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## PRESS RELEASE

### **Report: SWIB Reports Favorable Returns, Less Cost to Manage State's Retirement Funds**

Madison, WI (November 21, 2011) – Using State of Wisconsin Investment Board (SWIB) staff to manage more of the state's retirement funds in-house has again resulted in favorable returns and less cost for management when compared to peers, according to an independent report from CEM Benchmarking, Inc.

CEM compared SWIB's returns and management costs to a peer group that includes 14 other large U.S. public pension funds and found SWIB's five-year Core Fund total return of 5.0 percent was above the peer median of 4.5 percent while the risk it took to achieve these returns were below the peer median. SWIB achieved these favorable returns while spending \$27 million less than its peers for similar services provided to manage the fund, according to the report.

CEM, an independent provider of objective and actionable benchmarking information for large pools of capital including pension funds, attributed SWIB's lower costs primarily to a greater reliance on SWIB's staff to manage investments and paying lower rates for the outside investment services SWIB does use than its peers pay. Since 2007, SWIB has exceeded its goals and increased the share of fund assets managed internally from 21 percent to 55 percent. In addition, SWIB's costs have decreased from the peer median in 2007 to well below the peer cost benchmark.

"SWIB has made significant changes over the past five years due to state policymakers authorizing increased access to new staff and technology resources," SWIB Executive Director Keith Bozarth said. "These changes have helped SWIB reach its goals of improving cost of management, strengthening the investment program and identifying new strategies to benefit system participants."

Bruce Hopkins, vice president at CEM, said large pension funds that rely more on internal management tend to have lower costs, which improves results. "One of the greatest impacts on pension funds is the difference between external and internal cost management," Hopkins said. "SWIB has taken steps over the past six years that have brought favorable results that are consistent with large global funds that rely heavily on internal management."

Assets under management at SWIB are about \$80 billion. This includes more than \$76 billion in trust funds of the Wisconsin Retirement System (WRS), which provides benefits to over 570,000 current or former employees of state agencies, the university system, school districts and most local governments. The WRS is the 9<sup>th</sup> largest U.S. public pension fund and the 30<sup>th</sup> largest public or private pension fund in the world.

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