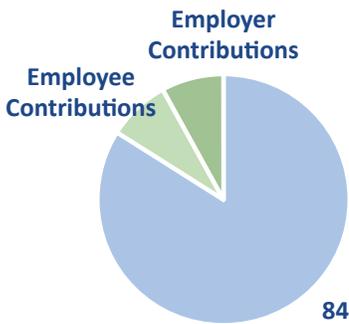


**GREAT RETURNS EQUAL LOWER COSTS TO THE SYSTEM**



**WSIB Earns 84 Cents of Every Pension Dollar**

“The result of the WSIB’s success is that...84 cents of every dollar in pension payments is from earnings. It has a strong record.”

*Seattle Times, Editorial ~ July 4, 2011*

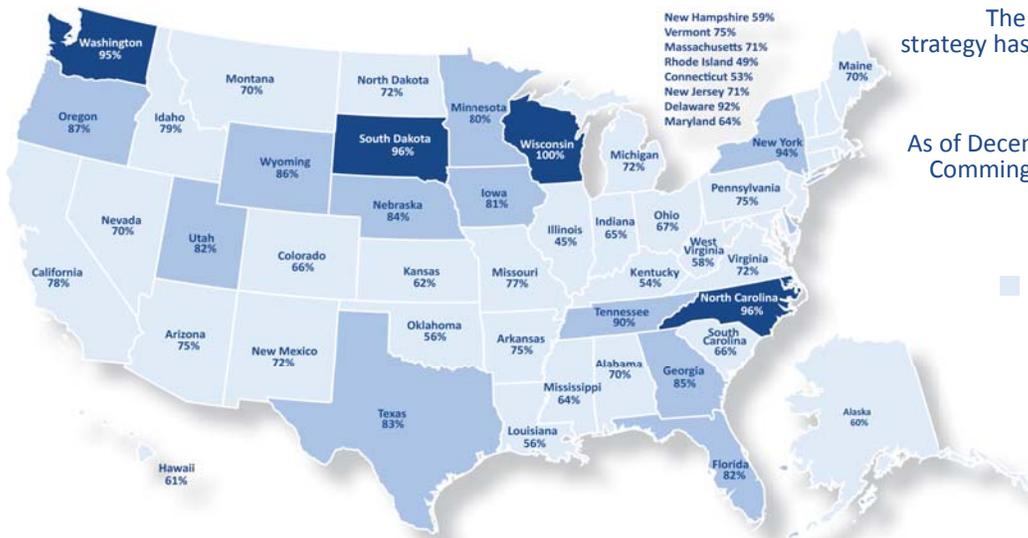


The Washington State Investment Board manages investments for 17 retirement plans for public employees, teachers, school employees, law enforcement officers, firefighters and judges.

We also manage investments for several other important public funds that benefit Washington’s industrial insurance program, colleges and universities, and developmental disability programs.

WSIB’s excellent investment performance dramatically contributes to the state’s bottom line by earning the lion’s share of money needed to cover state pension benefits.

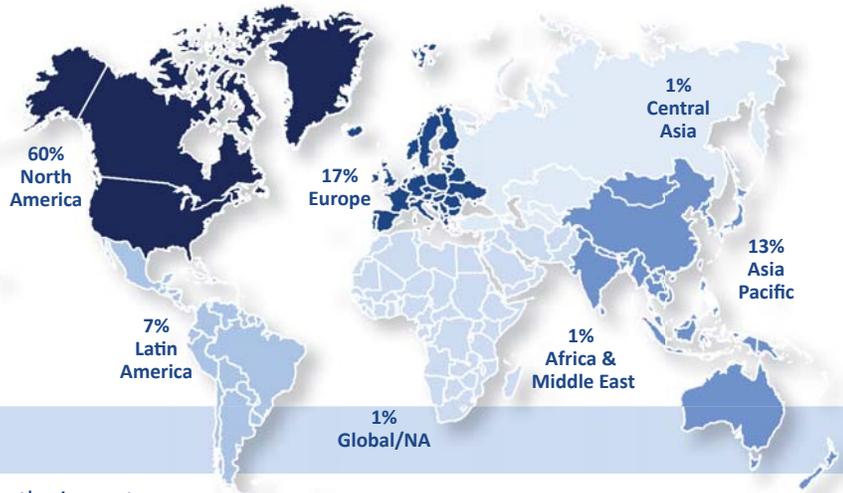
**TOP 4 FUNDED STATE PENSION SYSTEMS**



**Commingled Trust Fund (CTF) Geographic Diversification**

WSIB invests in 74 countries on 6 continents within 49 currencies with over 12,000 holdings.

This well diversified global portfolio is designed to manage risk across different economic market conditions while producing the best possible returns.



**DIVERSITY PRODUCES GREAT RETURNS**

Asset allocation creates well-balanced portfolios that weather the impacts of changing market conditions to meet or exceed the financial objectives of those we serve. Diversity is one of the fiduciary duties of the WSIB.

As of December 31, 2012						
Since Inception of the CTF (June 1992): 8.57%						
Asset Class	Market Value	Allocation	1 Year	3 Year	5 Year	10 Year
Fixed Income	\$13,146,420,423	20.54%	7.93%	7.33%	7.63%	6.54%
Tangible	\$950,347,470	1.35%	0.92%	3.36%	2.16%	N/A
Real Estate	\$8,859,928,150	13.69%	15.76%	9.47%	-0.56%	9.33%
Public Equity	\$24,115,168,066	36.27%	16.61%	7.74%	-0.68%	8.24%
Private Equity	\$16,062,451,184	26.02%	14.56%	13.94%	2.52%	12.48%
Innovation	\$459,212,173	0.57%	14.81%	-6.02%	N/A	N/A
Cash	\$962,199,451	1.56%	0.18%	0.16%	0.70%	1.83%
<b>Total Fund</b>	<b>\$65,403,564,631</b>	<b>100.00%</b>	<b>13.67%</b>	<b>9.40%</b>	<b>1.82%</b>	<b>8.55%</b>

**PRIVATE EQUITY**

Private equity investments include securities that are not listed on a public exchange and are not easily accessible to most individuals. These investments range from initial capital in start-up enterprises to leveraged buyouts of mature corporations. Private equity investments are typically long-term commitments that may last up to 12 years or more. Although they are illiquid and perhaps more risky than publicly-traded investments, when employed consistently as part of a larger balanced portfolio, they can offer higher returns than traditional public equity investments.

**FIXED INCOME**

Examples include U.S. treasuries and government agencies, treasury inflation protection securities (TIPS), corporate debt, mortgage-backed securities, collateralized mortgage obligations (CMO), asset-backed securities (ABS), and commercial mortgage backed securities (CMBS).

**TANGIBLE ASSETS**

Investments in this asset class include agriculture, commodities, infrastructure, natural resource rights, and timber.

**REAL ESTATE**

The majority of the WSIB's partnerships in this asset class invest in high-quality real estate leased to third parties. The combination of steady income generated from lease payments and the potential upside from appreciation combine to generate returns that are expected to fall between the returns for fixed income and equities.

**PUBLIC EQUITY**

An asset class where individuals and/or organizations can buy ownership in shares/stock of a company through a public market.

**IMPECCABLE INTEGRITY & TRANSPARENT PROCESS**

The Board consists of 10 voting and 5 non-voting members who are selected by voting members for their professional investment expertise and qualifications.

Members of the State Investment Board are fiduciaries whose mission is to manage investments for retirement and public trust funds with the highest standard of professional conduct for the exclusive benefit of fund beneficiaries.

To ensure that their actions and decisions are transparent and independent of outside political and other influences, the Board rigorously follows strict code of conduct and conflict of interest policies, conducts its business in open public meetings, and discloses thorough and timely information on its website about how billions of dollars in investments are managed and accounted for.

Integrity is part of the WSIB's DNA and it demands excellence of an experienced and well governed Board of Trustees, staff, investment managers, and companies in which we invest.

<b>Three ex-officio members:</b>
The State Treasurer
Director of the Department of Retirement Systems
Director of the Department of Labor and Industries
<b>Two Legislators:</b>
A member of the Senate
A member of the House of Representatives
<b>Five public employee pension representatives:</b>
Law Enforcement Officers' and Fire Fighters' System
Public Employees Retirement System
Teachers' Retirement System
School Employees' Retirement System
Retired member of a state retirement system
Five Investment Professionals