

South Carolina State Treasurer's Investment Portfolios

Investment Policy Statement



Effective: March 1, 2026

Revised: February 2026



South Carolina State Treasurer's Investment Portfolios Investment Policy Statement

MISSION

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

The mission of the Investment Management Division within the State Treasurer's Office (STO) is to safely and effectively manage the funds for the State's agencies, local governments, and political subdivisions (Government Investment Portfolios). The office manages multiple U.S fixed income portfolios.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT (IPS)

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

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

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

DELEGATION OF AUTHORITY

The authority to invest State Government Investment Funds is limited to the State Treasurer under S.C. Code of Laws § 11-13-30, and § 6-6-10 which sets the authority for the Local Government Investment Pool.

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

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

BROAD OBJECTIVES

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

This policy recognizes that investment decisions involve managing the State's daily fluctuating cash flows and anticipating future revenues and expenditures. The STO through its Investment Adviser(s) manages



South Carolina State Treasurer's Investment Portfolios Investment Policy Statement

cash balances available to anticipate the future use of these funds. Also, earnings on investments provide one of the sources of revenue for the State and State agencies annually. Consequently, the soundness and success of an investment program is of primary importance to meet the State's funding needs.

The three investment goals are based on the following principles:

Liquidity – Securities that qualify as liquid assets are defined within each portfolio's liquid asset requirements.

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

Rate of Return – Enhancement of purchasing power through consistent compounding of underlying principal at rates exceeding the portfolio's respective benchmark.

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



PERFORMANCE STANDARDS

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

Performance Evaluation

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

Portfolio ID	Portfolio Name	Maturity	Benchmark
AA	Local Government Investment Pool	Short-term bias	Primary: iMoneyNet Taxable Instl Reference: 80% 90-day T-Bills 20% BB Short-term Govt/Credit
GF	State General Fund / General Deposit	Short/intermediate bias	BBC 1-3 Yr Govt/Credit
01	State Investment Pool / General Deposit	Medium-term bias	BBC 1-5 Yr Govt/Credit
SB	Insurance Reserve Fund / General Deposit	Long-term bias	BBC Intermediate Govt/Credit
03	Long Term Pool / General Deposit	Long-term bias	BBC Govt/Credit
HI	SC Retirement Health Insurance – OPEB	Long-term bias	BBC Govt/Credit
DI	Long Term Disability Insurance – OPEB	Long-term bias	BBC Govt/Credit
AD	USC Insurance & Stock Trust*	n/a	n/a
EI	Education Improvement Fund / General Deposit	0-90 days	Overnight Bank Funding Rate (OBFR)
SA	Ordinary Sinking Fund	Short-term bias	Overnight Bank Funding Rate (OBFR)
04	Treasury Fund/ General Deposit	Medium-term bias	BBC 1-3 Yr Government
GF-FICC	General Fund FICC REPO	1 day	n/a

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

*Given the portfolio structure, this portfolio is not measured against a benchmark.



OBJECTIVES & PARAMETERS OF SPECIFIC INVESTMENT PORTFOLIOS

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

General Deposit Portfolios

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

Separate Portfolios

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

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



South Carolina State Treasurer's Investment Portfolios Investment Policy Statement

	Local Government Investment Pool	State General Fund	State Investment Pool	Insurance Reserve Fund
Benchmark	Primary: iMoneyNet Taxable Institutional Idx Reference: 80% T-Bills and 20% BBC Shrt Term G/C	BBC 1-3 Yr Govt/Credit	BBC 1-5 Yr Govt/Credit	BBC Inter Govt/Credit
Liquidity Min % Daily liquid assets Min % Monthly liquid assets	10% ---	10% ---	10% ---	--- 10%
Non-government Securities a. CD's b. Repurchase Agreements c. Total Credit ¹ d. Asset Backed Securities e. Private Placements ²	0-100% 0-100% 0-100% 0% 0-10%	--- 0-50% Up to +50% of index ³ 0-15% 0-10%	--- 0-50% Up to +50% of index ³ 0-15% 0-10%	--- 0-50% Up to +55% of index ³ 0-5% 0-10%
Diversification Max Position Size ⁴ Max US\$ Foreign Govt & Intl Org Max Allocation per Industry Max Financial Industry Max Asset Backed Securities Issuer Size Max Security Level Position to Total Issuance	5% 20% 25% (except Financials) 70% --- ---	3% 20% 25% 25% 1% 5%	3% 20% 25% 25% 1% 5%	3% 20% 25% 25% 1% 5%
Maturity	Corporate: 397 days or less US Government: 2 years or less	Full Range	Full Range	Full Range
Repurchase Agreements Max term Collateral of Principal & Interest	30 days 102%	30 days 102%	30 days 102%	30 days 102%
Commercial Paper Ratings Split Ratings Max Allocation to Tier 2 ⁵ Max Allocation per Issuer Max Allocation per Industry Max Allocation to Asset-Bckd CP Minimum Program Size	A1+ A-1/P-1/F1 A-2/P-2/F2 Allowed 10% 5% 25% (financials: 70%) 25% >\$750mm	A1+ A-1/P-1/F1 A-2/P-2/F2 Allowed 10% 3% 25% (financials: 70%) 25% >\$750mm	A1+ A-1/P-1/F1 A-2/P-2/F2 Allowed 10% 3% 25% (financials: 70%) 25% >\$750mm	A1+ A-1/P-1/F1 A-2/P-2/F2 Allowed 10% 3% 25% (financials: 70%) 25% >\$750mm
Portfolio Characteristics Min Quality ⁶ Effective Duration Weighted Average Maturity Weighted Average Life	P-1/A-1 --- ≤90 days ≤120 days	A- ±30% of index --- ---	A- ±30% of index --- ---	A- ±30% of index --- ---

¹ Including commercial paper, corporate notes, certificates of deposits, asset-backed securities, and fixed and floating rate securities depending on the portfolio.

² Rule 144a securities without registration rights are prohibited.

³ Corporate securities are limited to 50% above its benchmark exposure. Asset-backed securities are limited to 5% of the total portfolio value.

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

⁵ No more than 10% to be held in second-tier securities: Split paper (e.g. A-1/P-2 or A-2/P-2/F-1 or tier 2 (e.g. A2/P2, A2/P2/F2)).

⁶ Portfolio Minimum Quality for the Local Government Investment Pool, Ordinary Sinking Fund, and Education Improvement Fund refer to Short-term Credit Ratings. Portfolio Minimum Quality for all other portfolios refer to Long-Term Credit Ratings.



South Carolina State Treasurer's Investment Portfolios Investment Policy Statement

	Long Term Pool	SC Retirement Health Insurance - OPEB	Long-Term Disability Insurance
Benchmark	BBC Govt/Credit	BBC Govt/Credit	BBC Govt/Credit
Liquidity			
Min % Daily liquid assets	---	---	---
Min % Monthly liquid assets	10%	10%	10%
Non-government Securities			
a. CD's	---	---	---
b. Repurchase Agreements	0-50%	0-50%	0-50%
c. Total Credit ¹	Up to +55% of index ³	Up to +55% of index ³	Up to +55% of index ³
d. Asset Backed Securities	0-5%	0-5%	0-5%
e. Private Placements ²	0-10%	0-10%	0-10%
Diversification			
Max Position Size ⁴	3%	3%	3%
Max US\$ Foreign Gov t& Intl Org	20%	20%	20%
Max Allocation per Industry	25%	25%	25%
Max Financial Industry	25%	25%	25%
Max Asset Backed Securities Issuer Size	1%	1%	1%
Max Security Level Position to Total Issuance	5%	5%	5%
Maturity	Full Range	Full Range	Full Range
Repurchase Agreements			
Max term	30 days	30 days	30 days
Collateral of Principal & Interest	102%	102%	102%
Commercial Paper			
Ratings	A1+ A-1/P-1/F1 A-2/P-2/F2	A1+ A-1/P-1/F1 A-2/P-2/F2	A1+ A-1/P-1/F1 A-2/P-2/F2
Split Ratings	Allowed	Allowed	Allowed
Max Allocation to Tier 2 ⁵	10%	10%	10%
Max Allocation per Issuer	3%	3%	3%
Max Allocation per Industry	25% (financials: 70%)	25% (financials: 70%)	25% (financials: 70%)
Max Allocation to Asset-Bckd CP	25%	25%	25%
Minimum Program Size	>\$750mm	>\$750mm	>\$750mm
Portfolio Characteristics			
Min Quality ⁶	A-	A-	A-
Effective Duration	±30% of index	±30% of index	±30% of index
Average Maturity	---	---	---

¹ Including commercial paper, corporate notes, certificates of deposits, asset-backed securities, and fixed and floating rate securities depending on the portfolio.

² Rule 144a securities without registration rights are prohibited.

³ Corporate securities are limited to 50% above its benchmark exposure. Asset-backed securities are limited to 5% of the total portfolio value.

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

⁵ No more than 10% to be held in second-tier securities: Split paper (e.g. A-1/P-2 or A-2/P-2/F-1 or tier 2 (e.g. A2/P2, A2/P2/F2).

⁶ Portfolio Minimum Quality for the Local Government Investment Pool, Ordinary Sinking Fund, and Education Improvement Fund refer to Short-term Credit Ratings. Portfolio Minimum Quality for all other portfolios refer to Long-Term Credit Ratings.



South Carolina State Treasurer's Investment Portfolios Investment Policy Statement

	Education Improvement Fund	Ordinary Sinking Fund	Treasury Fund
Benchmark	Overnight Bank Funding Rate (OBFR)	Overnight Bank Funding Rate (OBFR)	BBC 1-3 Yr Government
Liquidity			
Min Daily liquid assets	10%	10%	10%
Min % Monthly liquid assets	---	---	---
Non-government Securities			
a. CD's	---	---	---
b. Repurchase Agreements	0-100%	0-100%	0-100%
c. Total Credit ¹	0-100%	0-100%	0%
d. Asset Backed Securities	0%	0%	0%
e. Private Placements ²	0-10%	0-10%	0%
Diversification			
Max Position Size ³	5%	3%	---
Max US\$ Foreign Govt & Intl Org	20%	20%	---
Max Allocation per Industry	25% (except Financials)	25% (except Financials)	---
Max Financial Industry	70%	70%	---
Max Asset Backed Securities Issuer Size	0%	0%	---
Max Security Level Position to Total Issuance	5%	5%	---
Maturity	90 days or less	90 days or less	Full Range
Repurchase Agreements			
Max term	30 days	30 days	30 days
Collateral of Principal & Interest	102%	102%	102%
Commercial Paper			
Ratings	A1+	A1+	---
	A-1/P-1/F1	A-1/P-1/F1	---
	A-2/P-2/F2	A-2/P-2/F2	---
Split Ratings	Allowed	Allowed	---
Max Allocation to Tier 2 ⁴	10%	10%	---
Max Allocation per Issuer	5%	3%	---
Max Allocation per Industry	25% (financials: 70%)	25% (financials: 70%)	---
Max Allocation to Asset-Bckd CP	25%	25%	---
Minimum Program Size	>\$750mm	>\$750mm	---
Portfolio Characteristics			
Min Quality ⁵	P-1/A-1	P-1/A-1	Aa1/AA+
Effective Duration	---	---	±30% of index
Average Maturity	---	---	---

¹ Including commercial paper, corporate notes, asset-backed securities, and fixed and floating rate securities depending on the portfolio.

² Rule 144a securities without registration rights are prohibited.

³ Obligations issued or guaranteed by the US government, US agencies, or US government-sponsored enterprises are eligible for inclusion without limit.

⁴ No more than 10% to be held in second-tier securities: Split paper (e.g. A-1/P-2 or A-2/P-2/F-1 or tier 2 (e.g. A2/P2, A2/P2/F2)).

⁵ Portfolio Minimum Quality for the Local Government Investment Pool, Ordinary Sinking Fund, and Education Improvement Fund refer to Short-Term Credit Ratings. Portfolio Minimum Quality for all other portfolios refer to Long-Term Credit Ratings.



South Carolina State Treasurer's Investment Portfolios
Investment Policy Statement

	General Fund FICC REPO
Benchmark	---
Liquidity Min Daily liquid assets Min % Monthly liquid assets	NA ---
Non-government Securities a. CD's b. Repurchase Agreements c. Total Credit ¹ d. Asset Backed Securities e. Private Placements ²	--- 0-100% --- --- --- ---
Diversification Max Position Size ³ Max US\$ Foreign Govt & Intl Org Max Allocation per Industry Max Financial Industry Max Asset Backed Securities Issuer Size Max Security Level Position to Total Issuance	--- --- --- --- --- ---
Maturity	Max one day
Repurchase Agreements Max term Collateral of Principal & Interest	1 day 102%
Commercial Paper Ratings Split Ratings Max Allocation to Tier 2 ⁴ Max Allocation per Issuer Max Allocation per Industry Max Allocation to Asset-Bckd CP Minimum Program Size	--- --- --- --- --- --- --- ---
Portfolio Characteristics Min Quality ⁵ Effective Duration Average Maturity	AA or better --- ---



South Carolina State Treasurer's Investment Portfolios
Investment Policy Statement

STO Portfolio Benchmark Definitions:

	LGIP	General Fund	State Investment Pool
Previously	100% BofAML 3 mo T-Bills	100% BC 1-3 Yr Govt/Credit	100% BC 1-3 Yr Govt/Credit
10/1/15 - 2/28/16	35% BofAML 3 mo T-Bills 35% S&P US CP 30% BC Short-term Gov/Corp	40% BofAML 3 mo T-Bills 25% S&P US CP 25% BC 1-3 Yr Govt/Credit 10% BC Aggregate	15% BofAML 3 mo T-Bills 30% S&P US CP 30% BC 1-3 Yr Govt/Credit 20% BC Aggregate
3/1/16 - 12/31/16	70% BofAML 3 mo T-Bills 30% BCs Short-term Gov/Corp	65% BofAML 3 mo T-Bills 25% BC 1-3 Yr Govt/Credit 10% BC Aggregate	45% BofAML 3 mo T-Bills 30% BC 1-3 Yr Govt/Credit 20% BC Aggregate
1/1/17 - 10/31/17	80% BofAML 3 mo T-Bills 20% BC Short-term Gov/Corp	50% BofAML 3 mo T-Bills 30% BC 1-3 Yr Govt/Credit 20% BC Inter Aggregate	40% BofAML 3 mo T-Bills 30% BC 1-3 Yr Govt/Credit 30% BC Inter Aggregate
11/01/17 - current	Primary: iMoneyNet Taxable Inst. Reference: 80%BofAML 3mo T-Bills 20% BBC Short-term Govt/Credit	BBC 1-3 Yr Govt/Credit	BBC 1-5 Yr Govt/Credit

	Insurance Reserve	Long-Term Pool	SCRHI	LTDI
Previously	100% BC Aggregate	100% BC Aggregate	100% BC Aggregate	100% BC Aggregate
10/1/15 - 2/28/16	15% BofAML 3 mo T-Bills 5% S&P US CP 80% BC Aggregate	10% BofAML 3 mo T-Bills 90% BC Aggregate	20% BofAML 3 mo T-Bills 5% S&P US CP 75% BC Aggregate	20% BofAML 3 mo T-Bills 5% S&P US CP 75% BC Aggregate
3/1/16 - 12/31/16	20% BofAML 3 mo T-Bills 80% BC Aggregate	20% BofAML 3 mo T-Bills 80% BC Aggregate	25% BofAML 3 mo T-Bills 75% BC Aggregate	25% BofAML 3 mo T-Bills 75% BC Aggregate
1/1/17 - 10/31/17			20% BofAML 3 mo T-Bills 80% BC Aggregate	20% BofAML 3 mo T-Bills 80% BC Aggregate
11/01/17 - 12/03/25	BBC Intermediate Govt/Credit	BBC Govt/Credit	BBC Intermediate Govt/Credit	BBC Govt/Credit
12/04/25 - present	BBC Intermediate Govt/Credit	BBC Govt/Credit	BBC Govt/Credit	BBC Govt/Credit



South Carolina State Treasurer's Investment Portfolios
Investment Policy Statement

	Edu. Improvement Fund	Ord. Sinking Fund	Treasury Fund	General Fund FICC REPO
Previous	100% Fed Funds Rate	100% Fed Funds Rate	100% BC Govt 1-3 Yr	NA
11/01/17 - current	Overnight Bank Funding Rate (OBFR)	Overnight Bank Funding Rate (OBFR)	BBC 1-3 Yr Government	NA