits to beneficiaries of deceased members. These benefits are considered allowable within the defined benefit plans and are held within the pension trust funds. Coverage is provided to eligible active and retired working members as well as non-working retirees under the governing statute. Funding for the plans

is collected as a percent of covered payroll as determined by the Systems’ actuary and approved by the governing board. The current employer contribution rates for the programs are 0.15 percent and 0.20 percent of payroll for SCRS and PORS respectively. These contributions fund both the active and retiree death benefits.

Active Death Benefits

An incidental death benefit is payable upon the death of an SCRS, State ORP or PORS contributing member who worked for a participating employer at the time of death. The member must have been in service and had at least one full year of membership or must have died as a result of an injury arising in the course of performing his duties

regardless of length of membership. The incidental death benefit is equal to the annual earnable compensation of the member at the time of death and is payable apart and separate from the payment of pension benefits.

Retiree Death Benefits

Retired members of SCRS and PORS whose last employer prior to retirement is covered by the program, and who met applicable service credit requirements, are also protected under the state-sponsored death benefit program. Upon the death of a retired member, the beneficiary of a non-working retiree will receive a benefit payment of \$2,000, \$4,000 or \$6,000 based on the member's total creditable service at the time of retirement.

Members who work after retirement by returning to covered employment as a working retiree are eligible for an increased level of death benefits. Beneficiaries of working retirees are provided with a death benefit equal to the amount of the member's annual earnable compensation in lieu of the standard \$2,000, \$4,000 or \$6,000 retired member benefit.

All benefits provided by the Systems are included in the actuarial valuations, including the incidental death benefit program for SCRS, PORS, GARS and JSRS. The July 1, 2025 actuarial valuations reflect the inclusion of the assets and liabilities of the incidental death benefit program and accidental death benefits for PORS.

XIII. Litigation

The South Carolina Retirement Systems are involved in litigation relating to various matters arising in the ordinary course of business, including routine administrative litigation involving individual members' claims regarding their benefits. In the opinion of management, in consultation with legal counsel, the outcomes of these matters are not expected to have a material adverse effect on the Systems' financial position or operations.

South Carolina Retirement Systems Required Supplementary Information

Schedule of Changes in the Employers' Net Pension Liability

SCRS Pension Trust Fund
Years Ended June 30
(Amounts expressed in thousands)

	2026	2025	2024	2023	2022
Total Pension Liability					
Service cost	\$ 1,367,014	\$ 1,281,057	\$ 1,182,494	\$ 1,120,136	\$ 1,069,012
Interest	4,389,653	4,210,079	4,007,724	3,869,177	3,778,285
Benefit changes					
Difference between actual and expected experience	704,341	828,079	748,621	502,096	(142,936)
Assumption changes			571,462		
Benefit payments	(3,860,986)	(3,732,703)	(3,604,897)	(3,481,786)	(3,381,161)
Net Change in Total Pension Liability	2,600,022	2,586,512	2,905,404	2,009,623	1,323,200
Total Pension Liability - Beginning	63,956,319	61,369,807	58,464,403	56,454,780	55,131,580
Total Pension Liability - Ending (a)	<u>\$ 66,556,341</u>	<u>\$ 63,956,319</u>	<u>\$ 61,369,807</u>	<u>\$ 58,464,403</u>	<u>\$ 56,454,780</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 2,767,700	\$ 2,643,644	\$ 2,463,230	\$ 2,133,553	\$ 1,884,209
Nonemployer contributions	88,706	88,706	88,706	88,706	88,706
Employee contributions	1,234,949	1,188,284	1,117,409	1,035,919	983,536
Refunds of contributions to members	(171,533)	(163,006)	(152,910)	(145,376)	(160,567)
Annuity benefits	(3,662,799)	(3,542,663)	(3,422,601)	(3,309,645)	(3,189,790)
Death benefits	(26,654)	(27,034)	(29,386)	(26,765)	(30,804)
Net investment income (loss)	6,282,285	4,259,500	3,588,045	2,317,284	(832,364)
Administrative expenses	(16,701)	(17,954)	(18,155)	(17,206)	(17,990)
Net transfers to other systems	(770)	(1,617)	(1,808)	(2,135)	(2,615)
Net Change in Plan Fiduciary Net Position	6,495,183	4,427,860	3,632,530	2,074,335	(1,277,679)
Plan Fiduciary Net Position - Beginning	42,347,352	37,919,492	34,286,962	32,212,627	33,490,306
Plan Fiduciary Net Position - Ending (b)	<u>\$ 48,842,535</u>	<u>\$ 42,347,352</u>	<u>\$ 37,919,492</u>	<u>\$ 34,286,962</u>	<u>\$ 32,212,627</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 17,713,806</u>	<u>\$ 21,608,967</u>	<u>\$ 23,450,315</u>	<u>\$ 24,177,441</u>	<u>\$ 24,242,153</u>

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

SCRS Pension Trust Fund (continued)

Years Ended June 30

(Amounts expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 1,028,783	\$ 975,416	\$ 967,897	\$ 910,846	\$ 804,057
Interest	3,678,394	3,551,535	3,463,073	3,401,588	3,318,051
Benefit changes					
Difference between actual and expected experience	232,794	392,332	(101,351)	(172,340)	54,584
Assumption changes	1,591,642				1,746,649
Benefit payments	(3,244,221)	(3,148,155)	(3,078,289)	(3,562,801)	(3,035,119)
Net Change in Total Pension Liability	3,287,392	1,771,128	1,251,330	577,293	2,888,222
Total Pension Liability - Beginning	51,844,188	50,073,060	48,821,730	48,244,437	45,356,215
Total Pension Liability - Ending (a)	<u>\$55,131,580</u>	<u>\$51,844,188</u>	<u>\$50,073,060</u>	<u>\$48,821,730</u>	<u>\$48,244,437</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 1,673,320	\$ 1,647,757	\$ 1,450,308	\$ 1,300,477	\$ 1,168,847
Nonemployer contributions	88,706	88,706	88,706	104,974	
Employee contributions	932,014	922,539	880,664	868,681	826,543
Refunds of contributions to members	(124,286)	(117,860)	(118,067)	(113,867)	(105,169)
Annuity benefits	(3,090,155)	(3,007,545)	(2,938,416)	(3,426,650)	(2,907,273)
Death benefits	(29,780)	(22,750)	(21,806)	(22,284)	(22,677)
Net investment income (loss)	7,767,185	(441,580)	1,499,391	1,986,948	2,791,215
Administrative expenses	(17,523)	(14,218)	(15,536)	(14,658)	(13,469)
Net transfers to other systems	(1,593)	(1,547)	(1,244)	(1,534)	(1,550)
Net Change in Plan Fiduciary Net Position	7,197,888	(946,498)	824,000	682,087	1,736,467
Plan Fiduciary Net Position - Beginning	26,292,418	27,238,916	26,414,916	25,732,829	23,996,362
Plan Fiduciary Net Position - Ending (b)	<u>\$33,490,306</u>	<u>\$26,292,418</u>	<u>\$27,238,916</u>	<u>\$26,414,916</u>	<u>\$25,732,829</u>
Net Pension Liability - Ending (a) - (b)	<u>\$21,641,274</u>	<u>\$25,551,770</u>	<u>\$22,834,144</u>	<u>\$22,406,814</u>	<u>\$22,511,608</u>

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

PORS Pension Trust Fund
Years Ended June 30
(Amounts expressed in thousands)

	2026	2025	2024	2023	2022
Total Pension Liability					
Service cost	\$ 313,885	\$ 293,876	\$ 240,895	\$ 228,881	\$ 218,062
Interest	750,892	703,760	651,802	616,200	598,566
Benefit changes					
Difference between actual and expected experience	136,121	224,452	274,584	165,789	(78,185)
Assumption changes			78,629		
Benefit payments	(575,300)	(542,258)	(518,026)	(498,536)	(485,343)
Net Change in Total Pension Liability	625,598	679,830	727,884	512,334	253,100
Total Pension Liability - Beginning	10,857,735	10,177,905	9,450,021	8,937,687	8,684,587
Total Pension Liability - Ending (a)	<u>\$11,483,333</u>	<u>\$10,857,735</u>	<u>\$10,177,905</u>	<u>\$ 9,450,021</u>	<u>\$ 8,937,687</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 459,194	\$ 437,054	\$ 407,492	\$ 342,451	\$ 292,364
Nonemployer contributions	13,882	12,470	12,470	12,470	12,470
Employee contributions	220,947	206,095	197,697	179,072	163,536
Refunds of contributions to members	(32,649)	(29,609)	(26,309)	(25,820)	(32,691)
Annuity benefits	(536,651)	(507,472)	(486,675)	(468,123)	(447,401)
Death benefits	(6,000)	(5,177)	(5,042)	(4,593)	(5,251)
Net investment income (loss)	1,183,132	802,903	674,179	432,834	(155,638)
Administrative expenses	(3,170)	(3,374)	(3,369)	(3,153)	(3,257)
Net transfers to other systems	579	1,421	1,751	2,079	2,904
Net Change in Plan Fiduciary Net Position	1,299,264	914,311	772,194	467,217	(172,964)
Plan Fiduciary Net Position - Beginning	8,092,430	7,178,119	6,405,925	5,938,708	6,111,672
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,391,694</u>	<u>\$ 8,092,430</u>	<u>\$ 7,178,119</u>	<u>\$ 6,405,925</u>	<u>\$ 5,938,708</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 2,091,639</u>	<u>\$ 2,765,305</u>	<u>\$ 2,999,786</u>	<u>\$ 3,044,096</u>	<u>\$ 2,998,979</u>

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

PORS Pension Trust Fund (continued)

Years Ended June 30

(Amounts expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 206,733	\$ 198,744	\$ 189,379	\$ 184,570	\$ 166,682
Interest	574,351	548,454	528,699	500,758	473,059
Benefit changes					
Difference between actual and expected experience	70,304	49,922	(27,766)	102,882	5,044
Assumption changes	242,143				333,190
Benefit payments	(455,331)	(432,483)	(412,535)	(397,921)	(376,801)
Net Change in Total Pension Liability	638,200	364,637	277,777	390,289	601,174
Total Pension Liability - Beginning	8,046,387	7,681,750	7,403,973	7,013,684	6,412,510
Total Pension Liability - Ending (a)	\$ 8,684,587	\$ 8,046,387	\$ 7,681,750	\$ 7,403,973	\$ 7,013,684
Plan Fiduciary Net Position					
Employer contributions	\$ 262,577	\$ 263,135	\$ 237,821	\$ 211,793	\$ 192,006
Nonemployer contributions	12,470	12,470	12,470	\$ 13,122	
Employee contributions	152,148	151,835	144,747	138,652	127,840
Refunds of contributions to members	(24,346)	(22,492)	(21,608)	(23,899)	(19,964)
Annuity benefits	(425,232)	(405,790)	(387,228)	(369,536)	(352,986)
Death benefits	(5,753)	(4,201)	(3,699)	(4,485)	(3,852)
Net investment income (loss)	1,411,353	(79,106)	264,323	331,529	455,914
Administrative expenses	(3,121)	(2,469)	(2,596)	(2,402)	(2,149)
Net transfers to other systems	1,401	984	1,148	1,534	1,278
Net Change in Plan Fiduciary Net Position	1,381,497	(85,634)	245,378	296,308	398,087
Plan Fiduciary Net Position - Beginning	4,730,175	4,815,809	4,570,431	4,274,123	3,876,036
Plan Fiduciary Net Position - Ending (b)	\$ 6,111,672	\$ 4,730,175	\$ 4,815,809	\$ 4,570,431	\$ 4,274,123
Net Pension Liability - Ending (a) - (b)	\$ 2,572,915	\$ 3,316,212	\$ 2,865,941	\$ 2,833,542	\$ 2,739,561

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

GARS Pension Trust Fund
Years Ended June 30
(Amounts expressed in thousands)

	2026	2025	2024	2023	2022
Total Pension Liability					
Service cost	\$ 170	\$ 212	\$ 220	\$ 263	\$ 275
Interest	4,335	4,417	4,584	4,698	4,815
Benefit changes					
Difference between actual and expected experience	(326)	439	(684)	(289)	(420)
Assumption changes			(241)		
Benefit payments	(6,202)	(6,231)	(6,256)	(6,328)	(6,348)
Net Change in Total Pension Liability	(2,023)	(1,163)	(2,377)	(1,656)	(1,678)
Total Pension Liability - Beginning	64,951	66,114	68,491	70,147	71,825
Total Pension Liability - Ending (a)	\$ 62,928	\$ 64,951	\$ 66,114	\$ 68,491	\$ 70,147
Plan Fiduciary Net Position					
Employer contributions	\$ 6,202	\$ 6,200	\$ 6,286	\$ 6,308	\$ 6,279
Employee contributions	104	127	147	155	164
Refunds of contributions to members	(4)				
Annuity benefits	(6,183)	(6,226)	(6,243)	(6,313)	(6,332)
Death benefits	(15)	(5)	(13)	(15)	(16)
Net investment income (loss)	8,134	5,640	4,813	3,106	(1,045)
Administrative expenses	(22)	(24)	(24)	(22)	(23)
Net transfers to other systems				(135)	(206)
Net Change in Plan Fiduciary Net Position	8,216	5,712	4,966	3,084	(1,179)
Plan Fiduciary Net Position - Beginning	56,238	50,526	45,560	42,476	43,655
Plan Fiduciary Net Position - Ending (b)	\$ 64,454	\$ 56,238	\$ 50,526	\$ 45,560	\$ 42,476
Net Pension Liability (Asset) - Ending (a) - (b)	\$ (1,526)	\$ 8,713	\$ 15,588	\$ 22,931	\$ 27,671

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

GARS Pension Trust Fund (continued)

Years Ended June 30

(Amounts expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 364	\$ 358	\$ 440	\$ 464	\$ 488
Interest	4,937	5,003	5,149	5,200	5,293
Benefit changes					
Difference between actual and expected experience	379	60	(1,135)	138	(348)
Assumption changes	1,386				2,330
Benefit payments	(6,315)	(6,348)	(6,515)	(6,468)	(6,737)
Net Change in Total Pension Liability	751	(927)	(2,061)	(666)	1,026
Total Pension Liability - Beginning	71,074	72,001	74,062	74,728	73,702
Total Pension Liability - Ending (a)	\$ 71,825	\$ 71,074	\$ 72,001	\$ 74,062	\$ 74,728
Plan Fiduciary Net Position					
Employer contributions	\$ 5,956	\$ 6,329	\$ 5,804	\$ 5,428	\$ 4,539
Employee contributions	184	222	162	287	468
Refunds of contributions to members	(77)		(17)		
Annuity benefits	(6,222)	(6,323)	(6,480)	(6,452)	(6,678)
Death benefits	(16)	(25)	(18)	(16)	(59)
Net investment income (loss)	9,444	(443)	1,887	2,376	3,329
Administrative expenses	(23)	(18)	(20)	(18)	(17)
Net transfers to other systems	(45)				19
Net Change in Plan Fiduciary Net Position	9,201	(258)	1,318	1,605	1,601
Plan Fiduciary Net Position - Beginning	34,454	34,712	33,394	31,789	30,188
Plan Fiduciary Net Position - Ending (b)	\$ 43,655	\$ 34,454	\$ 34,712	\$ 33,394	\$ 31,789
Net Pension Liability - Ending (a) - (b)	\$ 28,170	\$ 36,620	\$ 37,289	\$ 40,668	\$ 42,939

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

JSRS Pension Trust Fund
Years Ended June 30
(Amounts expressed in thousands)

	2026	2025	2024	2023	2022
Total Pension Liability					
Service cost	\$ 11,083	\$ 10,960	\$ 10,226	\$ 9,791	\$ 9,515
Interest	34,333	33,546	31,729	31,468	30,554
Benefit changes					
Difference between actual and expected experience	(3,254)	(1,355)	16,557	(9,303)	(249)
Assumption changes			(2,574)		
Benefit payments	(32,418)	(31,515)	(29,192)	(27,697)	(26,099)
Net Change in Total Pension Liability	9,744	11,636	26,746	4,259	13,721
Total Pension Liability - Beginning	501,144	489,508	462,762	458,503	444,782
Total Pension Liability - Ending (a)	<u>\$ 510,888</u>	<u>\$ 501,144</u>	<u>\$ 489,508</u>	<u>\$ 462,762</u>	<u>\$ 458,503</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 23,160	\$ 22,706	\$ 21,280	\$ 20,164	\$ 19,577
Nonemployer contributions	2,900	2,900	2,900	2,900	2,900
Employee contributions	4,030	4,069	3,564	4,236	3,012
Refunds of contributions to members	(275)	(300)			
Annuity benefits	(32,132)	(30,994)	(29,185)	(27,686)	(26,089)
Death benefits	(11)	(221)	(7)	(11)	(10)
Net investment income (loss)	40,319	27,764	23,612	15,272	(5,202)
Administrative expenses	(106)	(115)	(117)	(110)	(114)
Net transfers to other systems	191	196	57	191	(83)
Net Change in Plan Fiduciary Net Position	38,076	26,005	22,104	14,956	(6,009)
Plan Fiduciary Net Position - Beginning	269,739	243,734	221,630	206,674	212,683
Plan Fiduciary Net Position - Ending (b)	<u>\$ 307,815</u>	<u>\$ 269,739</u>	<u>\$ 243,734</u>	<u>\$ 221,630</u>	<u>\$ 206,674</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 203,073</u>	<u>\$ 231,405</u>	<u>\$ 245,774</u>	<u>\$ 241,132</u>	<u>\$ 251,829</u>

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

JSRS Pension Trust Fund (continued)

Years Ended June 30

(Amounts expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 8,718	\$ 8,919	\$ 6,645	\$ 6,521	\$ 6,186
Interest	29,199	28,154	21,737	21,271	20,404
Benefit changes					
Difference between actual and expected experience	4,000	3,262	80,801	(3,548)	(995)
Assumption changes	17,439				13,790
Benefit payments	(25,941)	(25,673)	(17,950)	(17,811)	(18,602)
Net Change in Total Pension Liability	33,415	14,662	91,233	6,433	20,783
Total Pension Liability - Beginning	411,367	396,705	305,472	299,039	278,256
Total Pension Liability - Ending (a)	<u>\$ 444,782</u>	<u>\$ 411,367</u>	<u>\$ 396,705</u>	<u>\$ 305,472</u>	<u>\$ 299,039</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 19,100	\$ 19,098	\$ 11,730	\$ 11,043	\$ 10,534
Nonemployer contributions	2,900	2,900			
Employee contributions	3,587	4,966	2,840	3,016	2,928
Refunds of contributions to members		(182)			(629)
Annuity benefits	(25,746)	(25,301)	(17,947)	(17,655)	(17,679)
Death benefits	(195)	(190)	(3)	(156)	(293)
Net investment income (loss)	47,659	(2,361)	9,183	11,723	16,399
Administrative expenses	(109)	(86)	(92)	(86)	(79)
Net transfers to other systems	237	563	96		253
Net Change in Plan Fiduciary Net Position	47,433	(593)	5,807	7,885	11,434
Plan Fiduciary Net Position - Beginning	165,250	165,843	160,036	152,151	140,717
Plan Fiduciary Net Position - Ending (b)	<u>\$ 212,683</u>	<u>\$ 165,250</u>	<u>\$ 165,843</u>	<u>\$ 160,036</u>	<u>\$ 152,151</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 232,099</u>	<u>\$ 246,117</u>	<u>\$ 230,862</u>	<u>\$ 145,436</u>	<u>\$ 146,888</u>

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

SCNG Pension Trust Fund
Years Ended June 30
(Amounts expressed in thousands)

	2026	2025	2024	2023	2022
Total Pension Liability					
Service cost	\$ 854	\$ 838	\$ 786	\$ 782	\$ 791
Interest	4,735	4,749	4,733	4,706	4,654
Benefit changes					
Difference between actual and expected experience	(920)	(956)	(678)	(392)	(59)
Assumption changes			135		
Benefit payments	(4,841)	(4,823)	(4,738)	(4,669)	(4,607)
Net Change in Total Pension Liability	(172)	(192)	238	427	779
Total Pension Liability - Beginning	69,640	69,832	69,594	69,167	68,388
Total Pension Liability - Ending (a)	<u>\$ 69,468</u>	<u>\$ 69,640</u>	<u>\$ 69,832</u>	<u>\$ 69,594</u>	<u>\$ 69,167</u>
Plan Fiduciary Net Position					
Employer contributions	\$ 5,290	\$ 5,290	\$ 5,290	\$ 5,290	\$ 5,290
Employee contributions					
Refunds of contributions to members					
Annuity benefits	(4,841)	(4,823)	(4,738)	(4,669)	(4,607)
Death benefits					
Net investment income (loss)	7,116	5,023	4,316	2,776	(878)
Administrative expenses	(21)	(22)	(22)	(21)	(22)
Net transfers to other systems					
Net Change in Plan Fiduciary Net Position	7,544	5,468	4,846	3,376	(217)
Plan Fiduciary Net Position - Beginning	53,257	47,789	42,943	39,567	39,784
Plan Fiduciary Net Position - Ending (b)	<u>\$ 60,801</u>	<u>\$ 53,257</u>	<u>\$ 47,789</u>	<u>\$ 42,943</u>	<u>\$ 39,567</u>
Net Pension Liability - Ending (a) - (b)	<u><u>\$ 8,667</u></u>	<u><u>\$ 16,383</u></u>	<u><u>\$ 22,043</u></u>	<u><u>\$ 26,651</u></u>	<u><u>\$ 29,600</u></u>

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Changes in the Employers' Net Pension Liability

SCNG Pension Trust Fund (continued)

Years Ended June 30

(Amounts expressed in thousands)

	2021	2020	2019	2018	2017
Total Pension Liability					
Service cost	\$ 696	\$ 805	\$ 786	\$ 804	\$ 696
Interest	4,754	4,731	4,764	4,743	4,589
Benefit changes					
Difference between actual and expected experience	(960)	(627)	(1,501)	(767)	(843)
Assumption changes	971				4,161
Benefit payments	(4,574)	(4,514)	(4,534)	(4,411)	(4,426)
Net Change in Total Pension Liability	887	395	(485)	369	4,177
Total Pension Liability - Beginning	67,501	67,106	67,591	67,222	63,045
Total Pension Liability - Ending (a)	\$ 68,388	\$ 67,501	\$ 67,106	\$ 67,591	\$ 67,222
Plan Fiduciary Net Position					
Employer contributions	\$ 5,290	\$ 5,290	\$ 5,290	\$ 4,814	\$ 4,591
Employee contributions					
Refunds of contributions to members					
Annuity benefits	(4,574)	(4,514)	(4,534)	(4,411)	(4,425)
Death benefits					
Net investment income (loss)	7,996	(352)	1,616	1,902	2,533
Administrative expenses	(20)	(15)	(16)	(14)	(13)
Net transfers to other systems					
Net Change in Plan Fiduciary Net Position	8,692	409	2,356	2,291	2,686
Plan Fiduciary Net Position - Beginning	31,092	30,683	28,327	26,036	23,350
Plan Fiduciary Net Position - Ending (b)	\$ 39,784	\$ 31,092	\$ 30,683	\$ 28,327	\$ 26,036
Net Pension Liability - Ending (a) - (b)	\$ 28,604	\$ 36,409	\$ 36,423	\$ 39,264	\$ 41,186

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Employers' Net Pension Liability

(Dollar amounts expressed in thousands)

	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	Projected Covered Payroll ¹	Net Pension Liability as a Percentage of Covered Payroll
SCRS						
6/30/2026	66,556,341	\$ 48,842,535	\$ 17,713,806	73.4%	\$ 12,716,413	139.3%
6/30/2025	63,956,319	42,347,352	21,608,967	66.2%	11,927,904	181.2%
6/30/2024	61,369,807	37,919,492	23,450,315	61.8%	11,041,023	212.4%
6/30/2023	58,464,403	34,286,962	24,177,441	58.6%	10,429,574	231.8%
6/30/2022	56,454,780	32,212,627	24,242,153	57.1%	9,925,834	244.2%
6/30/2021	55,131,580	33,490,306	21,641,274	60.7%	9,788,610	221.1%
6/30/2020	51,844,188	26,292,418	25,551,770	50.7%	9,272,010	275.6%
6/30/2019	50,073,060	27,238,916	22,834,144	54.4%	9,183,081	248.7%
6/30/2018	48,821,730	26,414,916	22,406,814	54.1%	8,592,885	260.8%
6/30/2017	48,244,437	25,732,829	22,511,608	53.3%	8,213,042	274.1%
PORS						
6/30/2026	11,483,333	9,391,694	2,091,639	81.8%	2,022,453	103.4%
6/30/2025	10,857,735	8,092,430	2,765,305	74.5%	1,898,424	145.7%
6/30/2024	10,177,905	7,178,119	2,999,786	70.5%	1,601,690	187.3%
6/30/2023	9,450,021	6,405,925	3,044,096	67.8%	1,513,764	201.1%
6/30/2022	8,937,687	5,938,708	2,998,979	66.4%	1,434,621	209.0%
6/30/2021	8,684,587	6,111,672	2,572,915	70.4%	1,440,645	178.6%
6/30/2020	8,046,387	4,730,175	3,316,212	58.8%	1,378,255	240.6%
6/30/2019	7,681,750	4,815,809	2,865,941	62.7%	1,306,961	219.3%
6/30/2018	7,403,973	4,570,431	2,833,542	61.7%	1,263,314	224.3%
6/30/2017	7,013,684	4,274,123	2,739,561	60.9%	1,187,195	230.8%
GARS						
6/30/2026	62,928	64,454	(1,526)	102.4%	788	-193.8%
6/30/2025	64,951	56,238	8,713	86.6%	967	901.2%
6/30/2024	66,114	50,526	15,588	76.4%	1,000	1,558.6%
6/30/2023	68,491	45,560	22,931	66.5%	1,204	1,905.1%
6/30/2022	70,147	42,476	27,671	60.6%	1,249	2,216.2%
6/30/2021	71,825	43,655	28,170	60.8%	1,570	1,794.0%
6/30/2020	71,074	34,454	36,620	48.5%	1,570	2,332.1%
6/30/2019	72,001	34,712	37,289	48.2%	1,866	1,998.8%
6/30/2018	74,062	33,394	40,668	45.1%	1,961	2,074.3%
6/30/2017	74,728	31,789	42,939	42.5%	2,316	1,853.7%
JSRS						
6/30/2026	510,888	307,815	203,073	60.3%	36,798	551.9%
6/30/2025	501,144	269,739	231,405	53.8%	36,076	641.4%
6/30/2024	489,508	243,734	245,774	49.8%	33,639	730.6%
6/30/2023	462,762	221,630	241,132	47.9%	32,037	752.7%
6/30/2022	458,503	206,674	251,829	45.1%	31,104	809.6%
6/30/2021	444,782	212,683	232,099	47.8%	30,346	764.8%
6/30/2020	411,367	165,250	246,117	40.2%	30,346	811.0%
6/30/2019	396,705	165,843	230,862	41.8%	22,347	1,033.1%
6/30/2018	305,472	160,036	145,436	52.4%	22,347	650.8%
6/30/2017	299,039	152,151	146,888	50.9%	21,958	668.9%
SCNG						
6/30/2026	69,468	60,801	8,667	87.5%	Not Applicable ²	Not Applicable ²
6/30/2025	69,640	53,257	16,383	76.5%	Not Applicable ²	Not Applicable ²
6/30/2024	69,832	47,789	22,043	68.4%	Not Applicable ²	Not Applicable ²
6/30/2023	69,594	42,943	26,651	61.7%	Not Applicable ²	Not Applicable ²
6/30/2022	69,167	39,567	29,600	57.2%	Not Applicable ²	Not Applicable ²
6/30/2021	68,388	39,784	28,604	58.2%	Not Applicable ²	Not Applicable ²
6/30/2020	67,501	31,092	36,409	46.1%	Not Applicable ²	Not Applicable ²
6/30/2019	67,106	30,683	36,423	45.7%	Not Applicable ²	Not Applicable ²
6/30/2018	67,591	28,327	39,264	41.9%	Not Applicable ²	Not Applicable ²
6/30/2017	67,222	26,036	41,186	38.7%	Not Applicable ²	Not Applicable ²

¹Projected covered payroll is the annualized, projected compensation for the following year and does not include payroll attributable to members in State ORP or working retirees.

² The contributions and benefits associated with the SCNG are not determined as a function of payroll.

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Employers' and Nonemployer's Contributions

(Dollar amounts expressed in thousands)

	Actuarially Determined Contributions ³	Amount of Contributions Recognized ³	Difference Between Actuarially Determined Contributions and Contributions Recognized	Projected Covered Payroll ⁴	Percentage of Contributions to Covered Payroll
SCRS¹					
6/30/2026	\$ 2,856,406	\$ 2,856,406	\$ -	\$ 12,716,413	22.5%
6/30/2025	2,732,350	2,732,350		11,927,904	22.9%
6/30/2024	2,551,936	2,551,936		11,041,023	23.1%
6/30/2023	2,222,259	2,222,259		10,429,574	21.3%
6/30/2022	1,972,915	1,972,915		9,925,834	19.9%
6/30/2021	1,762,026	1,762,026		9,788,610	18.0%
6/30/2020	1,736,463	1,736,463		9,272,010	18.7%
6/30/2019	1,539,014	1,539,014		9,183,081	16.8%
6/30/2018	1,405,451	1,405,451		8,592,885	16.4%
6/30/2017	1,168,847	1,168,847		8,213,042	14.2%
PORS¹					
6/30/2026	473,076	473,076		2,022,453	23.4%
6/30/2025	449,524	449,524		1,898,424	23.7%
6/30/2024	419,962	419,962		1,601,690	26.2%
6/30/2023	354,921	354,921		1,513,764	23.4%
6/30/2022	304,834	304,834		1,434,621	21.2%
6/30/2021	275,047	275,047		1,440,645	19.1%
6/30/2020	275,605	275,605		1,378,255	20.0%
6/30/2019	250,291	250,291		1,306,961	19.2%
6/30/2018	224,915	224,915		1,263,314	17.8%
6/30/2017	192,006	192,006		1,187,195	16.2%
GARS⁵					
6/30/2026	6,202	6,202		788	787.1%
6/30/2025	6,200	6,200		967	641.2%
6/30/2024	6,286	6,286		1,000	628.6%
6/30/2023	6,308	6,308		1,204	523.9%
6/30/2022	6,279	6,279		1,249	502.7%
6/30/2021	5,956	5,956		1,570	379.4%
6/30/2020	6,329	6,329		1,570	403.1%
6/30/2019	5,804	5,804		1,866	311.0%
6/30/2018	5,428	5,428		1,961	276.8%
6/30/2017	4,539	4,539		2,316	196.0%

Schedule of Employers' and Nonemployer's Contributions continued on next page.

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Employers' and Nonemployer's Contributions (cont.)

(Dollar amounts expressed in thousands)

	Actuarially Determined Contributions ³	Amount of Contributions Recognized ³	Difference Between Actuarially Determined Contributions and Contributions Recognized	Projected Covered Payroll ⁴	Percentage of Contributions to Covered Payroll
JSRS²					
6/30/2026	\$ 26,060	\$ 26,060	\$ -	\$ 36,798	70.8%
6/30/2025	25,606	25,606		36,076	71.0%
6/30/2024	24,180	24,180		33,639	71.9%
6/30/2023	23,064	23,064		32,037	72.0%
6/30/2022	22,477	22,477		31,104	72.3%
6/30/2021	22,000	22,000		30,346	72.5%
6/30/2020	21,998	21,998		30,346	72.5%
6/30/2019	11,730	11,730		22,347	52.5%
6/30/2018	11,044	11,044		22,347	49.4%
6/30/2017	10,534	10,534		21,958	48.0%
SCNG⁶					
6/30/2026	3,402	5,290	(1,888)	Not Applicable	Not Applicable
6/30/2025	3,621	5,290	(1,669)	Not Applicable	Not Applicable
6/30/2024	3,837	5,290	(1,453)	Not Applicable	Not Applicable
6/30/2023	3,984	5,290	(1,306)	Not Applicable	Not Applicable
6/30/2022	4,405	5,290	(885)	Not Applicable	Not Applicable
6/30/2021	5,188	5,290	(102)	Not Applicable	Not Applicable
6/30/2020	5,262	5,290	(28)	Not Applicable	Not Applicable
6/30/2019	5,290	5,290		Not Applicable	Not Applicable
6/30/2018	4,814	4,814		Not Applicable	Not Applicable
6/30/2017	4,509	4,591	(82)	Not Applicable	Not Applicable

¹ The actual contribution rates and the actuarially determined contribution rates for SCRS and PORS are determined in accordance with Sections 9-1-1085 and 9-11-225 of the South Carolina Code, respectively. The SCRS and PORS employer contribution rates effective July 1, 2025, are 18.56 percent and 21.24 percent, respectively.

² The contribution rate for JSRS is based on the funding policy maintained by the SC Public Employee Benefit Authority. The JSRS employer contribution rate adopted by the PEBA Board effective July 1, 2025, is 62.94 percent and the remaining portion of the contribution effort is attributable to the \$2.9 million in non-payroll based appropriations.

³ Includes employer contributions on employee payroll and contributions remitted to SCRS on the payroll of employees participating in State ORP and working retirees. Total contributions for SCRS, PORS and JSRS also includes nonemployer contributions.

⁴ Projected covered payroll is the annualized, projected compensation for the following year and does not include payroll attributable to members in State ORP or working retirees.

⁵ GARS was closed to new members beginning with the 2012 general election. The actuarially determined contributions are based on the funding policy maintained by the SC Public Employee Benefit Authority.

⁶ Benefits for members in the SCNG are not a function of pay. The actuarially determined contributions are based on the funding policy maintained by the SC Public Employee Benefit Authority.

South Carolina Retirement Systems

Required Supplementary Information (continued)

Schedule of Investment Returns¹

Fiscal Year Ending June 30	Annual Money Weighted Rate of Return, Net of Investment Expense
2026	14.53%
2025	11.34
2024	10.47
2023	6.80
2022	(0.91)
2021	28.48
2020	(1.59)
2019	5.70
2018	7.89
2017	11.82

¹Trailing periods reflect a performance correction that affected the time period 07/1/2015 through 6/30/2022.

Notes to Required Supplementary Information

The following table provides a summary of the actuarial methods and significant assumptions used in calculations of the actuarially determined contributions for fiscal year 2026 for each of the individual plans administered by PEBA.

Summary of Actuarial Methods and Significant Assumptions¹

	SCRS	PORS	GARS	JSRS	SCNG
Valuation date	07/01/24	07/01/24	07/01/24	07/01/24	07/01/24
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percent of pay	Level percent of pay	Level dollar	Level percent of pay	Level dollar
Amortization period	23 years maximum, closed period ²	23 years maximum, closed period ²	5 year layered amortization	23 years maximum, closed period	12 years, closed
Asset Valuation method	5-Year Smoothed	5-Year Smoothed	5-Year Smoothed	5-Year Smoothed	5-Year Smoothed
Actuarial assumptions:					
Inflation rate	2.25%	2.25%	2.25%	2.25%	2.25%
Projected salary increases	3.0% plus step-rate increases for members with less than 21 years of service ³	3.5% plus step-rate increases for members with less than 21 years of service ³	None	3% ³	None
Investment rate of return	7%	7%	7%	7%	7%
Benefit adjustments	lesser of 1% or \$500 annually	lesser of 1% or \$500 annually	None	3%	None

¹ The actual contribution rates and the actuarially determined contribution rates for SCRS and PORS are determined in accordance with Sections 9-1-1085 and 9-11-225 of the South Carolina Code, respectively. Contribution requirements for JSRS, GARS and the SCNG are determined in accordance with funding policies established and maintained by the PEBA Board.

² Pension reform legislation enacted effective July 1, 2017, schedules the amortization period to be reduced from 30 years to 20 years over a ten-year schedule.

³ Includes inflation at 2.25%.

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

SCRS Pension Trust Fund

Year Ended June 30, 2026

With summarized comparative totals for the year ended June 30, 2025

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	DEATH BENEFIT FUND	QEBA FUND	TOTAL	2025 TOTAL
Additions						
Employee contributions						
State	\$ 384,412	\$ 7,772	\$ -	\$ -	\$ 392,184	\$ 376,845
Public school	485,849	35,852			521,701	502,026
Other	312,121	8,943			321,064	309,413
Employer contributions						
State		993,753	9,080	894	1,003,727	952,255
Public school		1,113,036	9,685		1,122,721	1,076,227
Other		636,461	4,791		641,252	615,162
Nonemployer contributions						
State		31,126			31,126	31,126
Public school		43,822			43,822	43,822
Other		13,758			13,758	13,758
Total contributions	<u>1,182,382</u>	<u>2,884,523</u>	<u>23,556</u>	<u>894</u>	<u>4,091,355</u>	<u>3,920,634</u>
Investment income						
Net appreciation (depreciation) in fair value of investments		6,229,494	21,407		6,250,901	4,165,968
Interest and dividend income		566,517	1,941		568,458	575,470
Investment expense		(537,165)	(1,843)		(539,008)	(483,348)
Net income (loss) from investing activities		<u>6,258,846</u>	<u>21,505</u>		<u>6,280,351</u>	<u>4,258,090</u>
From securities lending activities:						
Securities lending income		9,517	33		9,550	11,748
Securities lending borrower rebates		(7,590)	(26)		(7,616)	(10,338)
Net income from securities lending activities		<u>1,927</u>	<u>7</u>		<u>1,934</u>	<u>1,410</u>
Total net investment income (loss)		<u>6,260,773</u>	<u>21,512</u>		<u>6,282,285</u>	<u>4,259,500</u>
Supplemental retirement benefits funded by the State		145			145	157
Transfers of contributions from other systems						
Total additions	<u>1,182,382</u>	<u>9,145,441</u>	<u>45,068</u>	<u>894</u>	<u>10,373,785</u>	<u>8,180,291</u>
Deductions						
Refunds of contributions to members	171,533				171,533	163,006
Transfers of contributions to other systems	515	255			770	1,617
Regular retirement benefits		3,661,905		894	3,662,799	3,542,663
Supplemental retirement benefits		145			145	157
Death benefits		(15)	26,669		26,654	27,034
Depreciation		168			168	166
Administrative expenses		16,476	57		16,533	17,788
Total deductions	<u>172,048</u>	<u>3,678,934</u>	<u>26,726</u>	<u>894</u>	<u>3,878,602</u>	<u>3,752,431</u>
Interfund transfers according to statutory requirements						
Contributions by members at retirement	(764,123)	764,123				
Interest credited to members' accounts	<u>422,541</u>	<u>(422,541)</u>				
Net interfund transfers	<u>(341,582)</u>	<u>341,582</u>				
Net increase (decrease) in Net Position	668,752	5,808,089	18,342		6,495,183	4,427,860
Net Position Restricted for Pensions						
Beginning of year	<u>12,383,050</u>	<u>29,819,465</u>	<u>144,837</u>	<u>-</u>	<u>42,347,352</u>	<u>37,919,492</u>
End of year	<u>\$13,051,802</u>	<u>\$35,627,554</u>	<u>\$ 163,179</u>	<u>\$ -</u>	<u>\$48,842,535</u>	<u>\$42,347,352</u>

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

PORS Pension Trust Fund

Year Ended June 30, 2026

With summarized comparative totals for the year ended June 30, 2025

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	DEATH BENEFIT FUND	ACCIDENTAL DEATH FUND	QEBA FUND	TOTAL	2025 TOTAL
Additions							
Employee contributions							
State	\$ 57,410	\$ 2,909	\$ -	\$ -	\$ -	\$ 60,319	\$ 58,020
Public school	301	741				1,042	884
Other	150,678	8,908				159,586	147,191
Employer contributions							
State		122,589	1,214	1,215		125,018	123,151
Public school		1,689	17	16		1,722	1,661
Other		326,323	3,131	3,000		332,454	312,242
Nonemployer contributions							
State		5,482				5,482	4,070
Public school		44				44	44
Other		8,356				8,356	8,356
Total contributions	208,389	477,041	4,362	4,231		694,023	655,619
Investment income							
Net appreciation (depreciation)							
in fair value of investments		1,138,775	12,187	17,288		1,168,250	778,590
Interest and dividend income		112,360	1,198	1,699		115,257	114,385
Investment expense		(98,195)	(1,051)	(1,491)		(100,737)	(90,335)
Net income (loss) from investing activities		1,152,940	12,334	17,496		1,182,770	802,640
From securities lending activities:							
Securities lending income		1,740	19	26		1,785	2,184
Securities lending borrower rebates		(1,387)	(15)	(21)		(1,423)	(1,921)
Net income from securities lending activities		353	4	5		362	263
Total net investment income (loss)		1,153,293	12,338	17,501		1,183,132	802,903
Supplemental retirement benefits funded by the State		5				5	5
Transfers of contributions from other systems	324	255				579	1,462
Total additions	208,713	1,630,594	16,700	21,732		1,877,739	1,459,989
Deductions							
Refunds of contributions to members	32,649					32,649	29,609
Transfers of contributions to other systems							41
Regular retirement benefits		536,651				536,651	507,472
Supplemental retirement benefits		5				5	5
Death Benefits			3,854			3,854	3,095
Accidental death benefits				2,146		2,146	2,082
Depreciation		22				22	22
Administrative expenses		3,068	33	47		3,148	3,352
Total deductions	32,649	539,746	3,887	2,193		578,475	545,678
Interfund transfers according to statutory requirements							
Contributions by members at retirement	(118,208)	118,208					
Interest credited to members' accounts	62,236	(62,236)					
Net interfund transfers	(55,972)	55,972					
Net increase (decrease) in Net Position	120,092	1,146,820	12,813	19,539		1,299,264	914,311
Net Position Restricted for Pensions							
Beginning of year	1,751,489	6,136,767	84,423	119,751	-	8,092,430	7,178,119
End of year	\$ 1,871,581	\$ 7,283,587	\$ 97,236	\$ 139,290	\$ -	\$ 9,391,694	\$ 8,092,430

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

GARS Pension Trust Fund

Year Ended June 30, 2026

With summarized comparative totals for the year ended June 30, 2025

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	QEBA FUND	TOTAL	2025 TOTAL
Additions					
Contributions					
Employee contributions - State	\$ 104	\$ -	\$ -	\$ 104	\$ 127
Employer contributions - State		6,200	2	6,202	6,200
Total contributions	104	6,200	2	6,306	6,327
Investment income					
Net appreciation (depreciation)					
in fair value of investments		7,852		7,852	5,233
Interest and dividend income		957		957	1,012
Investment expense		(677)		(677)	(607)
Net income (loss) from investing activities		8,132		8,132	5,638
From securities lending activities:					
Securities lending income		12		12	15
Securities lending borrower rebates		(10)		(10)	(13)
Net income from securities lending activities		2		2	2
Total net investment income (loss)		8,134		8,134	5,640
Total additions	104	14,334	2	14,440	11,967
Deductions					
Refunds of contributions to members	4			4	
Transfers of contributions to other systems					
Regular retirement benefits		6,181	2	6,183	6,226
Death benefits		15		15	5
Administrative expenses		22		22	24
Total deductions	4	6,218	2	6,224	6,255
Interfund transfers according to statutory requirements					
Contributions by members at retirement	(459)	459			
Interest credited to members' accounts	144	(144)			
Net interfund transfers	(315)	315			
Net increase (decrease) in Net Position	(215)	8,431		8,216	5,712
Net Position Restricted for Pensions					
Beginning of year	5,174	51,064	-	56,238	50,526
End of year	\$ 4,959	\$ 59,495	\$ -	\$ 64,454	\$ 56,238

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

JSRS Pension Trust Fund

Year Ended June 30, 2026

With summarized comparative totals for the year ended June 30, 2025

(Amounts expressed in thousands)

	EMPLOYEE FUND	EMPLOYER FUND	QEBA FUND	TOTAL	2025 TOTAL
Additions					
Contributions					
Employee contributions - State	\$ 3,700	\$ 330	\$ -	\$ 4,030	\$ 4,069
Employer contributions - State		22,530	630	23,160	22,706
Nonemployer contributions		2,900		2,900	2,900
Total contributions	3,700	25,760	630	30,090	29,675
Investment income					
Net appreciation (depreciation)					
in fair value of investments		39,565		39,565	26,369
Interest and dividend income		4,154		4,154	4,446
Investment expense		(3,412)		(3,412)	(3,060)
Net income (loss) from investing activities		40,307		40,307	27,755
From securities lending activities:					
Securities lending income		60		60	74
Securities lending borrower rebates		(48)		(48)	(65)
Net income from securities lending activities		12		12	9
Total net investment income (loss)		40,319		40,319	27,764
Transfers of contributions from other svstems	191			191	196
Total additions	3,891	66,079	630	70,600	57,635
Deductions					
Refunds of contributions to members	275			275	300
Transfer of contributions to other systems					
Regular retirement benefits		31,502	630	32,132	30,580
Deferred retirement benefits					414
Death benefits		11		11	221
Depreciation		1		1	1
Administrative expenses		105		105	114
Total deductions	275	31,619	630	32,524	31,630
Interfund transfers according to statutory requirements					
Contributions by members at retirement	(4,334)	4,334			
Interest credited to members' accounts	1,359	(1,359)			
Net interfund transfers	(2,975)	2,975			
Net increase (decrease) in Net Position	641	37,435		38,076	26,005
Net Position Restricted for Pensions					
Beginning of year	36,107	233,632	-	269,739	243,734
End of year	\$ 36,748	\$ 271,067	\$ -	\$ 307,815	\$ 269,739

South Carolina Retirement Systems

Schedule of Changes in Fiduciary Net Position

SCNG Pension Trust Fund

Year Ended June 30, 2026

With summarized comparative totals for the year ended June 30, 2025

(Amounts expressed in thousands)

	<u>2026 Total</u>	<u>2025 Total</u>
Additions		
Contributions		
State appropriated	\$ 5,290	\$ 5,290
Total contributions	<u>5,290</u>	<u>5,290</u>
Investment income		
Net appreciation (depreciation)		
in fair value of investments	6,648	4,431
Interest and dividend income	1,039	1,105
Investment expense	<u>(573)</u>	<u>(514)</u>
Net Income (loss) from investing activities	<u>7,114</u>	<u>5,022</u>
From securities lending activities:		
Securities lending income	10	12
Securities lending borrower rebates	<u>(8)</u>	<u>(11)</u>
Net income from securities lending activities	<u>2</u>	<u>1</u>
Total net investment income (loss)	<u>7,116</u>	<u>5,023</u>
Total additions	<u>12,406</u>	<u>10,313</u>
Deductions		
Regular retirement benefits	4,841	4,823
Administrative expenses	<u>21</u>	<u>22</u>
Total deductions	<u>4,862</u>	<u>4,845</u>
Net increase in Net Position	7,544	5,468
Net Position Restricted for Pensions		
Beginning of year	53,257	47,789
End of year	<u>\$ 60,801</u>	<u>\$ 53,257</u>

South Carolina Retirement Systems

Schedule of Administrative Expenses

Year Ended June 30, 2026
(Amounts expressed in thousands)

Personnel Services

Salaries and Wages	\$ 10,651
Employee Benefits	4,603
Total Personnel Services	15,254

Professional and Consultant Fees

Information Technology	1,207
Medical and Health Services	194
Financial Audit	243
Actuarial Services	217
Management Professional Services	90
Legal Services	28
Total Professional and Consultant Fees	1,979

Operating Expenses

Facilities Management	429
Software Licenses and Programs	1,184
Furniture and Equipment - Expensed	20
Communications and Utilities	131
Insurance	266
Postage	244
Supplies	229
Miscellaneous Expenses	93
Total Operating Expenses	2,596
Total Administrative Expenses	\$ 19,829

Allocation of Administrative Expenses

SCRS	\$ 16,533
PORS	3,148
GARS	22
JSRS	105
SCNG	21
Total Administrative Expenses	\$ 19,829

South Carolina Retirement Systems

Schedule of Professional and Consultant Fees

Year Ended June 30, 2026
(Amounts expressed in thousands)

Professional / Consultant Type	Nature of Service Provided	Amounts
Ahead Inc	Disaster recovery products and services	\$ 40
CapFinancial Partners	Investment Advisory Services	80
Converged LLC	Disaster recovery products and services	39
Crowe	Audit and Consulting Services	243
Data Network Solutions	Cyber Security Consulting/Disaster Recovery Solution Services	46
Gabriel Roeder Smith & Company	Actuarial and Consulting Services	217
Ice Miller LLP	Legal/Attorney Services	21
Knowledge Services	Contract Staff Services	394
Presidio Networked Solutions Group	IT products and licenses	16
SHI International	IT Training	126
Soteria LLC	IT Security Analysis Services	23
Standard Insurance Company	Disability Review Services	137
Telus Health US	Application Development Resources	376
TierPoint	Disaster Recovery Solution Services	120
Vocational Rehabilitation	Disability Review Services	57
Aggregate of payees less than \$10,000 each	Professional and Consulting Services	44
Total Professional and Consultant Fees		<u><u>\$ 1,979</u></u>

South Carolina Retirement Systems

Schedule of Investment Fees and Expenses

Year Ended June 30, 2026
(Amounts expressed in thousands)

	SCRS	PORS	GARS	JSRS	SCNG	TOTALS ¹
Short Term	\$ 663	\$ 124	\$ 1	\$ 4	\$ 1	\$ 793
Fixed Income:						
Core Bonds (IG) ²	3,372	630	4	21	3	4,030
Mixed Credit	2,441	456	3	16	2	2,918
Emerging Market Debt						
Global Public Equity	4,147	775	5	26	4	4,957
Public Real Estate	879	165	1	6	1	1,052
Public Infrastructure	450	84	1	3		538
Beta Overlay	1,352	253	2	8	1	1,616
Alternatives:						
Hedge Funds	274,259	51,257	344	1,736	292	327,888
Private Debt	65,674	12,273	82	416	72	78,517
Private Equity	120,791	22,575	152	765	128	144,411
Private Real Estate	30,718	5,741	39	194	33	36,725
Private Infrastructure	17,378	3,248	22	110	18	20,776
Total Investment Manager Fees	522,124	97,581	656	3,305	555	624,221
Bank Fees and Investment Expenses ³	16,884	3,156	21	107	18	20,186
Total Investment Expenses	<u>\$539,008</u>	<u>\$100,737</u>	<u>\$ 677</u>	<u>\$ 3,412</u>	<u>\$ 573</u>	<u>\$ 644,407</u>
Securities Lending Expenses:						
Borrower Rebates	\$ 7,616	\$ 1,423	\$ 10	\$ 48	\$ 8	\$ 9,105
Total Securities Lending Expenses	<u>\$ 7,616</u>	<u>\$ 1,423</u>	<u>\$ 10</u>	<u>\$ 48</u>	<u>\$ 8</u>	<u>\$ 9,105</u>

¹ All investment manager and performance fees, whether directly invoiced (\$11,711) or deducted from the fund on a net basis (\$612,510), are classified and reported as Investment Expense. Investment expenses include amounts for investment management fees, performance fees (including carried interest allocations), other expenses such as organizational expenses in limited partnership structures, as well as offsets which may have the effect of reducing the total.

² This asset class includes both Fixed Rate and Floating Rate Investment Grade Bonds.

³ Includes miscellaneous investment expenses, commissions on futures, bank fees and RSIC administrative expenses.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Henry D. McMaster, Governor
Ms. Sue F. Moss, CPA, State Auditor,
and Board of Directors
South Carolina Public Employee Benefit Authority
Columbia, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Carolina Retirement Systems (the Systems) as administered by the South Carolina Public Employee Benefit Authority, included as fiduciary funds of the State of South Carolina, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements, and have issued our report thereon dated October 14, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Systems' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Systems' internal control. Accordingly, we do not express an opinion on the effectiveness of the Systems' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

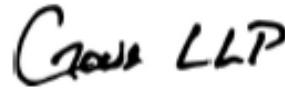
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Systems' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The word "Crowe" is written in a cursive script, and "LLP" is written in a more formal, blocky font.

Crowe LLP

Dallas, Texas
October 14, 2026