

WSIB OVERVIEW

QUARTER ENDING SEPTEMBER 30, 2022

James Aber
Institutional Relations Director



WHO WE ARE – AT A GLANCE

The Washington State Investment Board (WSIB) is one of the largest and most diversified institutional investment managers in the United States with more than \$175.5 billion of assets under management



The WSIB works closely with its clients to ensure its investment strategies meet their risk and return objectives

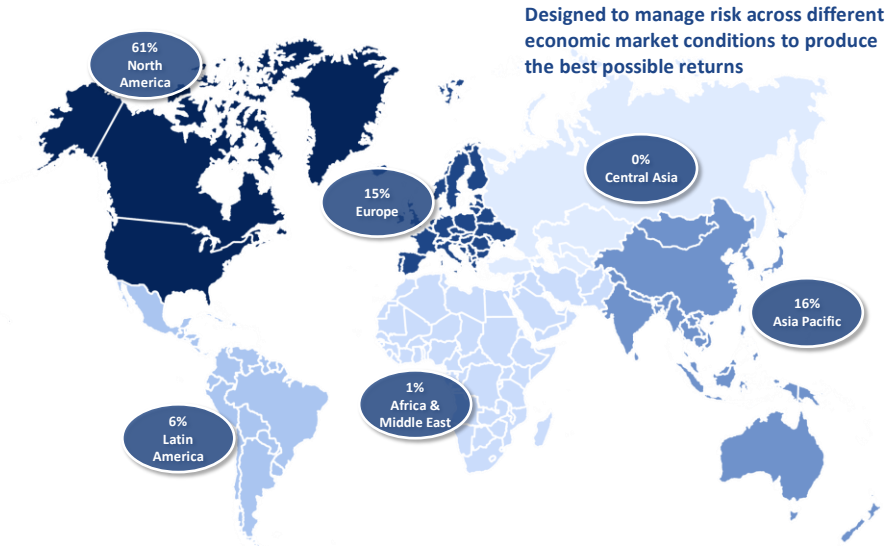
On their behalf, WSIB manages investments in:

- 93 different countries
- Across 6 continents
- 52 currencies
- More than 17,000 investment holdings

The WSIB delivers strong returns for:

- 17 pension funds
- 5 Labor and Industry funds
- 16 permanent and other funds

WHO WE ARE – GLOBAL INVESTOR



ORGANIZATIONAL STRUCTURE

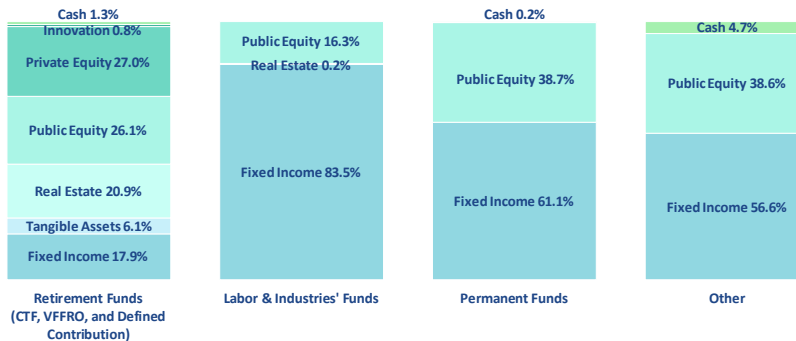
- **Balanced Board comprised of 15 members**
 - **5 voting members appointed as ex-officio (based on the offices they hold)**
 - **5 voting members who represent public pension systems and their beneficiaries**
 - **5 non-voting (advisory) investment pros, who are selected by the voting Board members**

3 EX-OFFICIO MEMBERS			2 LEGISLATORS	
Mike Pellicciotti	Tracy Guerin	Joel Sacks	Timm Ormsby	Mark Mullet
The State Treasurer	Director of DRS (Chair)	Director of L&I	Member of the House of Representatives	Member of the Senate
5 REPRESENTATIVES OF THE PUBLIC EMPLOYEE PENSION SYSTEMS				
Greg Markley	Judy Kuschel	Yona Makowski	Sara Ketelsen	Liz Lewis
Member of LEOFF (Vice-Chair)	Active Member of PERS	Retired Member of State Pension System	Member of TRS	Member of SERS
5 NON-VOTING MEMBERS				
David Nierenberg	William A. Longbrake	Ada Healey	Mary Pugh	George Zinn

MARKET VALUES AND ALLOCATIONS

SEPTEMBER 30, 2022 (\$ BILLIONS)

Total Assets Under Management	\$175.5	
Retirement Funds	\$155.1	88.4%
L&I Funds	\$17.6	10.0%
Permanent Funds	\$1.1	0.6%
Other Funds	\$1.7	1.0%



Page 5

WHO WE ARE – WSIB HAS SCALE ADVANTAGE

SEPTEMBER 30, 2022

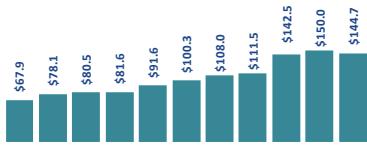
■ DB plans and hybrid DB/DC plans commingled into one investment fund (CTF) run by the WSIB

Defined Benefit and Hybrid Defined Benefit/Defined Contribution Plans	Market Value
Public Employees' Retirement System Plan 1 (PERS)	\$8,659,549,866
Public Employees' Retirement System Plan 2/3	\$59,399,951,041
Teachers' Retirement System Plan 1 (TRS)	\$6,513,709,896
Teachers' Retirement System Plan 2/3	\$29,749,549,171
Washington State Patrol Retirement System Plan 1 (WSPRS)	\$1,474,014,965
Washington State Patrol Retirement System Plan 2	\$188,646,770
Law Enforcement Officers' & Fire Fighters' Plan 1 (LEOFF)	\$6,691,309,743
Law Enforcement Officers' & Fire Fighters' Plan 2	\$18,996,634,442
School Employees' Retirement System Plan 2/3 (SERS)	\$10,332,723,624
Public Safety Employees' Retirement System Plan 2 (PSERS)	\$1,245,807,744
Higher Education Supplemental Insurance Plan	\$159,764,613
Target Date Funds (TDF)	\$1,252,021,144
Total	\$144,663,683,020
Retirement Plan(s) Outside the CTF	Market Value
Volunteer Fire Fighters' and Relief Officers' Pension Fund (VFFRO)	\$198,633,723
Total	\$198,633,723
Defined Contribution Plans (Less TDF money that is in the CTF)	Market Value
Plans 3 Outside of the CTF (TAP)	\$5,392,987,244
Deferred Compensation Program (DCP)	\$4,793,903,075
Judicial Retirement Account (JRA)	\$7,091,142
Total	\$10,193,981,461

Page 6

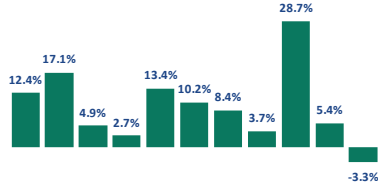
COMMINGLED TRUST FUND PERFORMANCE AND MARKET VALUES SEPTEMBER 30, 2022

Historical Market Value (\$ Billions)



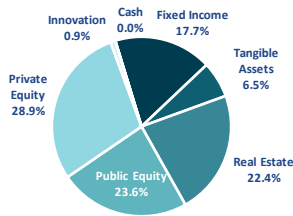
2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 FYTD 2023
Fiscal Years (ending on June 30)

Historical Fund Returns



2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 FYTD 2023
Fiscal Years (ending on June 30)

Asset Allocation

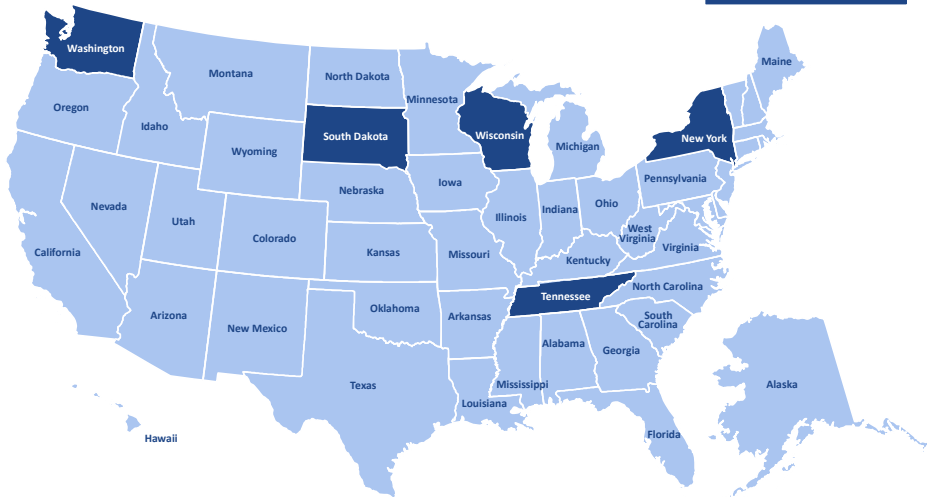


Market Values and Returns

	(000s)	1 Year	3 Year	5 Year	10 Year	20 Year
Total CTF	\$144,663,683,018	-2.1%	10.2%	9.3%	9.6%	9.1%
Fixed Income	\$23,734,176,853	-14.3%	-2.3%	0.5%	1.5%	4.0%
Tangible Assets	\$9,420,865,375	10.1%	8.4%	6.9%	5.6%	N/A
Real Estate	\$32,394,877,700	34.5%	20.3%	16.4%	14.7%	11.9%
Public Equity	\$33,972,022,602	-21.1%	3.5%	4.5%	7.7%	8.2%
Private Equity	\$41,848,777,737	1.8%	19.5%	17.1%	15.4%	13.7%
Innovation	\$1,255,712,436	8.6%	11.0%	-1.0%	1.8%	N/A
Cash	\$2,037,250,315	0.8%	0.6%	1.2%	0.8%	1.3%

OUR RESULTS – A STRONG REPUTATION ONE OF THE BEST FUNDED PENSION SYSTEMS IN THE NATION

Top 5 Funded States





STRATEGY UPDATE – ASSET ALLOCATION



CTF SAA study completed in 2021

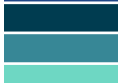


The Board made modest changes to the CTF asset allocation, increasing the allocation to illiquid assets to 51 percent from 48 percent

- Increased Private Equity allocation to 25 percent from 23 percent
- Decreased Public Equity allocation to 30 percent from 32 percent
- Increased Tangible Assets allocation to 8 percent from 7 percent
- Maintained Real Estate allocation at 18 percent
- Decreased Fixed Income allocation to 19 percent from 20 percent



STRATEGY UPDATE – NEW PROJECTS FOR 2022



- Implement annual plans for the asset classes
- Advance risk management and performance analysis
- New funds implementation and strategic asset allocation studies
- Develop a partner ESG assessment tool
- Develop a Climate Blueprint
- Develop a DEI Blueprint





NEW PUBLIC TRUST FUND PROCEDURES



All new public trust funds will need a voter-approved constitutional amendment if the WSIB is to be permitted to invest in public equities

- Without such an amendment, investment of public trust accounts are limited by law to fixed income and credit investments

Some stakeholders may mistakenly envision potential fund performance comparable to the performance of the state retirement plans (CTF)

- But retirement plans, L&I, GET, etc. all have the benefit of constitutional amendment passage
- These funds benefit from broader diversification into asset classes that historically generate higher performance than cash or fixed income assets
- For a more accurate performance comparison, examine the performance of the fixed income investments within the CTF

CONTACT INFORMATION

Website: <http://www.sib.wa.gov>

Address: 2100 Evergreen Park Drive SW
P.O. Box 40916
Olympia, WA 98504-0916

Phone: (360) 956-4600

