



WSIB Update



**Theresa Whitmarsh
Executive Director
April 25, 2014**



WSIB Board Member Update

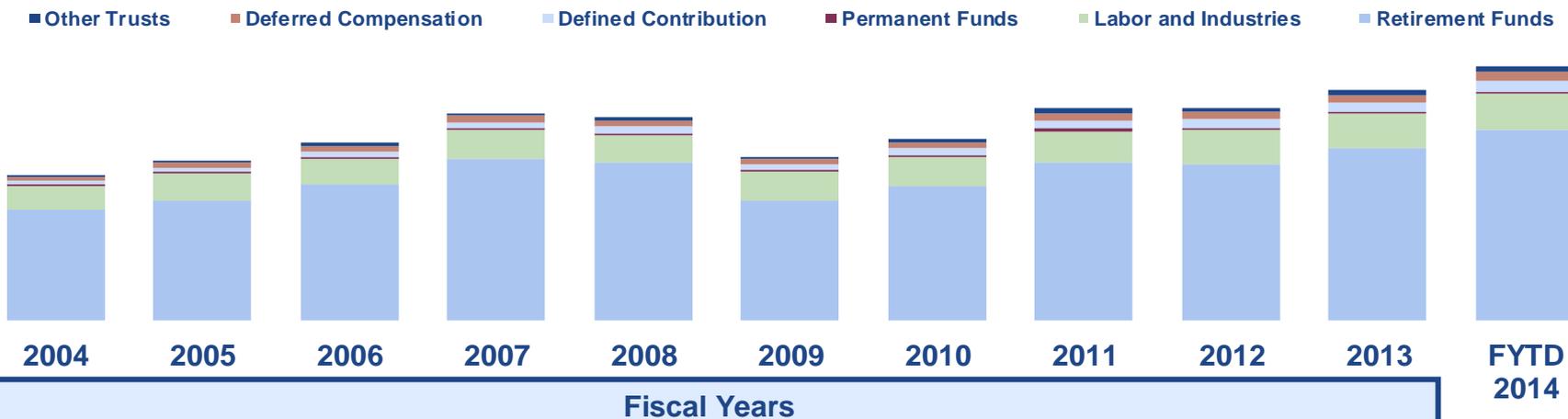


- Seven Voting Members Turned Over in 2013/2014
 - Ensured smooth transition of new members through active engagement with appointing authorities, Board member orientation and individual Board member development plans
 - Extensive Board education sessions designed to provide broad context for 2013 asset allocation decision

Appointment Authority	Name	Position
Ex-Officio	Jim McIntire, Chair	State Treasurer
	Marcie Frost, Vice Chair	Director, DRS
	Joel Sacks	Director, Labor & Industries
Senate President	Sharon Nelson	State Senator
House Speaker	Sharon Tomiko Santos	State Representative
Governor	Judy Kuschel	Active Member, PERS
	George Masten	Retired Member, PERS
	Kelly Fox	Active Member, LEOFF
Superintendent of Public Instruction	Arlista D. Holman	Active Member, SERS
	Stephen Miller	Active Member, TRS
Selected by the Board	Robert Nakahara	
	Jeffrey Seely	
	David Nierenberg	
	William A. Longbrake	
	Richard Muhlebach	

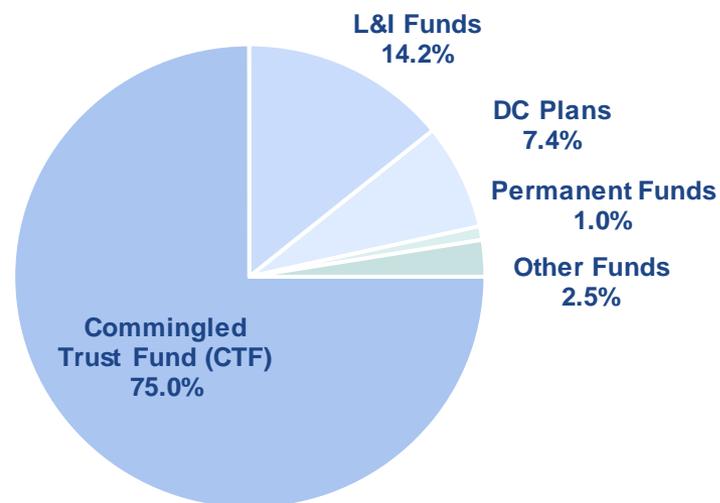
WSIB Investments Update – Total Assets Under Management – March 31, 2014

Past 10 Fiscal Years



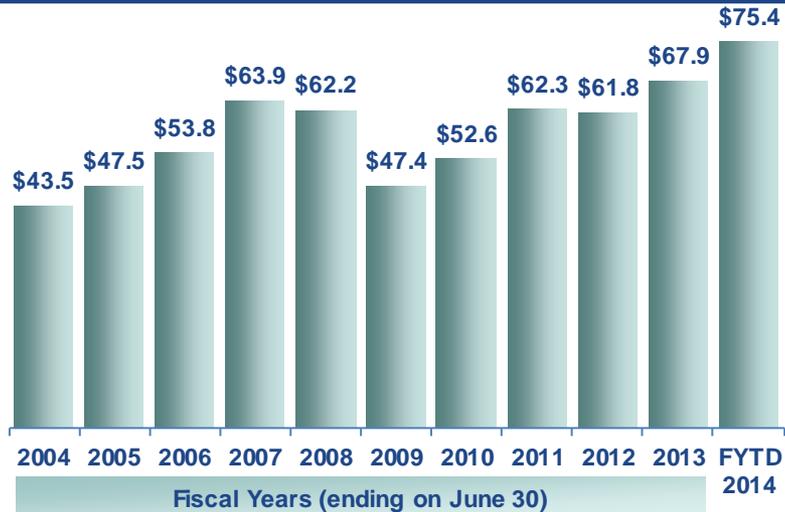
Market Values and Allocation (in billions)

Commingled Trust Fund (CTF)	\$75.4	75.0%
L&I Funds	\$14.2	14.2%
DC Plans	\$7.4	7.4%
Permanent Funds	\$1.0	1.0%
Other Funds	\$2.6	2.5%
Total Assets Under Management	\$100.6	

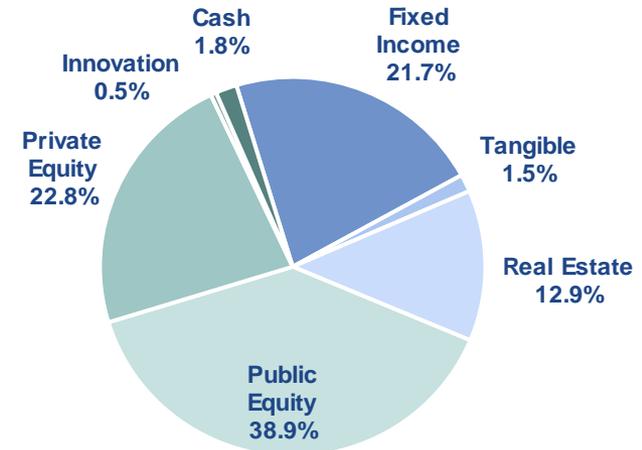


CTF Retirement Fund Performance Update – March 31, 2014

Historical Market Value (billions)



Actual Allocation



**Return Since Inception of the
Commingled Trust Fund (CTF)
(3/31/2014):**

8.89%

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	\$75,437,018,993	13.00%	9.58%	13.29%	8.02%
Fixed Income	\$16,376,136,852	-0.77%	3.97%	7.05%	5.50%
Tangibles	\$1,117,765,079	-1.79%	1.34%	3.36%	N/A
Real Estate	\$9,711,822,418	13.79%	13.84%	7.24%	9.70%
Public Equity	\$29,363,713,501	18.04%	9.69%	18.92%	7.25%
Private Equity	\$17,164,055,599	19.37%	12.97%	15.63%	13.53%
Innovation	\$360,349,256	53.60%	17.58%	N/A	N/A
Cash	\$1,343,176,287	0.12%	0.14%	0.16%	1.73%



Strategy Update: WSIB Continues to Pursue a Global Strategy

Complexity is the Reality of the 21st Century



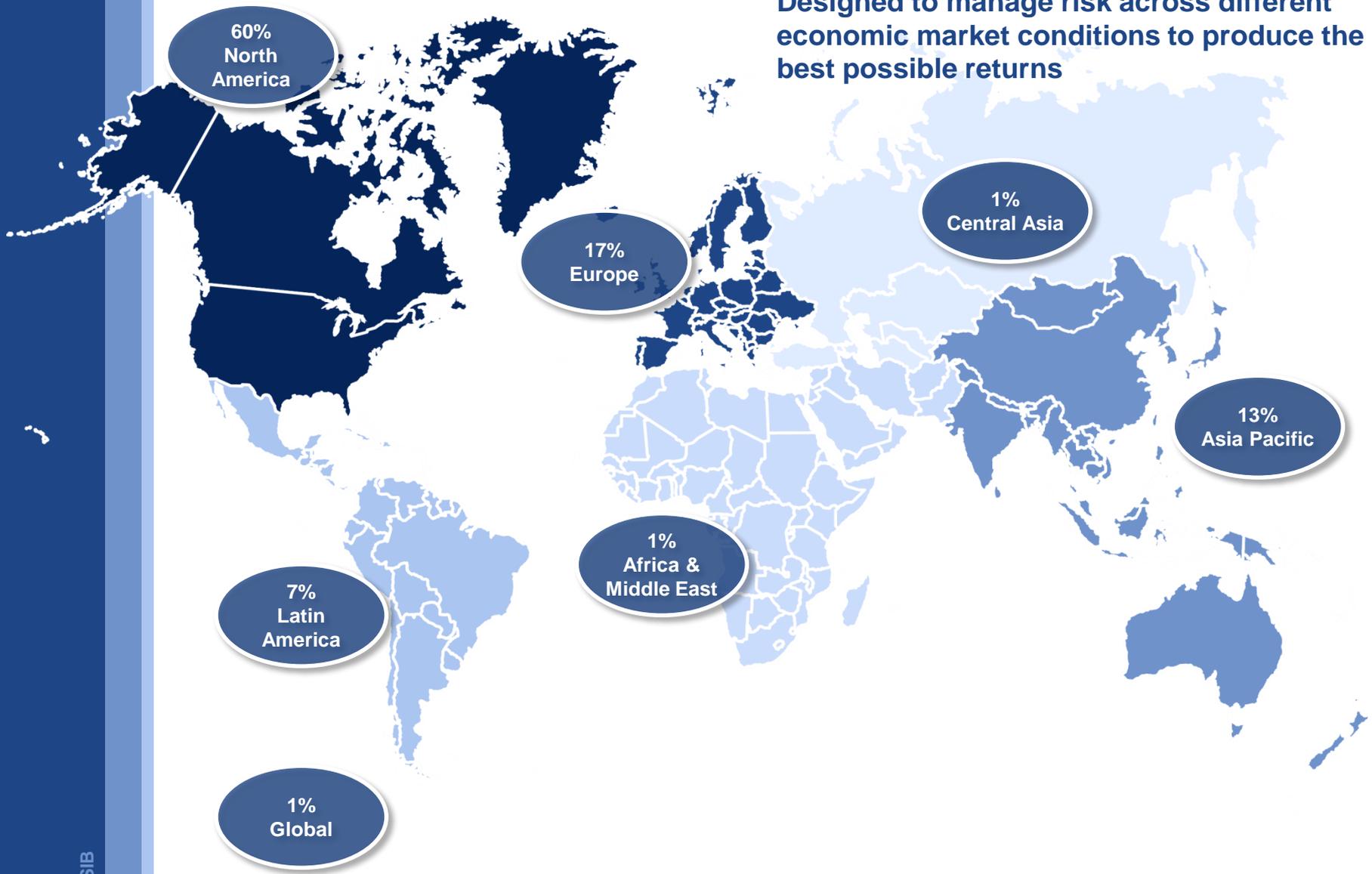
We manage investments in:

- ▣ 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





Strategy Update – Asset Allocation



- **Commingled Trust Fund (CTF) asset allocation study completed in 2013**
 - **Board stayed the course, with small adjustments to the allocation**
 - **Decreased Private Equity Allocation from 25 percent to 23 percent**
 - **Driven by investment pacing concerns**
 - **Increased Real Estate Allocation from 13 percent to 15 percent**
 - **Program has additional capacity**
 - **Public Equity remains at 37percent**
 - **Fixed Income remains at 20 percent**
 - **An important diversifier and liquidity provider**
 - **Shift will be gradual over years but planning and execution begin in 2014**

Strategy Update – New Projects for 2014



- ❑ Implement recommendations of CTF asset allocation study
- ❑ Review the ability for third party capital to invest in currently non-qualified assets (private markets)
 - ❑ Interest from some clients and legislative members in the feasibility of other fund's access to private market assets
- ❑ Explore incorporating sustainability measures into risk analysis
 - ❑ The goal is to bring research and options to the July board planning session for review and discussion
- ❑ Leverage international reputation of WSIB, as a well respected and innovative investment organization to ensure continued support here in Washington
- ❑ Integrated pension reporting – joint project with DRS and Office of the State Actuary (OSA)
 - ❑ Following on work of the Society of Actuaries, coordinate with the OSA and the DRS to create a web portal for one-stop information on the health of Washington's pension systems

