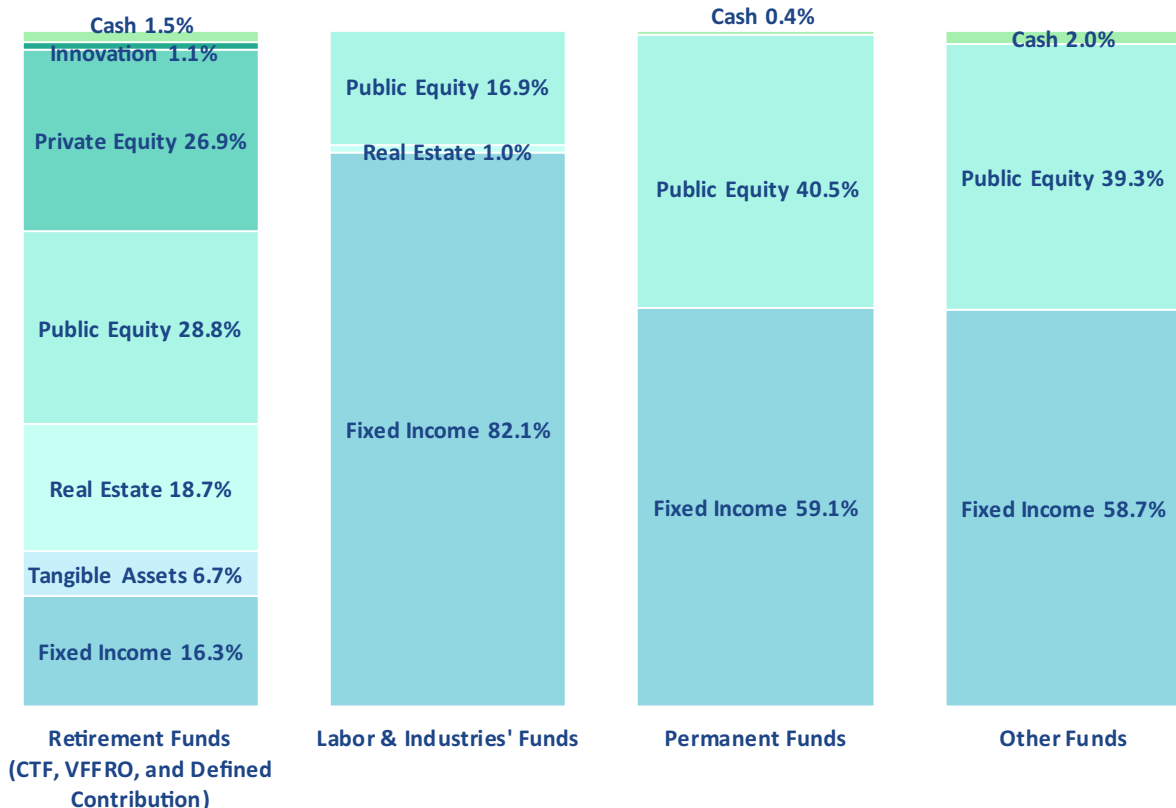


FUNDS MANAGED

ASSETS UNDER MANAGEMENT (AUM): \$197.3 BILLION

The WSIB manages investments for 39 separate funds including:

- 18 retirement plans (defined benefit and defined contribution) for public employees, teachers, school employees, law enforcement officers, firefighters, and judges. This also includes the Deferred Compensation Program to supplement other retirement benefits.
- 5 industrial insurance funds for injured workers and their employers.
- 7 permanent funds to benefit schools, colleges, and universities.
- 9 other funds that primarily consist of the GET College Tuition Program, the Developmental Disabilities Endowment Fund, and the Washington State Opportunity Scholarship Fund.



(\$ Billions)	\$173.9	\$19.9	\$1.3	\$2.1
% of AUM	88.2%	10.1%	0.6%	1.1%

RETIREMENT FUNDS

Commingled Trust Fund (CTF)

Assets for the public retirement plans are pooled into the CTF to help control risk and ensure stronger performance overall. Most of these pension systems are strictly defined benefit programs including the 1 & 2 plans for public employees, teachers, law enforcement officers and firefighters, state patrol, volunteer fire fighters, and judges.

Defined Benefit (DB)

Defined benefit plans pay retirees a specified amount that is generally based on a combination formula including years of service, age at retirement, and final salary. Washington’s defined benefit plans include PERS 1 & 2 for public employees, TRS 1 and 2 for teachers, SERS 2 for school employees, PSERS 2 for public safety employees, LEOFF 1 & 2 for law enforcement officers and firefighters, and WSP 1 & 2 for state troopers.

How are these hybrid plans set up?

Employer contributions finance the defined benefit component of the plan and members (employees) finance the defined contribution component.

What happens with the defined contribution component?

Members have an array of investment options that are self-directed. This allows participants to design portfolios consistent with their individual retirement objectives, investment skills, and risk tolerances. Additionally, one of the options is the WSIB Total Allocation Portfolio (TAP), which invests in the CTF and provides a portfolio mix of asset classes not typically available in other investment programs.

Volunteer Firefighters' and Reserve Officers' Relief Fund (VFFRO)

The VFFRO Fund was established to provide retirement and survivor benefits to long-term eligible volunteers who provide qualified services to fire departments, emergency medical services districts, and municipal law enforcement reserves.

CTF (\$ Billions): \$161.1			
Asset Class	Market Value	Target Allocation	Current Allocation
Fixed Income	\$24.3	19%	16.7%
Tangible Assets	\$11.6	8%	7.2%
Real Estate	\$32.6	18%	20.2%
Public Equity	\$41.3	30%	25.6%
Private Equity	\$46.8	25%	29.1%
Innovation Portfolio	\$1.9	0%	1.2%
Cash	\$2.6	0%	0.1%

Defined Contribution (DC)

Plan 3 Overview

Plan 3 retirement systems for teachers (TRS 3), school employees (SERS 3), and public employees (PERS 3) are hybrids that offer a combination of defined benefit and defined contribution features.

Deferred Compensation and Judicial Retirement

Both programs are a supplemental, self-directed, tax-deferred savings plan that allows participants to invest a portion of their salary into one or many different investment options.

LABOR & INDUSTRIES FUNDS (L&I)

The L&I portfolio consists of five separate funds developed to help Washington meet its financial obligations to injured workers and their employers. The asset investments for this portfolio are managed by the WSIB on behalf of the Department of Labor and Industries.

The four funds currently funded in the L&I portfolio, Accident, Medical Aid, Pension Reserve, and Supplemental Pension, use income from premiums paid by employers and employees as well as investment earnings to pay for medical care, wage replacement, and disability pensions to workers injured on the job.

PERMANENT FUNDS

Five of the seven permanent funds - Agricultural College, Common School, Normal School, Scientific, and State University - were established through land grants from the federal government to benefit Washington State Schools, colleges and universities.

The American Indian Scholarship Endowment Fund and the Foster Care Endowment Scholarship Program were created to help eligible individuals attend college.

OTHER FUNDS

GET College Tuition Program (GET)

This was created to invest money received from the sale of pre-paid college tuition credits. The GET program is administered by the Advanced College Tuition Payment Program Committee.

Developmental Disabilities Endowment Trust Fund (DDEF)

This was created to encourage and support families as they plan for the long-term care needs of individuals with disabilities. In addition to investment earnings, the trust fund is supported by public dollars and private contributions.

Washington State Opportunities Scholarship Fund (WSOS)

This fund was created by the Washington State Legislature to encourage student participation in high employer-demand programs of study. The WSOS funds are comprised of private funds and state matching funds.

ASSET CLASSES

A diversified weighting of asset classes – also known as asset allocation – is often the most critical driver of long-term investment results.

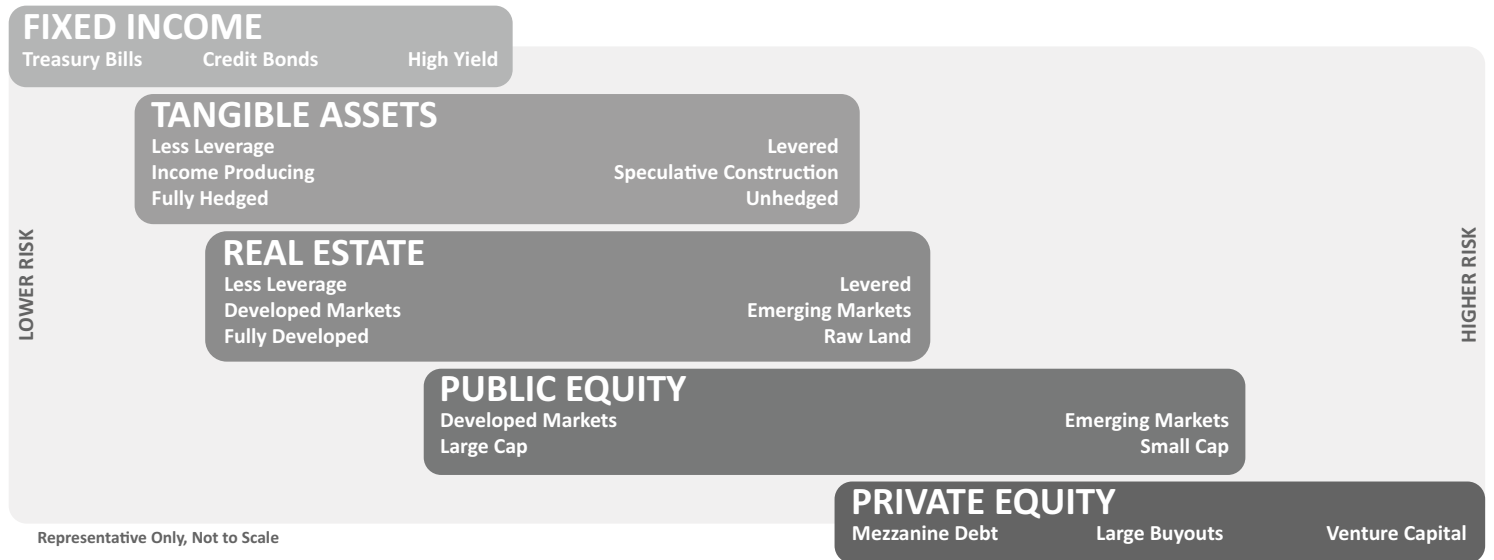
The WSIB’s asset allocation is a disciplined and strategic array of six primary asset classes – public equity, fixed income, private equity, real estate, tangible assets, and cash. Each asset class (except cash) is described in this section of the website. Our asset allocation is designed to produce strong long-term returns for the members and beneficiaries of the investment program.

By creating a careful diversification of these asset classes and by periodically adjusting this mix according to updated market assumptions and investment objectives, we create portfolios that are purpose-built for the financial objectives of our beneficiaries.

Total AUM (\$ Billions) \$197.3	
Fixed Income	\$46.8
Tangible Assets	\$11.6
Real Estate	\$32.8
Public Equity	\$54.8
Private Equity	\$46.8
Innovation	\$1.9
Cash	\$2.6

WHAT WE DO – MARKET RISK SPECTRUM

- WSIB seeks diversification across the portfolio and within each asset class
- Weighting of the asset classes is often the most influential driver of investment results and risk
- Weight of each asset class must match return objectives and risk profile



FIXED INCOME

Fixed income investments are managed by an in-house staff at the WSIB and help provide valuable portfolio diversification and volatility control in contrast to a pure equity portfolio. This asset class is included in the CTF, Plan 3 retirement funds, Deferred Compensation Program (DCP) Savings Pool, Labor & Industries, Permanent Funds, GET College Tuition Program, Developmental Disabilities Endowment Fund, and Washington State Opportunities Scholarship Fund.

These investments may include U.S. treasuries and government agencies, treasury inflation protection securities (TIPS), corporate debt, mortgage-backed securities, collateralized mortgage obligations (CMO), asset-backed securities (ABS) and commercial mortgage backed securities (CMBS).

Responsibilities of the fixed income investment team include portfolio management and trading, credit research and analysis, and risk management and database analytics. In some cases, Board policy or state law determines that some public fund portfolios are permitted to use only fixed income investments due to risk constraints or investment objectives. In other cases such as the CTF, fixed income is part of a diversified asset mix.

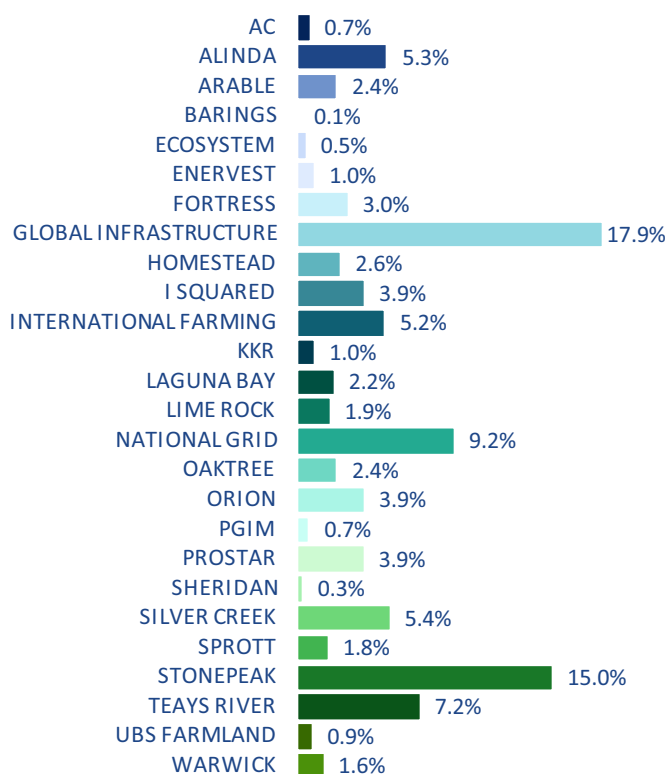
TANGIBLE ASSETS

The WSIB's tangible asset portfolio invests in non-financial assets with physical substance that are used in the production or supply of goods and services. The portfolio focuses primarily on four industries: minerals and mining, energy, agriculture, and society essentials. Each has a different return attribute which provides diversification benefits to the overall CTF portfolio.

To manage these investments, the WSIB works with external partnerships that are expected to generate returns that are, on whole, higher than fixed income but lower than equities. It is anticipated that the assets will have a large portion of the return attributed to annual distributions of income generated by the assets, with the remainder of the return generated by capital appreciation commensurate with inflation.

Tangible assets was established as a separate asset class in 2007 and began implementation in 2008. Over time, the WSIB expects to create a well-diversified, global tangible asset portfolio with a variety of partners spread among the target sectors noted above, each with its own level of investment risks, style, and geographic diversification.

Tangible Assets Partners as of September 30, 2023

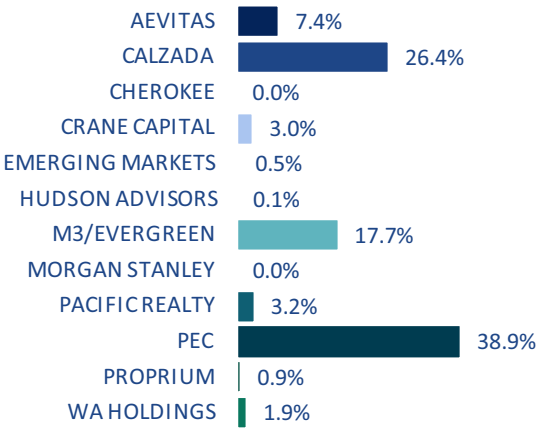


REAL ESTATE

The WSIB’s real estate program consists of select external partnerships intended to provide alternative portfolio characteristics when compared with stock and bond investments. The majority of these partnerships invest in high-quality real estate leased to third parties. The combination of steady income generated from lease payments and the potential upside from appreciation combine to generate returns that are expected to fall between the returns for fixed income and public equities.

The real estate portfolio is managed to deliver risk-adjusted returns consistent with the Board’s long-term return expectations for the asset class. Many of the WSIB’s investment partnerships do not involve co-investment with other financial investors, thereby providing the WSIB with strong governance provisions related to acquisition, liquidation, and participation in annual business plan processes.

Real Estate Partners as of September 30, 2023



Volatility within the real estate portfolio is minimized through a combination of factors:

- Most of WSIB’s real estate assets are private market investments, so they are not subject to the potential volatility of the public markets.
- Capital is diversified among a variety of partners, each with their own investment strategy and style.
- Partnership assets are geographically diversified, including outside the U.S.
- Investments are made in a variety of property types to provide further diversification.
- WSIB partners invest at different points in the real estate capital structure, as well as at different times in the property life cycle.



PUBLIC EQUITY

Public equity provides investors with share ownership of publicly traded companies on accessible public markets such as the New York Stock Exchange and NASDAQ. The WSIB invests globally in both U.S. and non-U.S. equity, including emerging markets equity.

Public equity investments represent a significant portion (typically more than 30%) of state retirement funds assets, including the CTF and Washington's self-directed defined contribution plans. Washington state's L&I funds, permanent funds, prepaid college tuition, and other state trust funds also include strategic exposure to public equity investments.

The WSIB's public equity investment team oversees this asset class and is responsible for program structure, policy development, implementation, external investment manager selection and program monitoring.

The public equity program uses a global benchmark, the MSCI ACWI Investable Market Index, reflecting the globalization of capital markets.

PRIVATE EQUITY

Private equity investments include securities that are not listed on a public exchange and are typically more appropriate for large investors with long time horizons. These investments range from initial capital in start-up enterprises to leveraged buyouts of mature corporations. Private equity investments are typically long-term commitments that may last up to 12 years or more. Although they are less liquid and carry a higher risk profile than publicly traded investments, they historically generate higher long-term returns when employed consistently as part of a larger balanced portfolio.

The WSIB's private equity portfolio originated in 1981 and is invested primarily through limited partnerships. In such relationships, a fund's general partner is responsible for overall fund management and for deciding which operating companies will be acquired, restructured or sold. Ultimately the companies are sold in the public market or to strategic or financial buyers, and only then can the true return on investment be accurately measured.

To meet return and plan objectives, the WSIB's private equity portfolio has diversified investments in a broad cross-section of sub-sectors, industries and geographic regions including Washington and other Pacific Northwest states.

Summary of private equity characteristics:

- Higher risk characteristics than public markets
- Long-term time horizon (partnerships 10-12 years)
- Illiquid asset class
- Higher return expectations over time