



State Investment Fund

ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2025

The Audit & Finance Committee of the Board will review and discuss the Annual Report at its December 16, 2025 meeting

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Portfolio Manager Message

Message from the State Investment Fund Portfolio Manager:

The State Investment Fund (SIF) is a pool of cash balances of various state and local governmental units that is managed by the State of Wisconsin Investment Board. It includes retirement trust funds, state funds, and funds from over 1,400 Wisconsin municipal accounts that invest in the Local Government Investment Pool (LGIP). The LGIP was created in 1975 to give local governments an additional investment option providing them with liquidity, active management, and returns offered by larger investments. The investment objectives of the SIF are to provide safety, liquidity, and competitive rates of return. To meet these objectives, the fund primarily invests in obligations of the U.S. Government and its Agencies, Repurchase Agreements, and a small number of investments in bank and corporate debt.

Over the course of fiscal year 2025, the economy remained strong. The Federal Reserve's dual mandate regarding stable inflation and maximum employment moved in opposing directions with employment weakening while inflation remained elevated. With a strong domestic economy as a backdrop, the Federal Reserve cut rates 3 times, for a total of 1.00% during the second half of 2024. As the new year began, debt ceiling concerns gained traction, while the Federal Reserve took a patient stance. By July 2025, Congress resolved the debt ceiling issue. Meanwhile, at the Federal Reserve's meeting in September 2025, the Federal Reserve cut the federal funds target rate by 0.25% as a "risk management" move and signaled that they anticipated further federal funds rate cuts in the near future, if economic conditions warrant.

The Federal Reserve Chair Jerome Powell recently stated that "near-term risks to inflation are tilted to the upside and risks to employment to the downside – a challenging situation." Over the coming year, we will position the SIF to handle this challenging environment, while maintaining the SIF's investment objectives of safety, liquidity, and competitive rates of return.

Andrea Ruiz, CFA, CPA
Portfolio Manager



STATE OF WISCONSIN

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Independent Auditor's Report on the Financial Statements and Other Reporting Required by *Government Auditing Standards*

Senator Eric Wimberger and
Representative Robert Wittke, Co-chairpersons
Joint Legislative Audit Committee

Members of the Board of Trustees and
Mr. Edwin Denson, Executive Director/Chief Investment Officer
State of Wisconsin Investment Board

Report on the Audit of the Financial Statements

Opinion

We have audited the Statement of Net Position, the Statement of Operations and Changes in Net Position, and the related notes for the State Investment Fund, administered by the State of Wisconsin Investment Board (SWIB), as of and for the year ended June 30, 2025.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the State Investment Fund as of June 30, 2025, and the changes in its financial position for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, which is issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SWIB and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphases of Matter

As discussed in Note 1 to the financial statements, the financial statements referred to in the first paragraph present only the State Investment Fund, and do not purport to and do not present fairly the financial position of the State of Wisconsin as of June 30, 2025, the changes in its financial position or, where applicable, its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 5B to the financial statements, the State Investment Fund entered into repurchase agreement transactions with the Core Retirement Investment Trust Fund during the fiscal year, and held \$5.8 billion in a repurchase agreement with the Core Retirement Investment Trust Fund as of June 30, 2025. The State Investment Fund and the Core Retirement Investment Trust Fund are both administered by SWIB.

Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance. Therefore, reasonable assurance is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we exercised professional judgment and maintained professional skepticism throughout the audit. We also identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and designed and performed audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

In addition, we obtained an understanding of internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SWIB's internal control. Accordingly, no such opinion is expressed. We also evaluated the appropriateness of accounting policies used and the reasonableness of significant accounting estimates and related disclosures made by management, and evaluated the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis found on pages 5 and 6 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB) that considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in SWIB's *State Investment Fund Annual Financial Report*. The other information comprises the Portfolio Manager Message, the Schedule of Investments, and the Agency Information as listed in the table of contents, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or provide any other form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025, and published in report 25-31, on our consideration of SWIB's internal control over financial reporting; our testing of its compliance with certain provisions of laws, regulations, and contracts; and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SWIB's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be used in considering SWIB's internal control over financial reporting and compliance. Report 25-31 is available on our website at www.legis.wisconsin.gov/lab.

LEGISLATIVE AUDIT BUREAU



December 5, 2025

Management Discussion & Analysis

The State Investment Fund's (SIF) discussion and analysis of the financial activities for the fiscal year (FY) ended June 30, 2025 is presented by management to provide an overall review of the financial activities during the year and a comparison to the prior year's activity.

The SIF temporarily invests the operating funds of Wisconsin state agencies, the Wisconsin Retirement System (WRS), and various local government units (Local Government Investment Pool - LGIP).

Following this section are the financial statements and notes to the financial statements. The **Statement of Net Position** provides information on the financial position of the SIF as of June 30, 2025. It presents the investment assets available for use and any liabilities related to the operations of the SIF. The **Statement of Operations and Changes in Net Position** presents the results of the investing activities for the fiscal year ending June 30, 2025. The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the SIF financial statements. Condensed SIF financial information for the fiscal years ending June 30, 2025 and June 30, 2024 is included in the table entitled **SIF Condensed Financial Information**.

SIF Condensed Financial Information				SIF Annualized Returns (as of June 30) Net of All Fees and Costs		
Fiscal Year Ended:	2025	2024	Change%	Year(s)	Return%	Benchmark%
Total Assets	\$ 24,120,623,256	\$ 23,459,735,201	2.8	2016	0.28	0.19
Total Liabilities	276,901,267	570,680,428	(51.5)	2017	0.54	0.57
Net Position	<u>\$ 23,843,721,989</u>	<u>\$ 22,889,054,773</u>	4.2	2018	1.34	1.42
				2019	2.33	2.28
Investment Income	\$ 1,084,913,727	\$ 1,227,099,735	(11.6)	2020	1.45	1.25
Investment Expenses	6,650,579	6,085,117	9.3	2021	0.09	0.06
State Working Bank Charges (Credits)	(1,937,559)	(1,483,934)	30.6	2022	0.21	0.28
Net Income	<u>\$ 1,080,200,707</u>	<u>\$ 1,222,498,552</u>	(11.6)	2023	3.82	3.78
				2024	5.50	5.36
Average Monthly Balance	\$ 23,271,099,499	\$ 23,058,348,988	0.9	2025	4.82	4.63
Weighted Average Maturity (Days)	3	14				
<u>SIF Ownership:</u>				<u>Multi-Year:</u>		
State of Wisconsin & Agencies	57%	59%		Three Year	4.71	4.59
Wisconsin Retirement System	13%	11%		Five Year	2.86	2.80
Local Govt Investment Pool	30%	30%		Ten Year	2.02	1.97
Total	<u>100%</u>	<u>100%</u>				

The SIF is used to temporarily invest participants' operating cash flows and its investments are highly liquid, short-term fixed income securities. As of June 30, 2025, the SIF Net Position increased by \$954.7 million, or 4.2%, from the prior fiscal year primarily due to increases in pool shares of \$232.0 million for the State of Wisconsin and Agencies, \$317.9 million for the LGIP, and \$405.3 million for the WRS. The SIF Average Monthly Balance increased by \$212.8 million in FY 2025. During the fiscal year, the month-end balance peaked in February 2025 at \$24.8 billion. Operating cash flows of participants in the SIF may fluctuate during the year for various reasons.

Management Discussion & Analysis (continued)

The SIF reported investment income of \$1.1 billion in FY 2025, a decrease of \$142.2 million, or 11.6%, from FY 2024. Interest rates decreased during FY 2025 as the Federal Reserve lowered the federal funds target range of 5.25%-5.50% to 4.25%-4.50% for a total decrease of 1.00% over this time period. The average federal funds effective rate decreased from 5.31% in FY 2024 to 4.68% in FY 2025. Accordingly, the one-year SIF return, net of all fees and costs, decreased from 5.50% in FY 2024 to 4.82% in FY 2025.

Investment expenses increased by \$0.6 million, or 9.3%, during FY 2025. Investment expenses include management operating expenses, investment operating services, research and data services, legal and consulting fees, and custodial bank charges incurred by SWIB then allocated to the SIF. Most of the increase in allocated expenses was attributed to an increase in management operating expenses. State working bank charges (credits) are charged to the SIF by the Department of Administration. In FY 2025, the SIF recorded state working bank credits of \$1.9 million due to earnings from higher interest rates exceeding banking expenses during the fiscal year.

The weighted average maturity (WAM) of securities held in the SIF decreased from 14 days in FY 2024 to 3 days in FY 2025. The largest drivers of this change were the increase in repurchase agreement allocation and the decrease in the WAM of Government & Agency securities to take advantage of anticipated changes in interest rates. The WAM for Government & Agency securities decreased from 28 days to 7 days from FY 2024 to FY 2025. As of June 30, 2025, the SIF held \$15.0 billion in Repurchase Agreements, compared to \$12.1 billion at the end of the prior year, an increase of \$2.9 billion, or 24.1%. Government & Agency securities and Repurchase Agreements represent 97.8% of the total SIF investments as of June 30, 2025.

Financial Statements

State Investment Fund Statement of Net Position As of June 30, 2025	
Assets	
Investments	
Repurchase Agreements	\$ 15,045,119,453
Government & Agencies	8,519,261,559
Commercial Paper	419,566,080
Time Deposits	109,000,000
Total Investments	\$ 24,092,947,092
Other Assets	
Accrued Interest Receivable	\$ 27,579,496
Prepaid Assets	96,668
Total Other Assets	\$ 27,676,164
Total Assets	\$ 24,120,623,256
Liabilities	
Check Float	\$ 190,286,766
Earnings Distribution Payable	85,040,551
Accounts Payable	1,573,950
Total Liabilities	\$ 276,901,267
Net Position	<u>\$ 23,843,721,989</u>
Net Position consists of:	
Participating Shares	\$ 23,845,130,000
Undistributed Unrealized Gains (Losses)	(1,408,011)
Net Position	<u>\$ 23,843,721,989</u>
The accompanying notes are an integral part of this statement.	

Financial Statements

State Investment Fund Statement of Operations and Changes in Net Position For the Fiscal Year Ended June 30, 2025	
Additions	
Investment Income	
Net Increase (Decrease) in the Fair Value of Investments	\$ 211,087,260
Interest	873,826,467
Total Investment Income	\$ 1,084,913,727
Less	
Investment Expenses	
Management Operating Expenses	\$ 4,661,746
Investment Operating Services	458,647
Research and Data Services	1,019,000
Legal and Consulting Fees	257,974
Custodial Bank Charges	253,212
Total Investment Expenses	\$ 6,650,579
Net Investment Income	\$ 1,078,263,148
Less	
State Working Bank Charges (Credits)	\$ (1,937,559)
Net Income	\$ 1,080,200,707
Distributions Paid and Payable	\$ 1,080,621,491
Change in Undistributed Unrealized Gains (Losses)	\$ (420,784)
Beginning Undistributed Unrealized Gains (Losses)	(987,227)
Ending Undistributed Unrealized Gains (Losses)	\$ (1,408,011)
Net Change in Participating Shares	\$ 955,088,000
Beginning of Period Participating Shares	22,890,042,000
End of Period Participating Shares	\$ 23,845,130,000
Net Position	\$ 23,843,721,989
The accompanying notes are an integral part of this statement.	

Notes to the Financial Statements

1. Description of Funds

The State Investment Fund (SIF) pools the cash of the State of Wisconsin and its agencies, the Wisconsin Retirement System (WRS), and various local government units (Local Government Investment Pool - LGIP) into a commingled fund with the investment objectives of safety of principal and liquidity while earning a competitive money market rate of return. State of Wisconsin agencies are required to invest their operating cash in the SIF. In the State's Annual Comprehensive Financial Report (ACFR), the SIF is not reported as a separate fund. Rather, each State fund's share in the "pool" is reported on the balance sheet as "Cash and Cash Equivalents." Shares of the SIF belonging to other participating public institutions are presented in the Local Government Investment Pool, an investment trust fund. The staff of the State of Wisconsin Investment Board (SWIB) manages the SIF with oversight by the Board of Trustees as authorized in Wisconsin Statutes 25.14 and 25.17. SWIB is not registered with the SEC as an investment company. The statements are not intended to present the financial activity for the State of Wisconsin as a whole.

Wisconsin Statutes 25.17(3)(b), (ba), (bd), and (dg) enumerate the various types of securities in which the SIF can be invested, which include direct obligations of the United States or its agencies, corporations wholly owned by the United States or chartered by an act of Congress, securities guaranteed by the United States, unsecured notes of corporate issuers, direct obligations of or guaranteed by the government of Canada, certificates of deposit issued by banks in the United States including financial institutions in Wisconsin and banker's acceptances, as well as other loans, securities or investments that meet SWIB's standard of responsibility within Wisconsin Statute 25.15(2).

2. Significant Accounting Policies

A. Basis of Presentation

The accompanying financial statements of the investment activity of the SIF are prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board (GASB).

B. Basis of Accounting

The accompanying statements are prepared based upon the flow of economic resources measurement focus and the full accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recognized in the period incurred, if measurable. Security transactions and the related gains and losses are recorded on a trade date basis. Interest income is accrued as earned.

C. Valuation of Securities

For financial statement purposes, the valuation methodology of securities varies depending on the asset class. Repurchase Agreements and non-negotiable Certificates of Deposit and Time Deposits are carried at cost because they are non-participating contracts that do not capture interest rate changes in their value.

All remaining debt investments are carried at fair value. Because quoted market prices for SIF securities are often not available at month end, BNY, as SWIB's custodial bank, compiles fair values from third-party pricing services which use matrix pricing models to estimate a security's fair value.

D. Investment Expenses

Investment Expenses reflect SWIB's administrative and investment costs that are allocated to the SIF participants, which consist of management operating expenses, investment operating services, research and data services, legal and consulting fees, and custodial bank charges.

E. State Working Bank Charges (Credits)

State working bank charges (credits) represent charges for various state banking services such as lockbox and depository services. These expenses may be offset by bank credits from interest earned on the accounts held at the bank. Bank credits may exceed bank charges in higher interest rate environments. Bank charges (credits) are allocated to SIF participants based on their proportionate usage of banking services and, accordingly, reduce (increase) the participant's share of the Net Investment Income.

F. Investment Summary

The table entitled **Summary of Information by Investment Classification** contains summarized SIF information by investment type as of June 30, 2025.

Summary of Information by Investment Classification June 30, 2025		
Investment Type	Maturity Dates	Fair Value
Repurchase Agreements	07/01/25	\$ 15,045,119,453
Government & Agencies	07/01/25 - 04/30/27	8,519,261,559
Commercial Paper	07/01/25 - 08/14/25	419,566,080
Time Deposits	07/01/25	109,000,000
Total Investments		<u>\$ 24,092,947,092</u>

3. SIF Investment Income and Pool Shares

For reporting purposes, as noted in Note 2C, investments are valued at fair value. For purposes of calculating earnings for each participant, all investments are valued at amortized cost. Specifically, the SIF distributes income to pool participants monthly, based on their average daily share balance. Distributions include interest income based on stated rates (both paid and accrued), amortization of discounts and premiums on a constant yield basis, realized investment gains and losses calculated on an amortized cost basis, and investment expenses. This method does not distribute to participants any unrealized gains or losses generated by the pool's investments.

Unrealized gains and losses are reflected in the Statement of Operations and Changes in Net Position as "Net Increase (Decrease) in the Fair Value of Investments." The cumulative difference between net income (fair value) and distributions paid (amortized cost) is reported in the Statement of Net Position as "Undistributed Unrealized Gains (Losses)."

SIF pool shares are bought and redeemed at \$1.00 based on the amortized cost of the investments in the SIF. The State of Wisconsin does not provide any legally binding guarantees to support the value of pool shares.

4. Deposit and Investment Risk

SWIB recognizes that risk issues permeate the entire investment process from asset allocation to performance evaluation. SWIB monitors risk through multiple forms of analysis and reporting and can include but not limited to, evaluations of levels of diversification, nominal risk exposures including

sector, maturity, and interest rate exposures, and risk/return plots form the core of the monitoring process. In addition, the portfolio is reviewed daily for compliance with investment guidelines. At least quarterly, comprehensive reporting is presented to SWIB's Investment Committee and the Board of Trustees.

A. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the SIF. The Board established SIF investment guidelines require at least 70% of the market value of the portfolio to be invested in: (i) instruments issued or guaranteed by the U.S. Government and its agencies (maturing in 10 years or less), (ii) repurchase agreements (collateralized with U.S. Treasury and Agency securities maturing in 10 years or less), (iii) deposit instruments guaranteed or secured by letters of credit issued by U.S. agencies or government-sponsored enterprises (GSEs), and (iv) Federal Deposit Insurance Corporation (FDIC) insured bank instruments. The table entitled **Credit Quality Distribution for Securities** displays the credit ratings and aggregate exposures by investment type for the securities held by the SIF as of June 30, 2025.

Credit Quality Distribution for Securities June 30, 2025			
Investment Type	Rating ¹	Fair Value	%
Repurchase Agreements (Collateral):	AA	\$ 15,045,119,453	62.4
U.S. Government and Agencies Debt			
Government Sponsored Entity U.S. Agency:			
Federal Home Loan Bank (FHLB)	A-1+	3,853,013,468	16.0
Federal Farm Credit Bank (FFCB)	A-1+	424,757,850	1.8
Federal Home Loan Bank (FHLB)	AA	45,011,250	0.2
U.S. Treasury:			
Short-Term (Bills and Notes)	A-1+	3,746,567,273	15.6
Long-Term (Notes)	AA	449,911,718	1.9
Commercial Paper	A-1+	319,578,120	1.3
Commercial Paper	A-1	99,987,960	0.4
Time Deposits	A-1+	49,000,000	0.2
Time Deposits	A-1	60,000,000	0.2
Total Investments		<u>\$ 24,092,947,092</u>	<u>100.0</u>
¹ The lowest credit rating among S&P and Moody's is used for each security. The S&P equivalent rating is shown for consistency in reporting for each investment type.			

B. Custodial Credit Risk

Deposits — Custodial credit risk related to deposits is the risk that, in the event of the failure of a depository financial institution, SWIB will not be able to recover deposits that are in possession of an outside party.

The State of Wisconsin appropriation for losses on public deposits protects a depositing municipality up to \$1,000,000 (or less if the appropriation is exhausted) on its proportionate share of all losses of principal invested if the local governing body has designated the LGIP as a public depository. The actual coverage of deposits is above the amount of applicable federal deposit insurance and can fluctuate daily based on the allocable share of participants' accounts.

The SIF held time deposits with financial institutions with fair values of \$109.0 million, which were uncollateralized and uninsured as of June 30, 2025.

Investments — Custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, SWIB will not be able to recover the value of investments that are in the possession of an outside party. The SIF held repurchase agreements totaling \$15.0 billion as of June 30, 2025. Repurchase agreements, totaling \$4.0 billion, were bilateral agreements with the underlying securities held as collateral at SWIB's custodian (\$1.0 billion of which were cleared repurchase agreements not subject to custodial credit risk). Repurchase agreements, totaling \$5.2 billion, were tri-party agreements. The underlying securities (collateral) for these repurchase agreements were held by the tri-party's agent and not in SWIB's name. The remaining repurchase agreements, totaling \$5.8 billion, were related party, bilateral agreements. The underlying securities for these repurchase agreements were held by SWIB's custodian, in the SIF's name. The related party transaction is discussed in Note 5B.

SWIB requires the execution of a Master Repurchase Agreement (MRA) prior to engaging in repurchase agreements with a counterparty. MRAs are negotiated contracts containing terms in which SWIB seeks to minimize counterparty credit risk. The counterparty credit exposure is managed through the transfer of margin, in the form of cash or securities, between SWIB and the counterparty.

The market value of securities utilized as collateral for repurchase agreements must be at least 102% of the value of the repurchase agreement. SWIB also controls credit exposures by performing a credit analysis on each counterparty and by establishing maximum exposure limits with any one counterparty based on their creditworthiness.

SWIB's custodial credit risk policy addresses the primary risks associated with safekeeping and custody. It requires that SWIB's custodial institution be selected through a competitive bid process and that the institution be designated a "Systematically Important Financial Institution" by the U.S. Federal Reserve. The policy also requires that SWIB be reflected as beneficial owner on all securities entrusted to the custodian and that SWIB have access to safekeeping and custody accounts.

The custodian is also required to be insured for errors and omissions and must provide SWIB with an annual report on internal controls, prepared in accordance with the Statement on Standards for Attestation Engagements. Furthermore, SWIB management has established a system of controls for the oversight of services and related processes of the custodian. SWIB's current custodial bank was selected in accordance with these guidelines and meets all requirements set forth in the custodial credit risk policy.

C. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. The SIF's investment guidelines limit concentrations of credit risk by establishing maximum issuer and/or issue exposure limits for certain investment types. These guidelines do not place a limit on maximum exposure for instruments issued or guaranteed by the U.S. Government and its agencies, repurchase agreements (collateralized with U.S. Treasury and Agency securities), or deposit instruments guaranteed or secured by letters of credit issued by U.S. Agencies or government-sponsored enterprises (GSEs). As of June 30, 2025, the SIF had more than five percent of its investments in Federal Home Loan Bank (16.2%) and U.S. Treasuries (17.5%), as well as repurchase agreement collateral (62.4%) consisting of various securities issued by the U.S. Treasury. Since the repurchase agreements generally mature each day, new collateral, consisting of a different blend of U.S. Treasury securities, is assigned each day.

D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The SIF uses the Weighted Average Maturity (WAM) method to analyze interest rate risk and investment guidelines mandate that the WAM for the entire portfolio will not exceed one year.

WAM is the maturity of each position in a portfolio weighted by the dollar value of the position to compute an average maturity for the portfolio as a whole. This measure indicates a portfolio's sensitivity to interest rate changes: a longer WAM implies greater volatility in response to interest rate changes. Depending on the types of securities held in a fund, certain maturity shortening devices (e.g., interest rate resets, call options, and demand features) are considered when calculating the WAM.

The table entitled **Weighted Average Maturities (WAM) for Securities** presents the aggregated WAM by investment type for securities held by the SIF as of June 30, 2025.

Weighted Average Maturities (WAM) for Securities June 30, 2025		
Investment Type	Fair Value	WAM (Days)
Repurchase Agreements	\$ 15,045,119,453	1
Government & Agencies	8,519,261,559	7
Commercial Paper	419,566,080	9
Time Deposits	109,000,000	1
Total Investments	<u>\$ 24,092,947,092</u>	
Portfolio Weighted Average Maturity (Days)		3

E. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. As of June 30, 2025, the SIF was not exposed to foreign currency risk.

5. Related Party Transactions

A. Inter-Fund Loans

Wisconsin Statutes 20.002 (11) provides for the short-term temporary reallocation of surplus moneys between statutory funds, provided that the borrowing fund anticipates receiving future revenues to pay back the temporary loan. For FY 2025, Section 20.002 (11) (b) 2 provides that General Fund borrowings may not exceed 9% of defined revenues (estimated borrowing cap of \$1.9 billion). Section 20.002 (11) (b) 3 permits an additional temporary allocation not to exceed 3% of defined revenues for a period of up to 30 days (estimated total borrowing cap of \$2.5 billion). Further, Section 20.002 (11) (b) 1 limits the total amount of any temporary reallocations to a fund other than the General Fund to \$400 million. The borrowing fund is charged interest on the inter-fund loan at the SIF monthly interest rate. As of June 30, 2025, the amount of inter-fund borrowings between statutory funds invested in the SIF is listed in the table entitled **Inter-Fund Loans**.

Inter-Fund Loans June 30, 2025	
Fund	Loan Amount
Medical Assistance Trust Fund	\$ 170,777,000
Total Loans	\$ 170,777,000

B. Inter-Fund Transactions

The Wisconsin Legislature created SWIB for the sole purpose of providing professional investment management for the funds entrusted to it, including the assets of the SIF, the Core Retirement Investment Trust Fund (Core Fund), and the Variable Retirement Investment Trust Fund (Variable Fund). During the fiscal year, the SIF entered into repurchase agreement transactions with the Core Fund as a counterparty. Transactions are governed by an MRA and credit exposure is also managed through the transfer of margin between the Core Fund and SIF. As of June 30, 2025, the SIF held \$5.8 billion in a bilateral repurchase agreement with the Core Fund. The repurchase agreement was an overnight agreement collateralized with U.S. Treasury securities. The SIF has similar repurchase agreement transactions with other counterparties. The Core Fund and Variable Fund were also participants in the SIF, with investments totaling \$2.7 billion and \$305.5 million, respectively, as of June 30, 2025.

6. Fair Value Reporting

Fair value measurements of the investments held by the SIF are categorized by the hierarchy established by GASB. The hierarchy, which has three levels, is based on the valuation inputs used to measure the fair value of the asset.

Level 1 – Investments reflect unadjusted quoted prices in active markets for identical assets.

Level 2 – Investments reflect prices that are based on inputs that are either directly or indirectly observable for an asset (including quoted prices for similar assets), which may include inputs in markets that are not considered to be active.

Level 3 – Investments reflect prices based upon valuation techniques in which significant inputs or significant value drivers are unobservable.

When the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to fair value. The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and does not represent the investment's overall risk. The fair value measurements of investments held by the SIF as of June 30, 2025 are found in the table titled **Investments Measured at Fair Value**.

Securities classified in Level 1 are generally valued at the official closing price (usually the last trade price) or the last bid price on the security's primary exchange. Such investments include U.S. Treasury bills and only the most recently issued U.S. Treasury notes and bonds as available pricing for these securities is similarly reliable to exchange-traded securities.

Securities classified as Level 2 are valued using observable inputs, by third-party pricing services using a matrix-pricing technique. Matrix-pricing is used to value securities based on their relationship to quoted market prices for securities with similar interest rates, maturities, and credit ratings. Most debt securities are classified as Level 2 because they are generally traded using a dealer market, with lower trading volumes than Level 1 securities.

Level 3 investments are generally valued using significant inputs that are unobservable to the marketplace.

Investments held at cost (Repurchase Agreements, Time Deposits, and investments with maturities less than 90 days) are not reported within the fair value hierarchy.

Investments Measured at Fair Value				
June 30, 2025				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments by Fair Value:				
Government & Agencies	\$ 3,359,554,000	\$ 5,159,707,559	\$ -	\$ 8,519,261,559
Commercial Paper	-	419,566,080	-	419,566,080
Total Investments by Fair Value Level	<u>\$ 3,359,554,000</u>	<u>\$ 5,579,273,639</u>	<u>\$ -</u>	<u>\$ 8,938,827,639</u>
Investments Reported at Cost:				
Repurchase Agreements				\$ 15,045,119,453
Time Deposits (non-negotiable)				109,000,000
Total Investments				<u>\$ 24,092,947,092</u>

State Investment Fund

Schedule of Investments

Fiscal Year Ended June 30, 2025

Schedule of Investments

REPURCHASE AGREEMENTS

SECURITY NAME	COUPON %	MATURITY DATE	FAIR VALUE
AUSTRALIA AND NEW ZEALAND REPO	4.40%	7/1/25	\$ 2,500,000,000
CIBCNY REPO	4.30%	7/1/25	200,000,000
CIBCNY REPO	4.36%	7/1/25	200,000,000
CIBCNY FICC REPO	4.37%	7/1/25	1,000,000,000
CORE FUND REPO	4.48%	7/1/25	5,845,119,453
CREDIT AGRICOLE REPO	4.38%	7/1/25	400,000,000
DAIWA GOVT REPO	4.38%	7/1/25	1,000,000,000
JEFFERIES REPO	4.34%	7/1/25	250,000,000
JEFFERIES GOVT REPO	4.42%	7/1/25	350,000,000
MITSUBISHI REPO	4.32%	7/1/25	950,000,000
MITSUBISHI REPO	4.36%	7/1/25	550,000,000
NATIXIS REPO	4.36%	7/1/25	500,000,000
ROYAL BANK OF CANADA REPO	4.36%	7/1/25	700,000,000
TORONTO DOMINION REPO	4.40%	7/1/25	600,000,000
TOTAL REPURCHASE AGREEMENTS.....			\$ 15,045,119,453

GOVERNMENT & AGENCIES

SECURITY NAME	COUPON %	MATURITY DATE	FAIR VALUE
FFCB	DISCOUNT	7/7/25	\$ 64,947,350
FFCB	DISCOUNT	7/8/25	199,814,000
FFCB	DISCOUNT	7/16/25	9,981,500
FFCB	VARIABLE RATE	8/6/25	50,004,000
FFCB	VARIABLE RATE	8/26/25	50,004,500
FFCB	VARIABLE RATE	8/28/25	25,002,250
FFCB	VARIABLE RATE	9/23/25	25,004,250
FHLB	DISCOUNT	7/1/25	102,808,661
FHLB	DISCOUNT	7/2/25	34,841,985
FHLB	DISCOUNT	7/3/25	49,982,500
FHLB	DISCOUNT	7/7/25	36,590,338
FHLB	DISCOUNT	7/8/25	73,931,180
FHLB	DISCOUNT	7/9/25	559,417,600
FHLB	DISCOUNT	7/11/25	11,101,883
FHLB	DISCOUNT	8/1/25	434,115,938
FHLB	DISCOUNT	8/5/25	24,894,500
FHLB	DISCOUNT	8/6/25	3,982,640
FHLB	DISCOUNT	8/7/25	9,955,500
FHLB	DISCOUNT	8/8/25	177,773,844
FHLB	DISCOUNT	8/13/25	59,690,400
FHLB	DISCOUNT	8/19/25	99,414,000
FHLB	DISCOUNT	8/21/25	99,390,000
FHLB	VARIABLE RATE	7/10/25	100,001,000
FHLB	VARIABLE RATE	7/11/25	350,002,500
FHLB	VARIABLE RATE	7/16/25	150,003,000
FHLB	VARIABLE RATE	7/28/25	49,999,500
FHLB	VARIABLE RATE	7/29/25	49,999,500
FHLB	VARIABLE RATE	8/7/25	75,006,000
FHLB	VARIABLE RATE	8/8/25	250,020,000
FHLB	VARIABLE RATE	8/28/25	149,997,000
FHLB	VARIABLE RATE	8/29/25	99,998,000
FHLB	VARIABLE RATE	9/4/25	249,997,500

Schedule of Investments (Continued)

SECURITY NAME	COUPON %	MATURITY DATE	FAIR VALUE
FHLB	VARIABLE RATE	9/19/25	50,010,500
FHLB	VARIABLE RATE	10/6/25	25,000,000
FHLB	VARIABLE RATE	10/8/25	25,001,500
FHLB	VARIABLE RATE	10/30/25	24,999,750
FHLB	VARIABLE RATE	11/4/25	25,007,250
FHLB	VARIABLE RATE	11/21/25	50,016,500
FHLB	VARIABLE RATE	12/2/25	100,011,000
FHLB	VARIABLE RATE	1/2/26	200,036,000
FHLB	VARIABLE RATE	2/13/26	50,016,000
FHLB	VARIABLE RATE	8/20/26	15,003,450
FHLB	VARIABLE RATE	8/26/26	10,001,500
FHLB	VARIABLE RATE	9/18/26	10,002,700
FHLB	VARIABLE RATE	10/7/26	10,003,600
Treasury Bill	DISCOUNT	7/1/25	1,610,000,000
Treasury Bill	DISCOUNT	7/3/25	1,674,614,750
Treasury Bill	DISCOUNT	7/8/25	74,939,250
Treasury Note	3.00%	7/15/25	199,867,188
Treasury Note	4.00%	12/15/25	19,984,375
Treasury Note	5.00%	8/31/25	30,022,266
Treasury Note	5.00%	9/30/25	15,023,438
Treasury Note	VARIABLE RATE	7/31/25	18,925,440
Treasury Note	VARIABLE RATE	10/31/25	77,346,412
Treasury Note	VARIABLE RATE	1/31/26	15,840,341
Treasury Note	VARIABLE RATE	4/30/26	10,003,813
Treasury Note	VARIABLE RATE	1/31/27	99,926,401
Treasury Note	VARIABLE RATE	4/30/27	349,985,318

TOTAL GOVERNMENT & AGENCIES..... \$ 8,519,261,559

COMMERCIAL PAPER

SECURITY NAME	COUPON %	MATURITY DATE	FAIR VALUE
APPLE INC	DISCOUNT	7/3/25	\$ 24,991,050
APPLE INC	DISCOUNT	7/7/25	49,957,905
APPLE INC	DISCOUNT	8/13/25	12,931,519
APPLE INC	DISCOUNT	8/14/25	11,935,350
AUTOMATIC DATA PROCESSING	DISCOUNT	7/2/25	99,975,870
CANADIAN IMPERIAL BANK	DISCOUNT	7/1/25	99,987,960
TOYOTA MOTOR	DISCOUNT	8/1/25	24,903,570
WALMART STORES	DISCOUNT	7/7/25	49,958,290
WALMART STORES	DISCOUNT	7/14/25	44,924,567

TOTAL COMMERCIAL PAPER..... \$ 419,566,080

TIME DEPOSITS

SECURITY NAME	COUPON %	MATURITY DATE	FAIR VALUE
AUSTRALIA AND NEW ZEALAND BANK	4.34%	7/1/25	\$ 49,000,000
CREDIT AGRICOLE	4.32%	7/1/25	30,000,000
TORONTO DOMINION	4.33%	7/1/25	30,000,000

TOTAL TIME DEPOSITS..... \$ 109,000,000

TOTAL STATE INVESTMENT FUND..... \$ 24,092,947,092

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Cover Art: Fountain at the Capitol

