

**WASHINGTON STATE INVESTMENT BOARD
ANNUAL UPDATE – 2025
LEOFF 2 BOARD**

DECEMBER 17, 2025

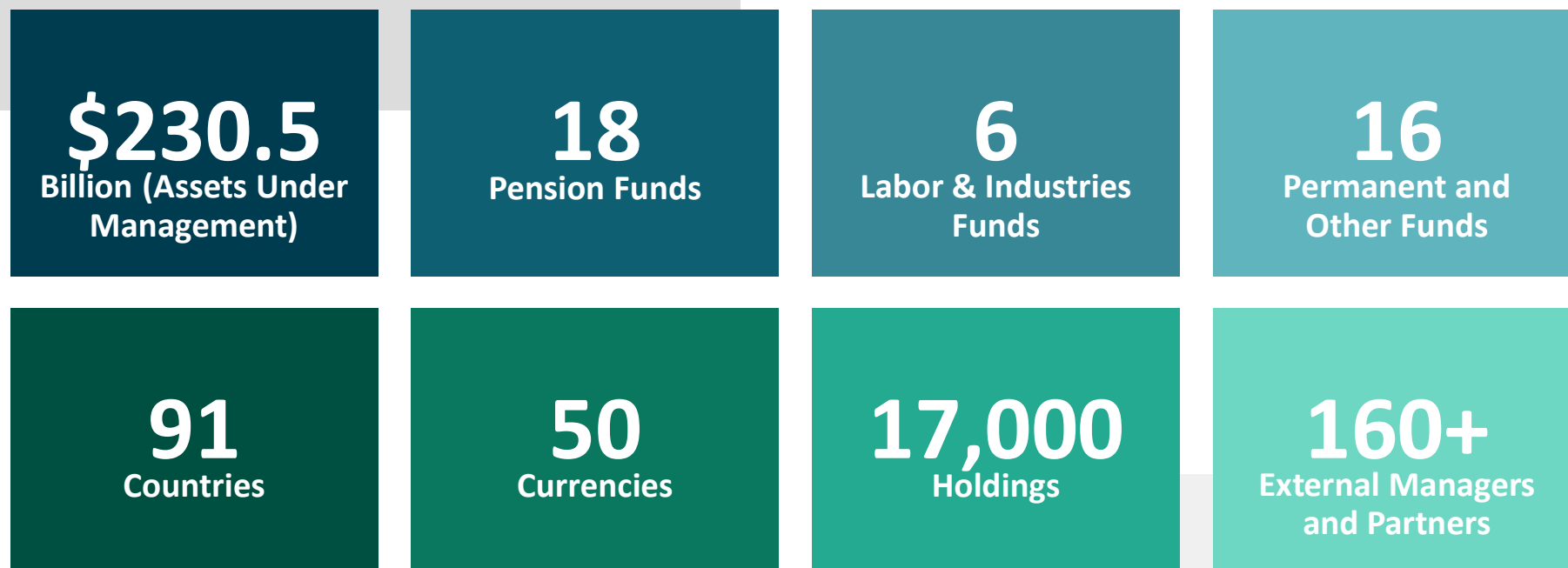
**David Schumacher
Government and Public Affairs Director**



A LONG TRACK RECORD OF SUCCESS

- 121 hard-working, high-quality employees
 - Offices in Olympia and Seattle
- Mission-driven culture based on non-negotiable integrity and fiduciary duty
- Industry-leading long-term investment performance
- Good governance, strategic decision-making, and a willingness to be different

Investment Management Profile



Investment Scope and Scale

A STRONG, INDEPENDENT BOARD

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

3 EX-OFFICIO MEMBERS

Kathryn Leathers DRS Director	Joel Sacks L&I Director	Mike Pellicciotti State Treasurer	June Robinson Member of the Senate	Mia Gregerson Member of the House of Representatives
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2 LEGISLATORS

5 REPRESENTATIVES OF THE PUBLIC EMPLOYEE PENSION SYSTEMS

Greg Markley Member of LEOFF	Yona Makowski Chair State Pension System Retiree	Tracy Stanley Active Member of PERS	Sara Ketelsen Vice Chair Member of TRS	Liz Lewis Member of SERS
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5 INVESTMENT PROFESSIONALS (NON-VOTING MEMBERS)

David Nierenberg	Mary Pugh	Heather Redman	Ada Healey	George Zinn
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INVESTING FUNDS FOR A WIDE RANGE OF STATE PROGRAMS

Retirement Funds

18

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

Labor and Industries' Funds

6

- Accident
- Medical Aid
- Pension Reserve
- Self-Insurance 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 (GET)
- Developmental Disabilities Endowment (DDETF) (private and state)
- Washington State Opportunity Scholarship(WSOS) (Scholarship, Endowment, Tech Pathway, and Degree Pathway)
- Long-Term Services and Support (LTSS)
- Dan Thompson Memorial

MAXIMIZING RETURN AT A PRUDENT LEVEL OF RISK

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

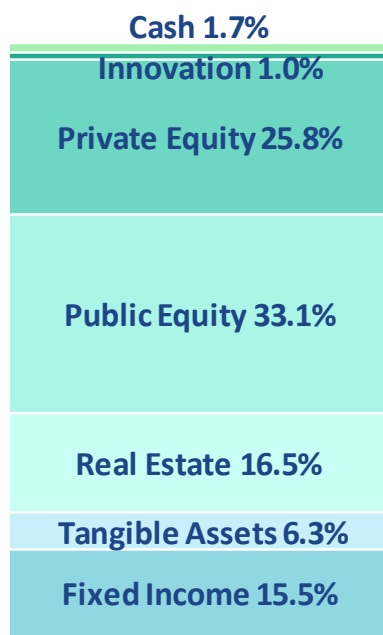
43.33A.170

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

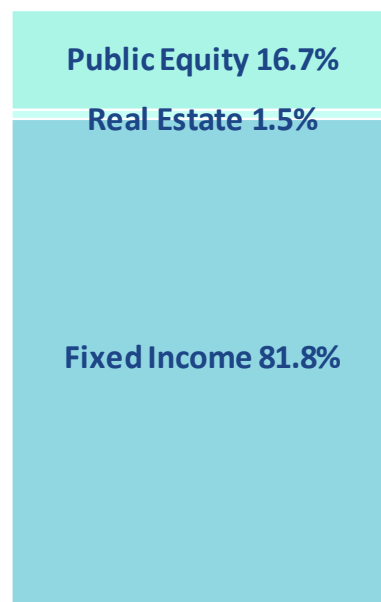
MARKET VALUES AND ASSET ALLOCATIONS

SEPTEMBER 30, 2025 (\$ BILLIONS)

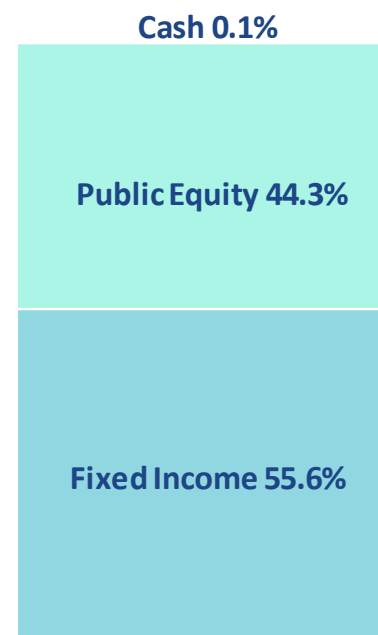
Total Assets Under Management	\$230.5	
Retirement Funds	\$201.5	87.4%
L&I Funds	\$22.4	9.7%
Permanent Funds	\$1.5	0.6%
Other Funds	\$5.1	2.2%



**Retirement Funds
(CTF, VFFRO, and Defined
Contribution)**



Labor & Industries' Funds



Permanent Funds

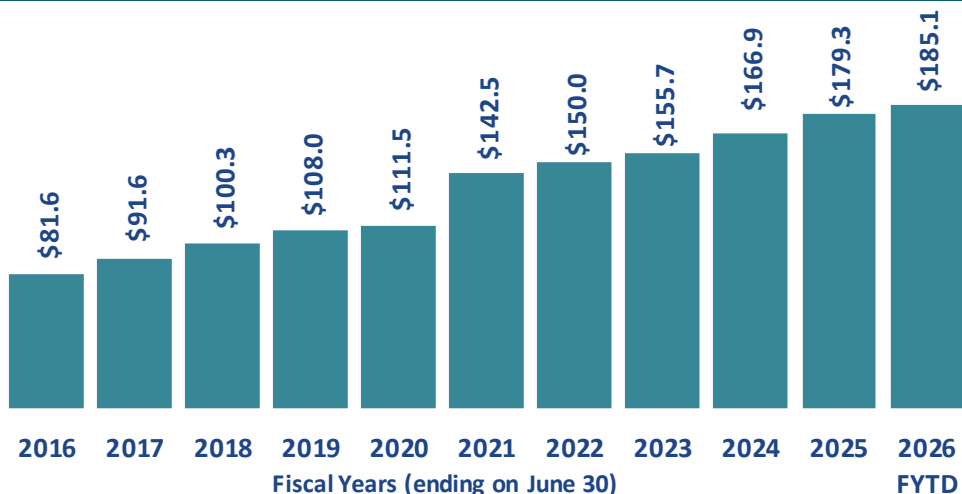


Other

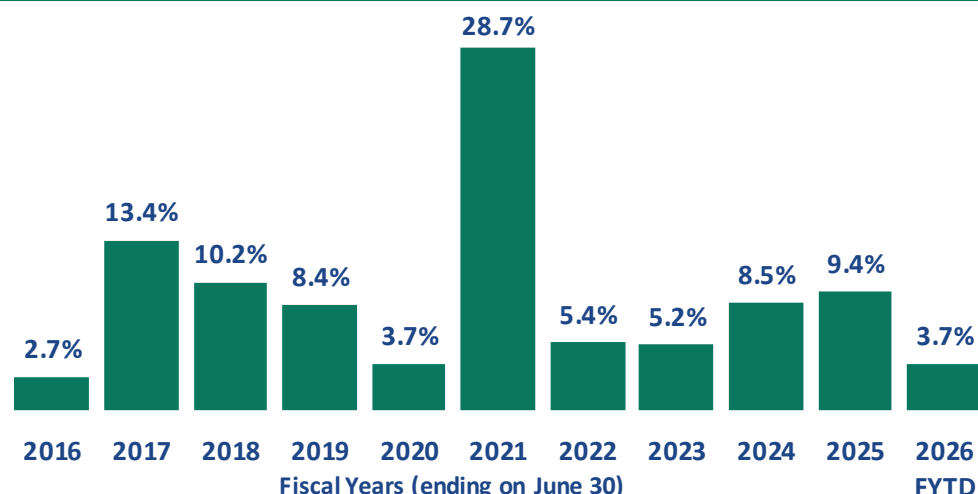
COMMINGLED TRUST FUND PERFORMANCE AND MARKET VALUES

SEPTEMBER 30, 2025

Historical Market Value (\$ Billions)

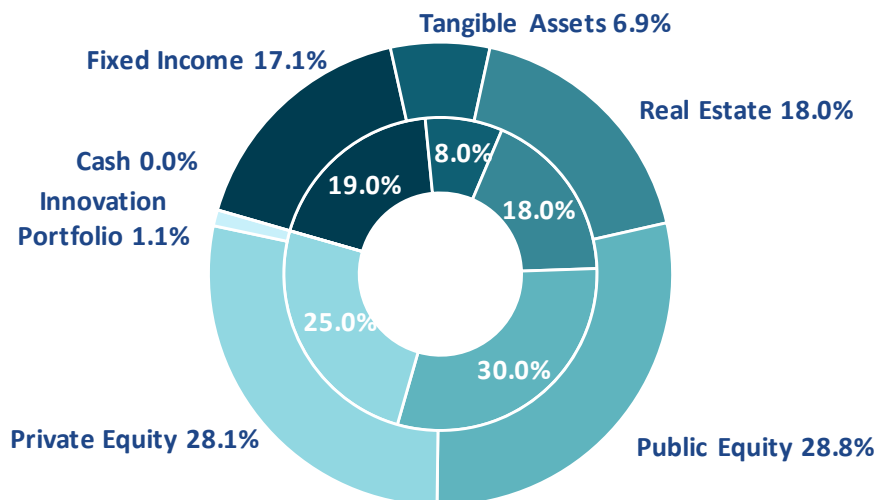


Historical Fund Returns



Asset Allocation

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



Market Values and Returns (\$ Billions)

		1 Year	3 Year	5 Year	10 Year	20 Year
Total CTF	\$185.1	9.0%	10.1%	10.6%	10.0%	8.4%
Fixed Income	\$28.1	4.1%	7.0%	1.0%	3.4%	4.2%
Tangible Assets	\$12.7	4.5%	8.6%	10.4%	7.4%	N/A
Real Estate	\$33.3	3.9%	1.1%	11.2%	10.5%	9.6%
Public Equity	\$53.4	15.7%	22.7%	13.5%	11.9%	8.4%
Private Equity	\$52.0	10.3%	8.2%	15.0%	13.2%	12.3%
Innovation Portfolio	\$2.0	7.0%	8.2%	11.8%	1.3%	N/A
Cash	\$3.5	4.7%	5.0%	3.2%	2.2%	1.9%

WSIB'S FIVE KEY SUCCESS FACTORS





Investment Excellence



- What investment strategies should we pursue?
- How will environmental, social, and governance (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?

2026 CTF Strategic Asset Allocation Studies for LTSS, WSOS, DDETF, and VFFRO

Advance Climate And DEI Blueprints

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

Manage staff transition risk

- **Succession planning for key positions**
- **Facilitate growth through education and career development**

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**

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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