

From: Curtis M. Loftis, Jr.

Subject: Senate Bill 527 and the continuing poor performance of the SC Investment Commission

To the members of Senate Finance Committee:

The most current Investment Commission performance report shows that:

- SC, for the current fiscal year, is in the bottom 15% of its peers in the rate of return performance,
- SC, for 1, 3 and 5 year periods is in the bottom 10% of its peers. For the 10 year period it is in last place,
- SC, for the current fiscal year returned only 1.63%, compared with the average of 3.02%, or the highest at 5.11%,
- SC, for the last fiscal year, paid over \$450,000,000 in fees to money managers and was in the bottom 20% of earners.

I have made repeated requests to the subcommittee over the last 3 weeks for a copy of the amended bill have not received it, so I have been unable to study the final bill and therefore cannot comment fully on all aspects of the proposed legislation.

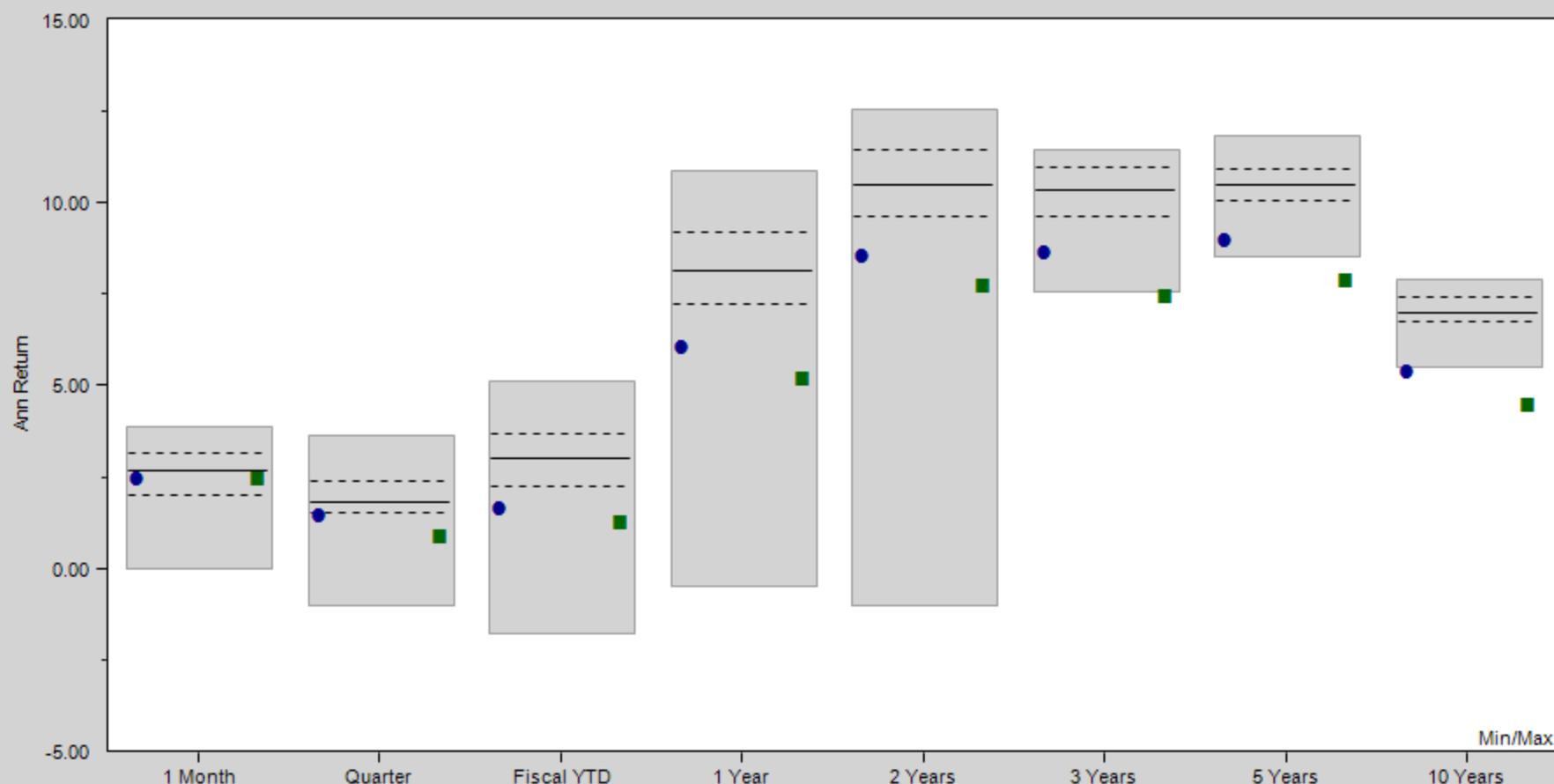
With reference to custody of the assets, the bill appears to remove the State Treasurer as custodian and transfer that authority to the very people that make large salaries and bonuses off of the investments. The State Treasurer as custodian is the ONLY meaningful oversight that the people of SC have over its largest asset...and its largest debt. The separation of duties and the safeguarding of assets must remain open, transparent and accountable.

The SC Retirement System has undergone significant and positive change over the last 4 years. If given time, those changes will allow the system to earn more money, pay less fees, and give comfort and security to the people of South Carolina. Additional and major changes to the system at this time may jeopardize the improvements already implemented in governance, policies and procedures.

I respectfully request that the Committee consider S. 527 with prudence and allow this proposal to be thoroughly vetted by the full Committee before considering the possibility of sending it forward.

Curtis M. Loftis, Jr  
South Carolina State Treasurer

**Public > \$5 Billion - Total Funds (USD) - Monthly**  
**As of February 28, 2015**  
**Quartile**



	Value	%Tile														
<b>Maximum</b>	3.86		3.64		5.11		10.90		12.55		11.44		11.82		7.91	
<b>25th Percentile</b>	3.14		2.38		3.69		9.19		11.46		10.98		10.93		7.40	
<b>Median Percentile</b>	2.66		1.81		3.02		8.13		10.49		10.33		10.51		7.01	
<b>75th Percentile</b>	2.02		1.50		2.24		7.25		9.64		9.61		10.05		6.77	
<b>Minimum</b>	-0.02		-1.00		-1.79		-0.48		-1.00		7.59		8.51		5.49	
<b># of Portfolios</b>	29		29		28		27		26		25		25		22	
<b>Total SC with Overlay</b>	2.42	58	1.44	82	1.63	85	6.05	92	8.53	90	8.64	93	8.95	94	5.35	100
<b>SC Policy Benchmark</b>	2.41	58	0.86	90	1.26	87	5.19	94	7.72	93	7.42	100	7.87	100	4.44	100

Universe Source: The Bank of New York Mellon Corporation; Universe Status: Final, Calculated

SCRS assets are held both "in and out of bank" "Out of bank" assets are not in the custody of BNY Mellon or the STO. Consolidating is an accommodation by BNY Mellon and the STO and thus cannot be relied upon as representations of BNY Mellon or the STO.