



THE SWIB REPORT

Published by the State of Wisconsin Investment Board

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To Wisconsin Retirement System Participants

Many participants have contacted the Investment Board about the state of the financial markets and the Wisconsin Retirement System investments in the aftermath of the recent terrorists' attack. I would like to take this opportunity to address some of the concerns expressed. We believe that prudent steps were taken by federal officials and stock exchange officials in response to the events. I can assure the members of the Wisconsin Retirement System that:

- We have confidence in the underlying strength of the US financial system and the US economy;
- We are disciplined, long-term investors. Our widely diversified investment portfolios have been carefully chosen to protect the assets of the WRS;
- We are able to settle trades and conduct our business in an orderly and prudent manner;
- We continue to closely monitor the events and the market.

Enclosed with this issue of The SWIB Report is additional information on how the WRS Trust Funds are affected by downturns in the market. Please feel free to copy and distribute this information to your association members. Additional copies are also available by contacting SWIB (see page 2).

Patricia Lipton
Executive Director
State of Wisconsin Investment Board

Performance Update:

For the period ending June 30, 2001, the one-year returns for both the Fixed and the Variable Trust Funds were ahead of their benchmark, but remained negative reflecting the downturn in the stock market that began in early 2000. Based on preliminary estimates as of August 31, 2001, the Fixed Fund

Annualized Performance Ending 6/30/01			
Retirement Funds	1-year return	5-year return	10-year return
Fixed Fund	-5.4%	10.3%	11.4%
<i>Benchmark</i>	-5.9	9.6	10.6
Variable Fund	-13.5%	12.1%	13.3%
<i>Equity Benchmark</i>	-15.7	10.3	12.6
<i>S&P 500</i>	-14.8	14.5	15.1

calendar year-to-date returns were -4.1%, ahead of the benchmark of -5.2%. The Variable Fund year-to-date returns were -10.8%, ahead of the benchmark of -13.6%. See comments (made prior to Sept. 11) on page 2 provided by well-known market strategist Abby Joseph Cohen for information regarding the US economy and market returns in 2000 and an overview of what 2001 may bring.

SWIB Commemorates 50th Anniversary

More than 250 people gathered at Monona Terrace on September 5 as the State of Wisconsin Investment Board (SWIB) recognized the many people who have shaped the Board over the past 50 years.

The public event opened with Abby Joseph Cohen, chair of the investment policy committee for Goldman, Sachs & Co. Ms. Cohen provided an excellent overview about the events around the world impacting the economy and the market. She said she believed the economic downturn for the manufacturing sector had reached its worst during the first half of 2001. She also had some encouraging words for the future. "Just as we believed things were unsustainably good in March of 2000, we now believe they are unsustainably bad," she said. "The market, however, will not turn around in a single event," she added.

Gene Lehmann, past national president of the American Association of Retired Persons and state director, emeritus of the Wisconsin Technical College System Board, recalled some of the highlights of the pension system during the past 50 years.



Guest Speaker Gene Lehmann



Above, Secretary John Kundert, Department of Financial Institutions, presents the Governor's commendation as Jon Hammes, SWIB Chairman, looks on.

At right, Jon Traver, SWIB Chief investment Officer - Public Fixed Income; Gene Lehmann and Robert Zobel, former SWIB Private Placements Director



Ledford Rejoins SWIB as CIO

SWIB is pleased to announce Jean Ledford as the new Chief Investment Officer - Public Equities



Jean Ledford

replacing Joe Gorman who has served in that position since March 2000. Joe, who previously served as a SWIB Trustee, came out of retirement to join the staff on a short-term basis. Many of you may remember Jean as she worked at SWIB from 1980 through 1996 and was named large cap domestic equities portfolio manager in 1989. In 1997, she joined American Century as Senior Vice President/Portfolio Manager of Select Mutual Fund, taking the portfolio from \$4 billion to \$7 billion over her tenure. In 1999, Jean became Chief Executive Officer/President for Evergreen Asset Management until she joined SWIB.

SWIB provides updated information as it becomes available. To receive email updates, send a request to the email address below. To contact SWIB:

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