

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, 2022, unless otherwise stated.

Wisconsin Retirement System Ranks Among the Best

- One of the nation's only fully funded public employee retirement systems
- Core Fund annualized 10-year net of fees return was 7.95%, which exceeds the 6.8% WRS investment target
- Investment earnings comprise approximately 80% of revenues needed to fund the WRS
- The WRS is among the 10 largest public pension funds in the U.S.
- More than 663,000 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

- SWIB's investment management added value to the WRS trust funds of more than \$2.2 billion above benchmark returns over the last five years as of Dec. 31, 2021
- Total assets under management is nearly \$146 billion in assets; approximately 86%, or almost \$125 billion, comprises the WRS Trust Funds
- There are two WRS Trust Funds
 - \$116.5 billion Core Fund includes holdings in global stocks, bonds, real estate and private equity
 - \$8.4 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

- Qualified staff allow for lower-cost, in-house investing while maintaining strong performance to the benefit of taxpayers and WRS participants
- 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 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 has saved \$1.1 billion of costs compared to its peers in the last 10 years

Paying for Performance Works

- Total compensation targets using peer group data and primarily focuses on five-year returns, a longer-term measure that aligns with SWIB's long-term investment strategy and the period used to calculate retiree 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
- Compensation to SWIB employees provides a considerable cost savings advantage for the WRS over the fees charged by external investment managers
- Trustees -- with the help of an independent compensation consultant -- set the terms of the plan