



WSIB Update



**Theresa Whitmarsh
Executive Director
April 26, 2013**

Our Mission



The WSIB invests with integrity, prudence, and skill to meet or exceed the financial objectives of those we serve including members and beneficiaries of:

- ▣ 17 retirement plans for public employees, teachers, school employees, law enforcement officers, firefighters and judges
- ▣ Several other important public funds that help support Washington's industrial insurance program, colleges and universities, and developmental disability programs

“The Board shall establish investment policies and procedures designed exclusively to maximize return at a prudent level of risk.” (RCW 43.33A.110)

“The State Investment Board shall invest and manage the assets entrusted to it with reasonable care, skill, prudence, and diligence under circumstances then prevailing which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an activity of like character and purpose.” (RCW 43.33A.140)

“The Board shall consider investments not in isolation, but in the context of the investment of the particular fund as a whole and as part of an overall investment strategy, which should incorporate risk and return objectives reasonably suited for that fund.” (RCW 43.33A.140)





The Board – Excellent Governance



The 10 voting and 5 non-voting members of the Board are fiduciaries whose mission is to manage investments for retirement and other public funds with the exclusive benefit of beneficiaries

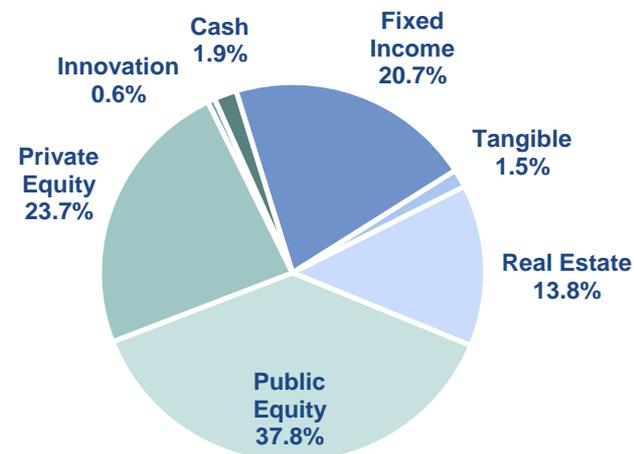
	Appointment Authority	Name	Position
10 Voting	Ex-Officio	Jim McIntire, Chair	State Treasurer
		Marcie Frost	Director, DRS
		Joel Sacks	Director, Labor & Industries
	Senate President	Sharon Nelson	State Senator
	House Speaker	Sharon Tomiko Santos	State Representative
	Governor	Natasha Williams	Active Member, PERS
		George Masten	Retired Member, PERS
		Kelly Fox	Active Member, LEOFF
	Superintendent of Public Instruction	Judi Owens	Active Member, SERS
		Mike Ragan, Vice Chair	Active Member, TRS
5 Investment Professionals	Selected by the Board	Robert Nakahara	
		Jeffrey Seely	
		David Nierenberg	
		William A. Longbrake	
		Richard Muhlebach	

Retirement Fund Performance and Value – March 31, 2013

Historical Market Value (billions)



Actual Allocation



**Return Since Inception of the
Commingled Trust Fund (CTF)
(3/31/2013):**

8.70%

Market Values and Returns

Commingled Trust Fund (CTF) Market Values and Returns

	Market Value (000s)	1 Year	3 Year	5 Year	10 Year
Total CTF	\$67,996,673,555	11.32%	9.82%	3.49%	9.24%
Fixed Income	\$14,060,042,590	5.98%	6.61%	7.18%	6.37%
Tangibles	\$1,050,870,844	2.76%	4.55%	2.91%	N/A
Real Estate	\$9,350,948,796	16.29%	12.60%	-0.12%	9.51%
Global Equity	\$25,730,821,679	11.58%	8.97%	2.68%	9.49%
Private Equity	\$16,103,217,286	13.77%	12.68%	3.82%	13.54%
Innovation	\$423,477,179	14.32%	-5.92%	N/A	N/A
Cash	\$1,277,295,182	0.18%	0.17%	0.52%	1.81%



WSIB Pursues a Global Strategy

Complexity is the Reality of the 21st Century



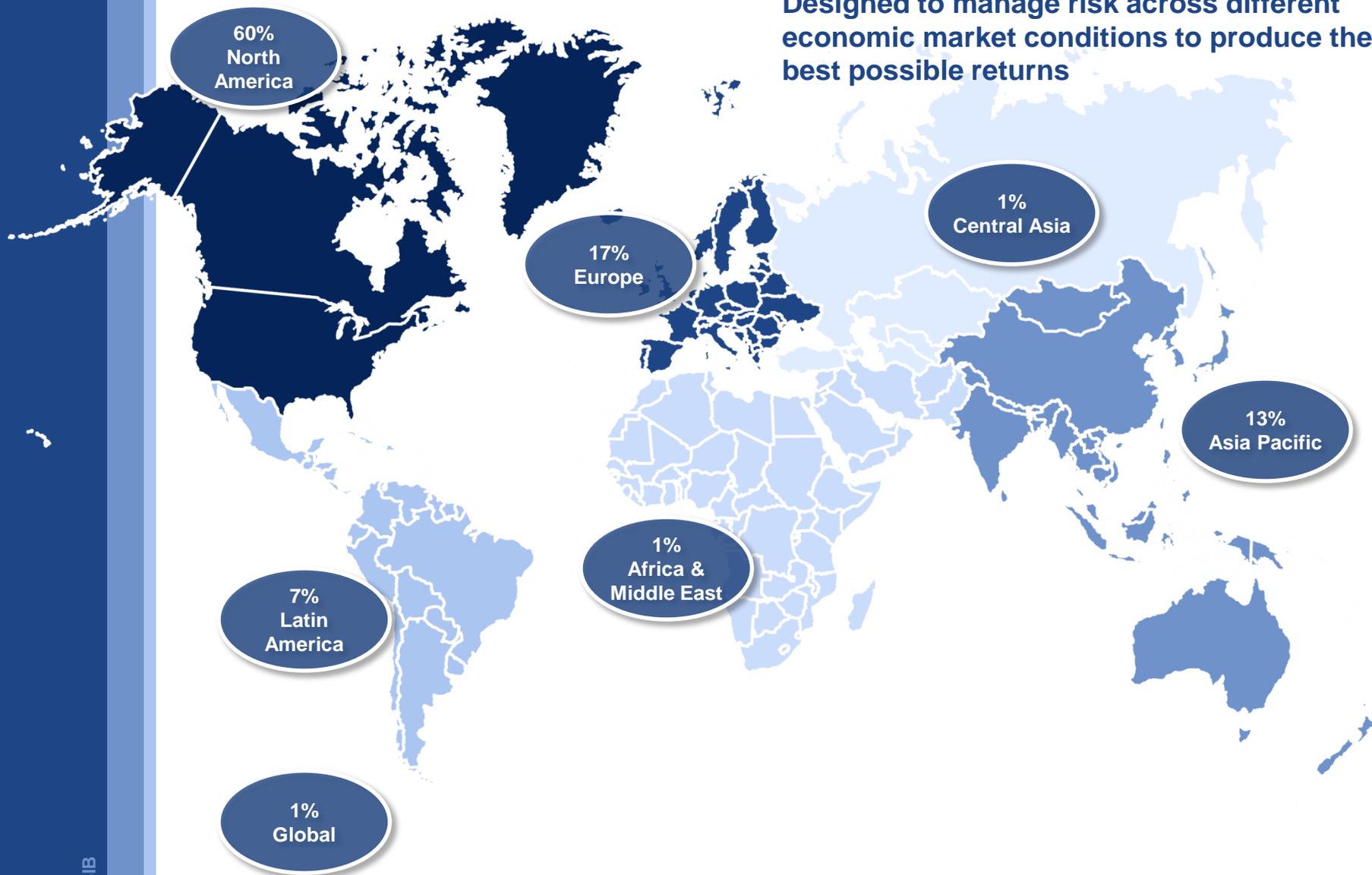
We manage investments in:

- ▣ **33 different funds**
- ▣ **74 different countries**
- ▣ **Across 6 continents**
 - ▣ **49 currencies**
 - ▣ **Over 12,000 investment holdings**



CTF Geographic Diversification

Designed to manage risk across different economic market conditions to produce the best possible returns





Global

- ❑ Global growth will continue to be weak
- ❑ Emerging markets are the bright spot with higher growth, lower debt, and lower fiscal deficits than the developed world
- ❑ “Risk on / risk off” market environment will continue with swings between investor optimism and pessimism

U.S.

- ❑ The economy will perform better than economies of Europe and Japan
- ❑ Inflation will remain contained
- ❑ Housing recovery will continue
- ❑ Energy investment boom is a long-term positive for the U.S.

Essentials for Success in This Complex Global Market



WSIB past success has been the result of being:

- ▣ **Ahead of the market**
 - ▣ **Alternatives**
 - ▣ **Global**
- ▣ **Willing to be different**
 - ▣ **Real estate operating company (REOC) strategy**
 - ▣ **Fixed Income – not benchmark driven**
- ▣ **Disciplined**
 - ▣ **Walk away from strategies that don't fit**
 - ▣ **Stayed with asset allocation while others de-risked**



Conclusion



WSIB continues to be committed to:

- ▣ **Market leadership**
- ▣ **Cost effectiveness**
- ▣ **Transparency**
- ▣ **Integrity**