

SWIB April Special Board Materials for April 22, 2020

Table of Contents

Agenda	Page 2
1. June Investment Forum	
2. Preliminary Q1 Investment Performance	Page 3
Closed Session	
3. Announcement of Board Actions Relating to Items Taken up in Closed Session	
4. Future Items for Discussion	
5. Adjourn	

Special Meeting of the Board of Trustees

**Wednesday, April 22, 2020
STATE OF WISCONSIN INVESTMENT BOARD
3:00 P.M.**

VIA TELECONFERENCE

**Toll-free Number: 888-557-8511
Access Code: 1395475**

OPEN SESSION

- 1. June Investment Forum**
- 2. Preliminary Q1 Investment Performance**

CLOSED SESSION*

RECONVENE IN OPEN SESSION

- 3. Announcement of Board Actions Relating to Items Taken up in Closed Session**
- 4. Future Items for Discussion**
- 5. Adjourn**

* The motion to go into closed session at this meeting is made pursuant to Sections 19.36(5) and 19.85(1)(e) of the Wisconsin Statutes to consider confidential and proprietary strategies for the investment of public funds relating to specific proprietary investment strategies of internal WRS portfolios. The Committee may convene in additional closed sessions or announce additional closed session topics in accordance with 66 OAG 106 (1977). Whenever a closed session is held, the meeting will subsequently reconvene in open session to cover remaining agenda items.

Preliminary Investment Performance Report

As of

March 31, 2020

Economic and Market Indicators

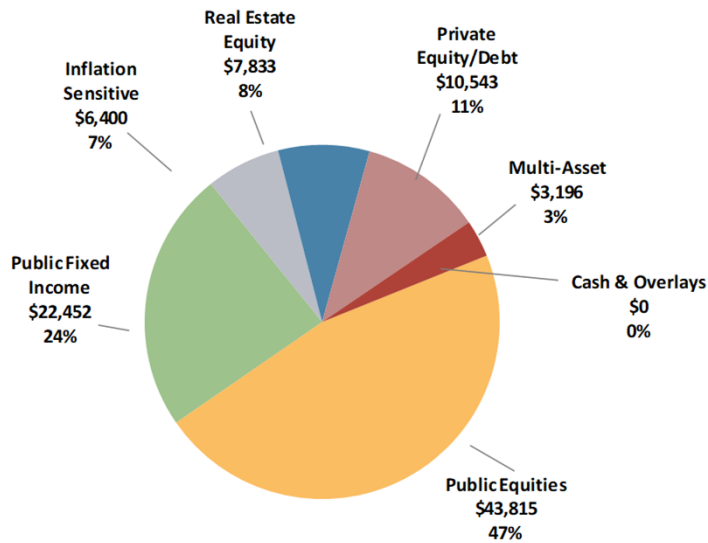
March 31, 2020

	YTD	1 Year	5 Year	10 Year
<u>Economic Indicators</u>				
GDP	0.96	4.00	3.96	4.01
GDP Deflator	0.42	1.87	1.75	1.75
CPI	0.86	1.96	1.88	1.76
National Wage Rate Growth	0.68	1.88	2.51	2.49
<u>Market Indicators</u>				
US Equity	-20.90	-9.13	5.77	10.15
Global Equity	-21.26	-10.76	3.41	6.45
International Developed Equity	-23.26	-14.89	-0.76	2.43
US Government Credit	3.37	9.82	3.54	4.15
Global Sovereign Debt	2.00	6.17	2.96	2.19
Real Estate	1.56	5.39	8.98	11.17

All returns are represented in percent

Preliminary Core Trust Fund Assets Under Management (AUM)

Breakdown by Asset Class as of March 31, 2020 (in millions)



Asset Class	3/31/19 AUM1	3/31/20 AUM1	1 Yr. AUM Change
Public Equities	\$49,726	\$43,815	(\$5,912)
Public Fixed Income	\$24,748	\$22,452	(\$2,296)
Inflation Sensitive	\$6,346	\$6,400	\$53
Real Estate Equity	\$7,335	\$7,833	\$498
Private Equity/Debt	\$8,857	\$10,543	\$1,686
Multi-Asset	\$2,608	\$3,196	\$587
Cash & Overlays	\$613	\$0	(\$613)
Total AUM	\$100,233	\$94,238	(\$5,996)

**Preliminary data as of April 21, 2020. As preliminary data is subject to accounting changes until finalization, this data set may continue to change until final.*

¹AUM is the total market value of assets that an investment company or financial institution manages on behalf of investors.

Preliminary Core Trust Fund & Asset Class Performance

As of March 31, 2020

	Inception Date	Market Value (Millions)	Calendar YTD	1 Year	5 Years	10 Years / ITD ³
Core Trust Fund (Gross)	6/30/77	\$94,238	-11.41	-1.71	4.82	6.95
Core Trust Fund Benchmark (Gross)			-10.37	-0.99	4.74	6.64
			-1.04	-0.71	0.07	0.30
Core Trust Fund (Net)¹	6/30/77	\$94,799	-11.49	-2.06	4.47	6.60
Core Trust Fund Benchmark (Net)			-10.41	-1.19	4.55	6.41
			-1.08	-0.87	-0.08	0.19

ASSET CLASSES - GROSS OF FEES

	Inception Date	Market Value (Millions)	Calendar YTD	1 Year	5 Years	10 Years / ITD ³
Public Equities²	12/31/92	\$44,244	-22.15	-11.48	3.12	6.67
Public Equity Benchmark			-21.74	-11.32	3.18	6.53
			-0.41	-0.16	-0.06	0.14
Global Developed Equity	2/28/17	\$38,353	-21.41	-10.25	N/A	-2.03
MSCI World Custom Net			-20.94	-9.90	N/A	-1.84
			-0.47	-0.35	N/A	-0.18
Emerging Market Equity	2/28/17	\$2,682	-23.86	-17.56	N/A	-7.57
MSCI Emerging Market Custom Net			-23.59	-17.64	N/A	-6.91
			-0.26	0.08	N/A	-0.66
US Small Cap	2/28/17	\$2,765	-30.26	-21.85	N/A	-6.85
Russell 2000			-30.61	-23.99	N/A	-8.05
			0.36	2.14	N/A	1.21

¹ Net of External Manager Fees

² Market value includes the Notional Exposure for Synthetic and/or Policy Overlay Accounts

³ 10 years annualized or since inception annualized

*Preliminary data as of April 21, 2020. As preliminary data is subject to accounting changes until finalization, this data set may continue to change until final.

Preliminary Asset Class Performance Cont'd

As of March 31, 2020

ASSET CLASSES - GROSS OF FEES

	Inception Date	Market Value (Millions)	Calendar YTD	1 Year	5 Years	10 Years / ITD ³
Public Fixed Income²	12/31/92	\$23,892	-0.69	5.88	3.27	4.04
Fixed Income Benchmark			<u>1.90</u>	<u>8.39</u>	<u>3.59</u>	<u>3.98</u>
			-2.60	-2.50	-0.32	0.06
Investment Grade Fixed Income ⁴	5/31/05	\$20,449	1.89	8.58	3.48	4.30
Barclays Capital Govt/Credit			<u>4.38</u>	<u>10.55</u>	<u>3.66</u>	<u>4.20</u>
			-2.48	-1.97	-0.18	0.10
High Yield Fixed Income	1/31/01	\$1,785	-11.27	-5.68	3.29	5.96
BofA Merrill Lynch Corporate High Yield Ba/B Index since 1/1/18			<u>-11.88</u>	<u>-5.50</u>	<u>3.14</u>	<u>5.80</u>
			0.61	-0.18	0.14	0.16
Emerging Market Debt	5/31/05	\$830	-19.15	-12.51	1.83	4.88
JPM EMBI Global Diversified			<u>-13.38</u>	<u>-6.84</u>	<u>2.82</u>	<u>4.94</u>
			-5.77	-5.67	-0.99	-0.06
Emerging Market Debt - Local	7/31/17	\$829	-16.96	-8.39	N/A	-4.34
JPM GBI-EM Global Diversified			<u>-15.21</u>	<u>-6.52</u>	<u>N/A</u>	<u>-2.96</u>
			-1.75	-1.87	N/A	-1.38
Inflation Sensitive²	12/31/03	\$15,285	1.95	7.04	2.27	3.38
Inflation Sensitive Benchmark			<u>1.69</u>	<u>6.85</u>	<u>2.15</u>	<u>2.99</u>
			0.26	0.19	0.12	0.39

¹ Net of External Manager Fees

² Market value includes the Notional Exposure for Synthetic and/or Policy Overlay Accounts

³ 10 years annualized or since inception annualized

⁴ Contains government/credit investment grade bonds, excess treasuries, and long treasuries

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Preliminary Asset Class Performance Cont'd

As of March 31, 2020

ASSET CLASSES - NET OF FEES

	Inception Date	Market Value (Millions)	Calendar YTD	1 Year	5 Years	10 Years / ITD ³
Real Estate Equity¹	3/31/04	\$7,819	0.96	5.82	8.98	11.84
Real Estate Benchmark			<u>1.52</u>	<u>4.64</u>	<u>7.98</u>	<u>9.95</u>
			-0.56	1.17	1.00	1.90
Private Equity/Debt¹	12/31/02	\$10,494	3.14	13.22	12.68	12.95
Private Equity Benchmark			<u>2.93</u>	<u>11.91</u>	<u>10.59</u>	<u>11.11</u>
			0.21	1.31	2.09	1.84
Multi-Asset¹	3/31/03	\$3,196	-11.70	-2.73	2.71	5.09
Multi-Asset Benchmark			<u>-11.67</u>	<u>-1.94</u>	<u>4.53</u>	<u>5.89</u>
			-0.03	-0.79	-1.82	-0.80
Alpha Pool Overlay¹	1/31/11	\$5,766	-5.02	-4.98	-1.06	1.20
Alpha Pool Overlay Benchmark			<u>0.00</u>	<u>0.00</u>	<u>1.09</u>	<u>1.57</u>
			-5.02	-4.98	-2.15	-0.38

¹ Net of External Manager Fees

² Market value includes the Notional Exposure for Synthetic and/or Policy Overlay Accounts

³ 10 years annualized or since inception annualized

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