

## DRS ADVISORY COMMITTEE

QUARTER ENDING MARCH 31, 2023

**Phil Paroian**  
Senior Investment Officer, Public Equity  
**Ben Lachmann**  
Investment Officer, Public Equity



### OVERVIEW

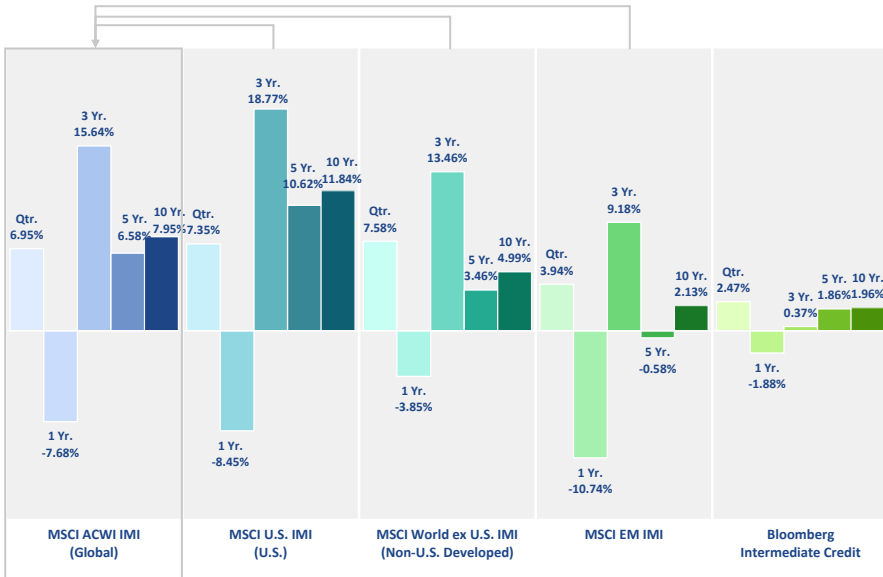


- Market Environment
- Plan Market Values
- Plan Performance Discussion



MARKET ENVIRONMENT

MARKET ENVIRONMENT  
MARCH 31, 2023





## CONSIDERATIONS FOR 2023



### Persistent High Inflation

- Inflation remains well above nominal interest rates but monetary policy operates with “long and variable lags”
- Federal Reserve expects to continue further restricting monetary conditions

### Banking Crisis or Isolated Event?

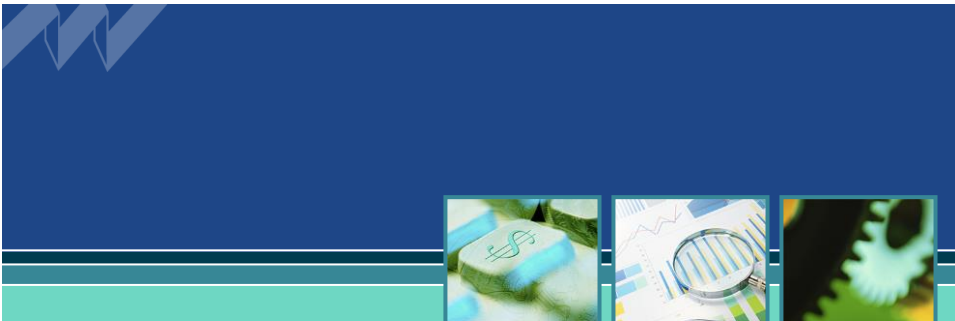
- Threat of contagion?
- Potential for a ‘credit event’ outside of the banking industry (e.g., pension funds, insurers, hedge funds, etc.)

### Geopolitical Risks Haven’t Disappeared

- US/China tensions, Ukraine war, deglobalization

### Outlook

- Stocks may be range-bound in 2023, but risks skew to the downside (e.g., if a banking or liquidity crisis develops)
- Bond market outlook will depend on path of inflation. If inflation remains high, bonds will perform poorly. If there is a risk event, bonds will rally in a flight to safety.



## PLAN MARKET VALUES

**TEACHERS' RETIREMENT SYSTEM PLAN 3**  
**MARCH 31, 2023**

	% of Assets	Option	Market Value	Quarterly Change
	65.54%	WSIB TAP	\$8,304,013,196	\$189,783,457
	0.80%	Socially Responsible Balanced	100,866,933	3,195,182
17.78%	0.26%	Retirement Maturity Strategy	32,616,805	569,489
	0.40%	Retirement Strategy 2010	50,916,962	2,873,473
	0.75%	Retirement Strategy 2015	95,557,254	837,373
	1.71%	Retirement Strategy 2020	217,036,802	1,336,655
	3.31%	Retirement Strategy 2025	418,851,795	17,687,391
	3.38%	Retirement Strategy 2030	428,865,404	20,707,497
	2.82%	Retirement Strategy 2035	357,370,720	20,138,222
	1.87%	Retirement Strategy 2040	237,128,744	15,165,693
	1.21%	Retirement Strategy 2045	153,535,091	11,409,546
	0.92%	Retirement Strategy 2050	117,184,244	9,253,490
	0.78%	Retirement Strategy 2055	99,271,513	8,435,886
	0.30%	Retirement Strategy 2060	38,097,766	4,502,510
	0.05%	Retirement Strategy 2065	5,906,059	1,228,607
	8.03%	U.S. Large Stock	1,017,217,322	66,807,117
1.40%	U.S. Small Value Stock	178,027,718	(1,475,435)	
1.28%	Global Equity	161,889,451	10,429,044	
0.43%	Emerging Markets Equity	53,930,523	2,164,999	
2.14%	WSIB Bond Market	270,558,838	5,069,016	
2.62%	STIF	332,230,906	4,695,606	
	<b>Total</b>	<b>\$12,671,074,048</b>	<b>\$394,814,819</b>	

Page 7

**SCHOOL EMPLOYEES' RETIREMENT SYSTEM PLAN 3**  
**MARCH 31, 2023**

	% of Assets	Option	Market Value	Quarterly Change
	75.36%	WSIB TAP	\$2,110,338,752	\$38,929,920
	0.48%	Socially Responsible Balanced	13,463,366	341,027
15.40%	0.23%	Retirement Maturity Strategy	6,322,323	198,229
	0.46%	Retirement Strategy 2010	12,930,824	(233,732)
	0.84%	Retirement Strategy 2015	23,459,757	(165,010)
	1.76%	Retirement Strategy 2020	49,163,203	507,356
	3.05%	Retirement Strategy 2025	85,448,524	4,328,763
	1.97%	Retirement Strategy 2030	55,250,225	3,113,688
	1.95%	Retirement Strategy 2035	54,642,131	3,796,210
	1.42%	Retirement Strategy 2040	39,628,724	3,161,986
	1.20%	Retirement Strategy 2045	33,580,490	2,831,640
	1.00%	Retirement Strategy 2050	28,020,472	2,271,926
	0.95%	Retirement Strategy 2055	26,642,398	1,956,659
	0.51%	Retirement Strategy 2060	14,149,591	1,235,082
	0.07%	Retirement Strategy 2065	1,958,239	(273,167)
	3.50%	U.S. Large Stock	97,894,263	4,622,472
0.73%	U.S. Small Value Stock	20,304,010	(258,125)	
0.52%	Global Equity	14,527,935	949,710	
0.18%	Emerging Markets Equity	5,161,013	269,329	
0.93%	WSIB Bond Market	25,904,290	(238,628)	
2.91%	STIF	81,400,942	3,161,007	
	<b>Total</b>	<b>\$2,800,191,474</b>	<b>\$70,506,339</b>	

Page 8

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 3**  
**MARCH 31, 2023**

	% of Assets	Option	Market Value	Quarterly Change
	62.19%	WSIB TAP	\$2,879,184,422	\$71,151,256
	0.97%	Socially Responsible Balanced	45,078,734	543,958
21.80%	0.26%	Retirement Maturity Strategy	12,037,419	472,891
	0.50%	Retirement Strategy 2010	22,971,905	607,133
	0.74%	Retirement Strategy 2015	34,351,250	(359,179)
	1.68%	Retirement Strategy 2020	77,604,042	473,189
	3.44%	Retirement Strategy 2025	159,196,447	5,125,182
	3.12%	Retirement Strategy 2030	144,557,033	7,772,898
	3.00%	Retirement Strategy 2035	139,036,205	8,392,991
	2.28%	Retirement Strategy 2040	105,771,291	6,652,342
	2.21%	Retirement Strategy 2045	102,219,713	7,611,346
	2.02%	Retirement Strategy 2050	93,572,155	7,439,680
	1.70%	Retirement Strategy 2055	78,521,123	6,306,540
	0.74%	Retirement Strategy 2060	34,402,576	2,880,940
	0.11%	Retirement Strategy 2065	4,932,234	608,855
	6.54%	U.S. Large Stock	302,586,706	18,526,002
1.75%	U.S. Small Value Stock	81,240,894	240,403	
1.23%	Global Equity	56,981,105	3,470,787	
0.45%	Emerging Markets Equity	20,710,870	1,301,107	
1.36%	WSIB Bond Market	63,031,393	244,767	
3.70%	STIF	171,409,568	1,538,718	
		<b>Total</b>	<b>\$4,629,397,083</b>	<b>\$151,001,806</b>

Page 9

**DEFERRED COMPENSATION FUND**  
**MARCH 31, 2023**

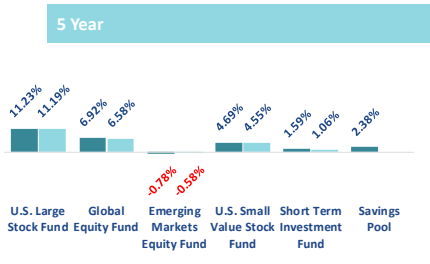
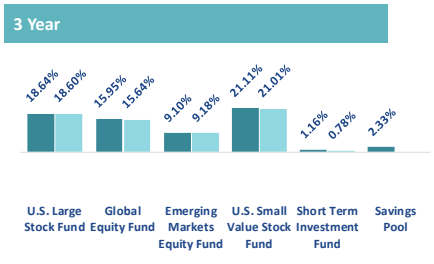
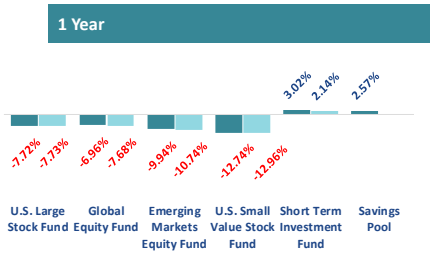
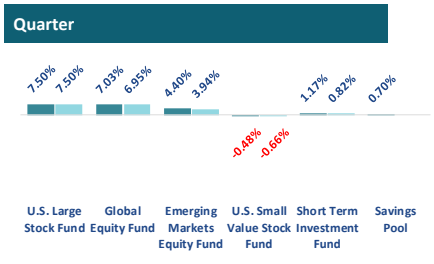
	% of Assets	Option	Market Value	Quarterly Change
	3.31%	Socially Responsible Balanced	\$196,406,920	\$3,615,345
53.91%	1.15%	Retirement Maturity Strategy	68,547,217	2,346,404
	1.54%	Retirement Strategy 2010	91,310,034	2,127,008
	3.89%	Retirement Strategy 2015	231,100,092	3,602,623
	7.38%	Retirement Strategy 2020	437,910,122	10,165,228
	10.69%	Retirement Strategy 2025	634,513,951	26,513,718
	9.18%	Retirement Strategy 2030	545,223,639	32,403,435
	7.07%	Retirement Strategy 2035	419,778,930	28,116,569
	4.69%	Retirement Strategy 2040	278,524,538	19,528,779
	3.45%	Retirement Strategy 2045	204,727,591	17,687,163
	2.21%	Retirement Strategy 2050	130,950,037	15,374,852
	1.47%	Retirement Strategy 2055	87,165,453	10,322,982
	0.92%	Retirement Strategy 2060	54,436,083	6,720,522
	0.27%	Retirement Strategy 2065	16,254,312	2,383,336
	13.12%	U.S. Large Stock	778,921,843	58,537,761
4.43%	U.S. Small Value Stock	262,806,305	131,600	
3.51%	Global Equity	208,593,808	14,711,493	
1.22%	Emerging Markets Equity	72,251,743	4,317,800	
4.02%	WSIB Bond Market	238,878,681	4,748,052	
16.47%	WSIB Savings Pool	977,899,629	(16,532,279)	
		<b>Total</b>	<b>\$5,936,200,928</b>	<b>\$246,822,392</b>

Page 10

# PLAN MARKET DISCUSSION

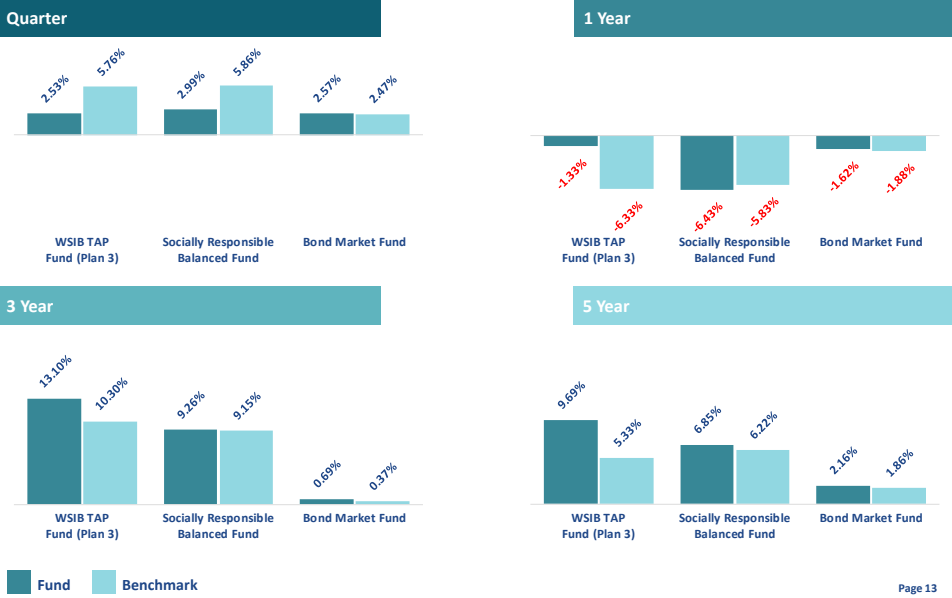


## EQUITY AND CASH FUNDS – QUARTER, 1, 3, AND 5 YEAR RETURNS MARCH 31, 2023

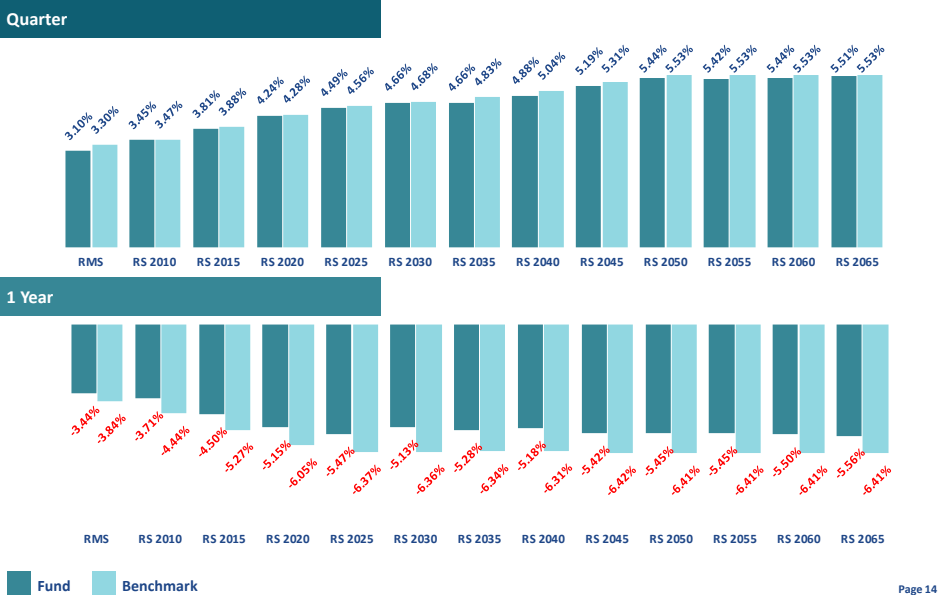


■ Fund ■ Benchmark

**BALANCED AND BOND FUNDS – QUARTER, 1, 3, AND 5 YEAR RETURNS**  
**MARCH 31, 2023**

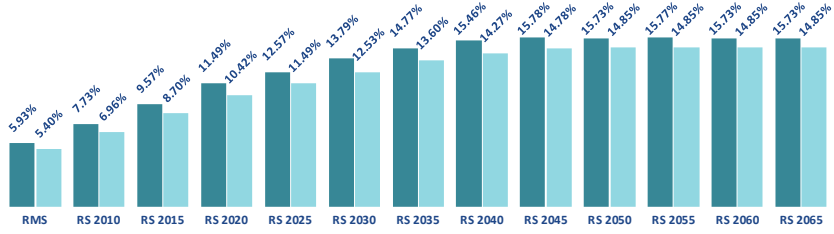


**RETIREMENT STRATEGY FUNDS – QUARTER AND 1 YEAR RETURNS**  
**MARCH 31, 2023**

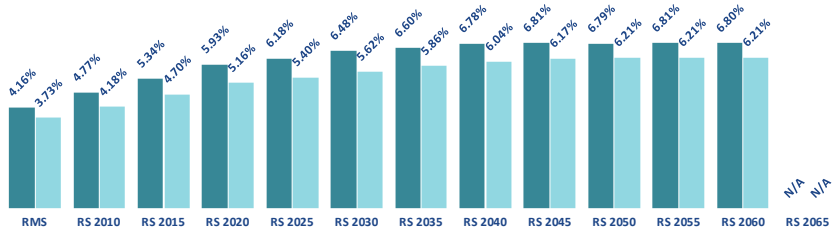


**RETIREMENT STRATEGY FUNDS – 3 AND 5 YEAR RETURNS**  
**MARCH 31, 2023**

**3 Year**



**5 Year**



**Fund** **Benchmark**