

The State of Wisconsin Investment Board (SWIB) manages the assets of the Wisconsin Retirement System (WRS) and other state trust funds. The information provided below is as of July 1, 2021, unless otherwise stated.

## Wisconsin Retirement System Ranks Among the Best

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- One of the nation's only fully funded public employee retirement systems
- Core Fund annualized 10-year gross was 8.5%, which exceeds the 7.0% WRS investment target
- Investment earnings comprise approximately 80% of revenues needed to fund the WRS
- Among the 10 largest public pension funds in the U.S.
- About 650,000 participants: current and former employees of Wisconsin's state agencies and most local governments other than the City of Milwaukee and Milwaukee County; 1,500 state and local employers

## SWIB's Investment Management Adds Value Over the Long Term

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- WRS trust funds grew by over \$13 billion in 2020 due to SWIB generating a net return of 15.21% for the Core Trust Fund, which led to a 5.1% increase in annuities
- Total assets under management is nearly \$144 billion in assets; approximately 96%, or almost \$139 billion, comprises the WRS Trust Funds
- There are two WRS Trust Funds
  - \$128.6 billion Core Fund includes holdings in global stocks, bonds, real estate and private equity
  - \$10.3 billion Variable Fund, optional stock fund
- SWIB used internal and external management and active and passive strategies to implement the asset allocation decisions for WRS assets

## Managing Assets Internally Saves Money

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- Qualified staff allow for lower-cost, in-house investing while maintaining strong performance to the benefit of taxpayers and WRS participants
- Costs are below the peer median in part because SWIB attracts and retains qualified professionals to manage money in-house
- SWIB uses its own team to invest a majority of assets for multiples less than what it would pay external managers to do the same work
- Over a 20-year period, SWIB's active management and its diversified holdings generated \$34.5 billion dollars for the Core Fund above what it would have earned by simply investing in a low-cost passive portfolio consisting of 60% global equities and 40% U.S. investment grade bonds
- SWIB's investment management has added value to the WRS trust funds of more than \$1.9 billion above benchmark returns over the last five years

## Paying for Performance Works

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- On average, 85 percent of incentive compensation awards are based on five-year performance to avoid excessive short-term focus and risk taking and to align with WRS benefit adjustments
- SWIB compensates employees based on ability, contributions and risk-adjusted performance
- Investment management is a specialized skill and competition for staff comes from the private sector
- Pay for performance plan has proved effective in hiring and keeping well-trained and dedicated experts needed to maintain the retirement system and manage investment risk
- Total compensation (salary plus incentive compensation) is less than the average paid by banks, insurance companies, etc., and significantly lower than East and West coast financial centers
- Trustees -- with the help of an independent compensation consultant -- set the terms of the plan