

WASHINGTON STATE INVESTMENT BOARD ANNUAL UPDATE – 2024 LEOFF 2 BOARD

NOVEMBER 20, 2024

Allyson Tucker, CFA, CAIA
Chief Executive Officer





Investment Management Profile

- **\$213.3 billion in assets under management as of September 30, 2024**
- **18 pension funds**
- **5 Labor and Industries' funds**
- **16 permanent and other trust funds**

Investment Scope and Scale

- **93 countries**
- **Across 6 continents and 52 currencies**
- **More than 17,000 investment holdings**
- **130+ external investment managers and partners across five asset classes**

Organization Size and Scale

- **Staffing: 117 employees**
- **Two offices: Olympia and Seattle**
- **Hybrid 60/40 on-premise/remote work**
- **Mission-driven culture based on non-negotiable integrity and fiduciary duty**

WSIB Strengths

- **Industry-leading long-term investment performance**
- **Good governance and strategic decision-making**
- **Hard-working, high-quality employees**
- **Willingness to be different**

- Independent Board comprised of 15 members
- 10 voting members
- 5 investment professionals
- Multiple appointment authorities

3 EX-OFFICIO MEMBERS

2 LEGISLATORS

**Tracy
Guerin**
DRS
Director

**Joel
Sacks**
L&I
Director

**Mike
Pellicciotti**
State
Treasurer

**Mark
Mullet**
Member of
the Senate

**Mia
Gregerson**
Member of the House
of Representatives

5 REPRESENTATIVES OF THE PUBLIC EMPLOYEE PENSION SYSTEMS

**Greg
Markley**
Chair
Member of LEOFF

**Yona
Makowski**
Vice Chair
State Pension System Retiree

**Tracy
Stanley**
Active Member of
PERS

**Sara
Ketelsen**
Member of
TRS

**Liz
Lewis**
Member of
SERS

5 INVESTMENT PROFESSIONALS (NON-VOTING MEMBERS)

**David
Nierenberg**

**Mary
Pugh**

**Heather
Redman**

**Ada
Healey**

**George
Zinn**





Retirement Funds 18

- Public Employees' Plans 1, 2, 3
- School Employees' Plans 2, 3
- Teachers' Plans 1, 2, 3
- Law Enforcement Officers' and Firefighters' Plans 1, 2
- Judicial Retirement Account – Defined Contribution
- Washington State Patrol Plans 1, 2
- Deferred Compensation Program
- Public Service Employees' Plan 2
- Higher Education Retirement Plan Supplemental Benefit
- Volunteer Firefighters' and Reserve Officers' Relief and Pension (VFFRO)

Labor and Industries' Funds 5

- Accident
- Medical Aid
- Pension Reserve
- Supplemental Pension
- Industrial Insurance Rainy Day (unfunded)

Permanent Funds 7

- Agricultural College
- Common School
- Normal School
- Scientific
- State University
- American Indian Endowed Scholarship
- Foster Care Endowed Scholarship (unfunded)

Other Funds 9

- Guaranteed Education Tuition
- Developmental Disabilities Endowment (private and state)
- Washington State Opportunity Scholarship (Scholarship, Endowment, Tech Pathway, and Degree Pathway)
- Long-Term Services and Support
- Dan Thompson Memorial



43.33A.110

The Board shall establish investment policies and procedures designed exclusively to maximize return at a prudent level of risk

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

43.33A.010

Unless otherwise prescribed by law, the state investment board shall exercise all the powers and perform all duties with respect to the investment of public trust and retirement funds

43.84.150

When investment authority over a particular fund or account lies with the state investment board, the board shall have full power to invest, reinvest, manage, contract, or sell or exchange investments acquired

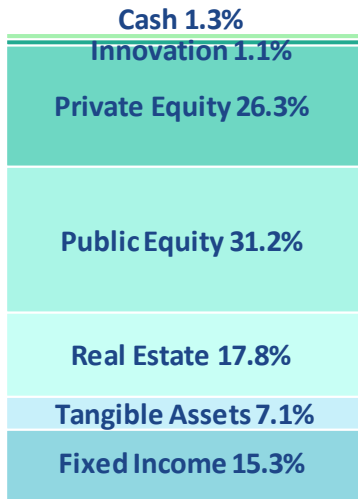
43.33A.170

The state investment board is authorized to establish commingled trust funds in the state treasury for the implementation of specific investment programs for any combination of funds under its jurisdiction

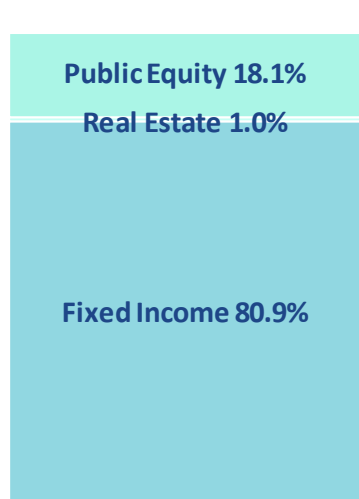
MARKET VALUES AND ASSET ALLOCATIONS

SEPTEMBER 30, 2024 (\$ BILLIONS)

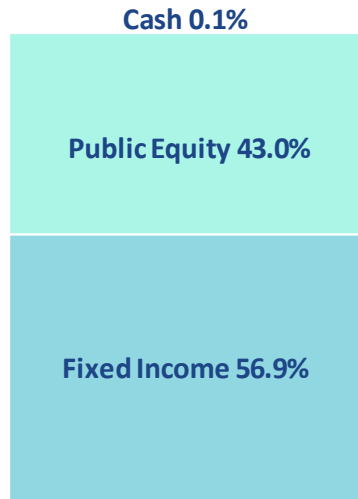
Total Assets Under Management	\$213.3	
Retirement Funds	\$187.3	87.8%
L&I Funds	\$21.3	10.0%
Permanent Funds	\$1.4	0.6%
Other Funds	\$3.4	1.6%



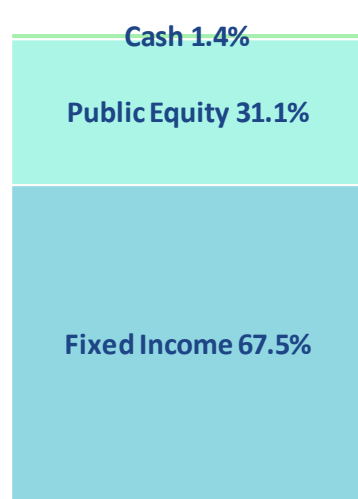
Retirement Funds
(CTF, VFFRO, and Defined Contribution)



Labor & Industries' Funds



Permanent Funds



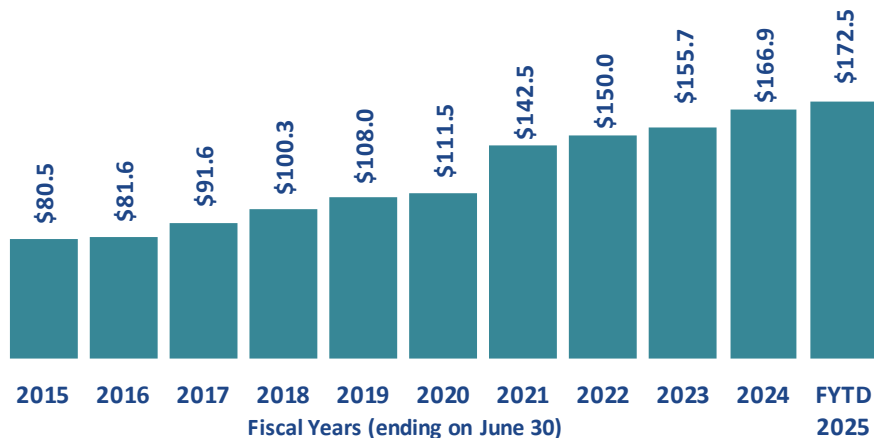
Other

CTF PERFORMANCE AND MARKET VALUES

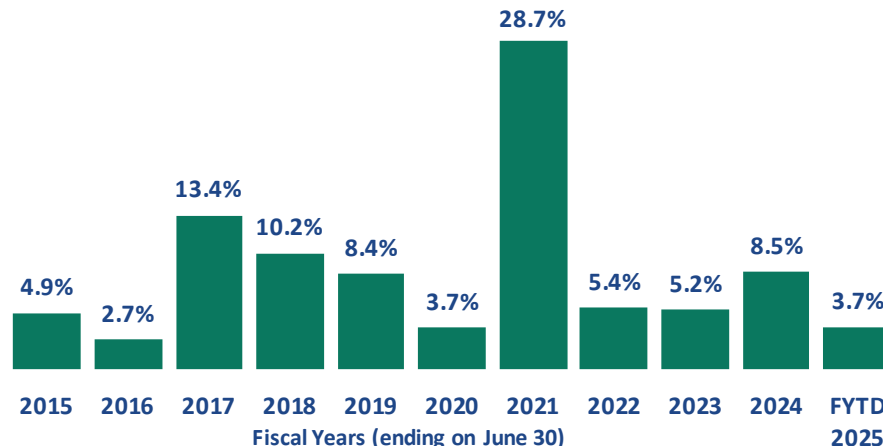
SEPTEMBER 30, 2024



Historical Market Value (\$ Billions)

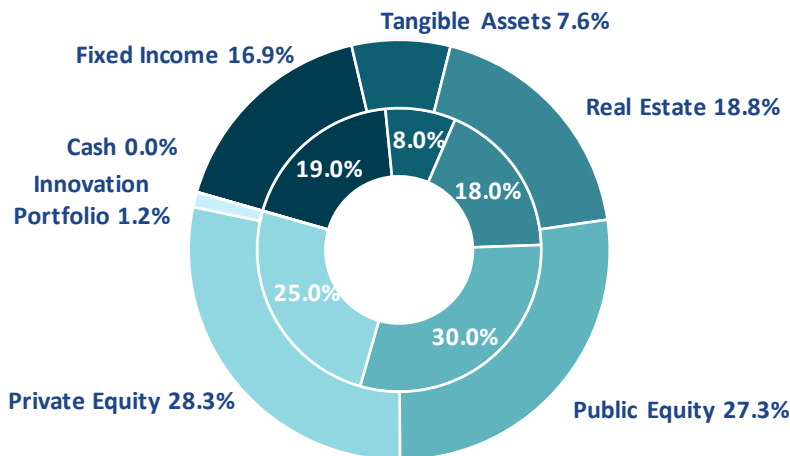


Historical Fund Returns



Asset Allocation

Outer Circle – Actual, Inner Circle – Long-Term Target



Market Values and Returns

		1 Year	3 Year	5 Year	10 Year	20 Year
Total CTF	\$172.5 B	12.7%	6.2%	10.4%	9.3%	8.8%
Fixed Income	\$26.4 B	13.4%	0.3%	1.9%	2.8%	4.2%
Tangible Assets	\$13.1 B	13.8%	10.5%	9.3%	6.8%	N/A
Real Estate	\$32.4 B	-3.8%	10.2%	11.6%	11.6%	10.8%
Public Equity	\$47.3 B	30.9%	8.0%	12.1%	9.7%	8.6%
Private Equity	\$48.9 B	9.5%	5.3%	14.4%	13.2%	13.3%
Innovation Portfolio	\$2.0 B	9.3%	8.7%	10.1%	-2.1%	N/A
Cash	\$2.6 B	5.6%	3.7%	2.5%	1.8%	1.7%

Investment Excellence



- What investment strategies should we pursue?
- How will ESG and geopolitical risk integration evolve over the next 5 to 10 years?
- How can we more effectively manage costs?

Highly Effective Organization



- How do we effectively operate in a period of higher staff transition?
- What are we doing to prepare for retiring staff and Board turnover?
- How can we add further clarity to our decision-making process and roles?

Destination Employer



- What challenges should we anticipate in a rapidly changing workplace?
- How will we enhance our employee experience?
- What can we offer to differentiate the WSIB in a competitive marketplace?

Skillful Board



- How do we maintain trust in the WSIB?
- How do we tell our story in the context of increasing external interest?

2025 CTF Strategic Asset Allocation Study

Advance Climate Blueprint

- Advance TCFD*-aligned reporting
- Evaluate climate risks and opportunities

Continue to integrate the agency's Vision, Mission, and Values across the organization

Manage Board and staff transition risk

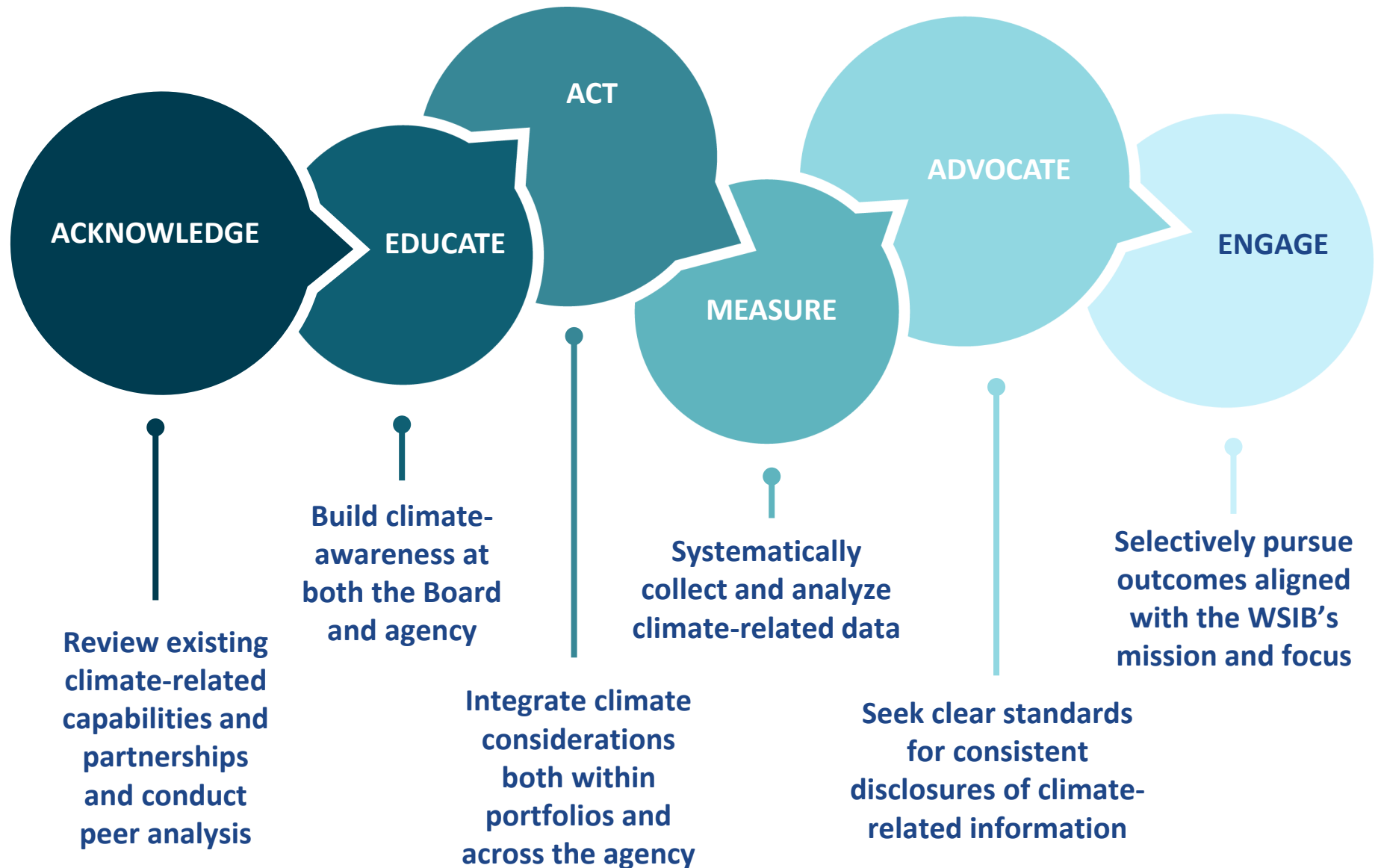
- Succession planning for key positions
- For staff, facilitate growth through education and career development
- For Board members, additional focus on orientation, education, and mentorship

Continue our disciplined, long-term approach amid multiple market uncertainties

- Long-term fund performance has met financial goals, net of all fees
- Outperformance has contributed to the state's pension security, freeing up state resources to support other programs
- Will require diligent and sustained focus due to an ever-shifting investment environment

Onboard new Government and Public Affairs Director

- David Schumacher started in September
- New role provides opportunities to build and enhance relationships with key stakeholders
- Requires a service mindset to maintain and improve timely, relevant, information flow



The WSIB has many strengths yet cannot afford to be complacent in a complex world

- We always remain focused on:
 - Ensuring that we are adequately resourced to support complex investment program, asset growth, and productivity improvements
 - Delivering and sustaining value by generating exceptional long-term results
 - Building and maintaining support, including public confidence, for our mission

CONTACT INFORMATION

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