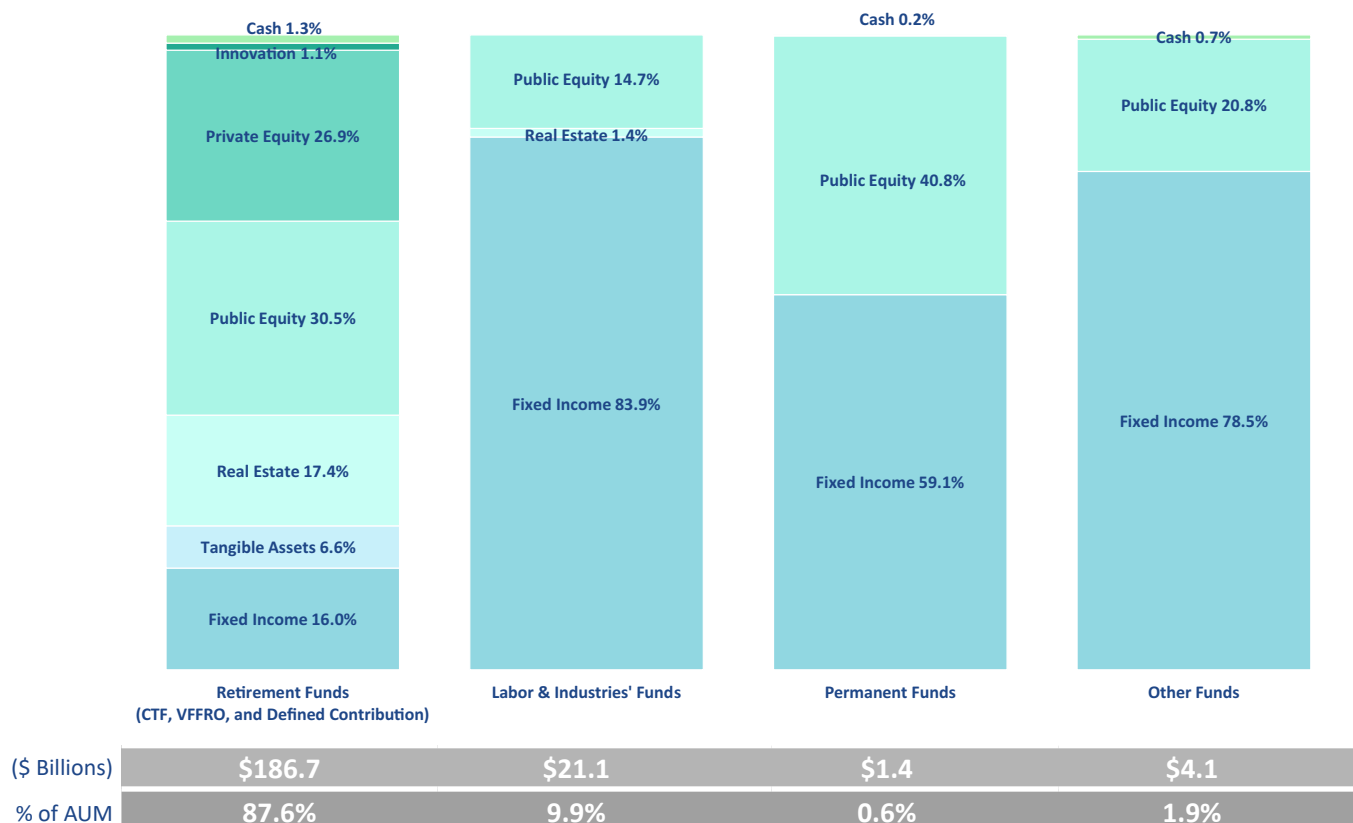


FUNDS MANAGED

ASSETS UNDER MANAGEMENT (AUM): \$213.2 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.



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): \$172.2			
Asset Class	Market Value	Target Allocation	Current Allocation
Fixed Income	\$27.0	19%	17.1%
Tangible Assets	\$12.4	8%	7.2%
Real Estate	\$32.6	18%	18.9%
Public Equity	\$45.5	30%	26.4%
Private Equity	\$50.3	25%	29.2%
Innovation Portfolio	\$2.1	0%	1.2%
Cash	\$2.4	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.

Long-Term Services and Supports Trust Account (LTSS)

This fund was created to serve as a long-term care insurance benefit paid to eligible participants under the LTSS Trust Program. The program and benefits are funded by premiums collected from employees through payroll deductions.

ASSET CLASSES

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

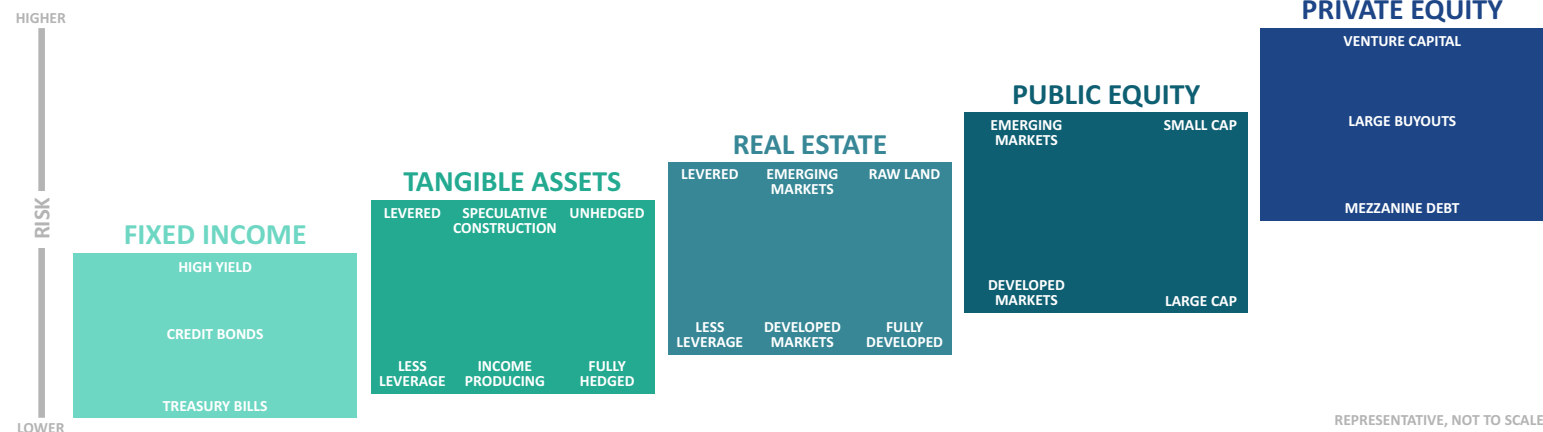
The WSIB’s asset allocation is a disciplined and strategic array of six primary asset classes – public equity, fixed income, private equity, real estate, tangible assets, and cash. Each asset class (except cash) is described in this section of the website. Our asset allocation is designed to produce 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) \$213.2	
Fixed Income	\$51.6
Tangible Assets	\$12.4
Real Estate	\$32.9
Public Equity	\$61.5
Private Equity	\$50.3
Innovation	\$2.1
Cash	\$2.4

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 WSIB staff and help provide valuable portfolio diversification. The WSIB's investment policies are structured to allow for sufficient flexibility in the management process to capture investment opportunities while providing parameters that ensure prudence and care in the execution of the fixed income investment program. These investments may include U.S. treasuries and government agencies, credit bonds, 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, 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.

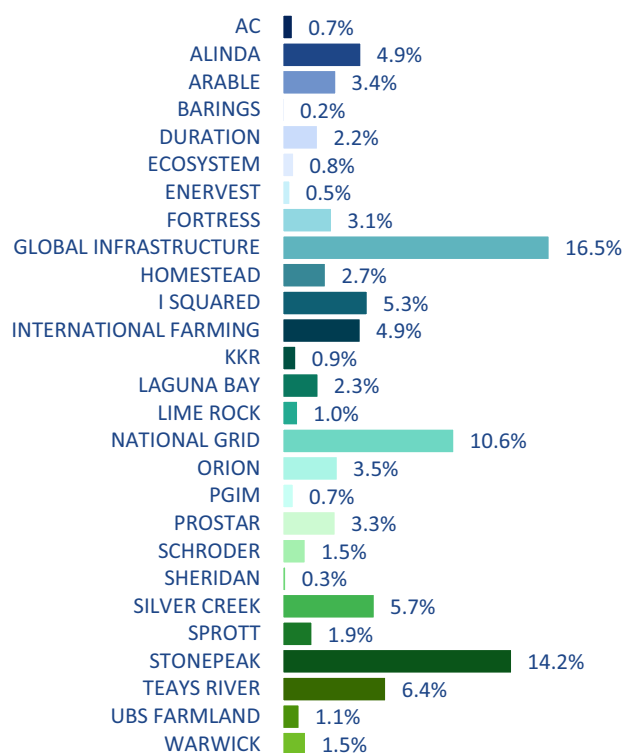
In addition to the CTF, this asset class is included in the other retirement funds managed by the WSIB, the defined contribution retirement funds, the Volunteer Firefighters' Relief and Pension Fund, and the Reserve Officers' Relief and Pension Funds. The asset class is also included in Labor and Industries' Funds, Permanent Funds, Guaranteed Education Tuition (GET), Developmental Disabilities Endowment Trust Fund (DDETF), Washington State Opportunities Scholarship (WSOS), and Long-Term Services and Supports Trust Account (LTSS) programs.

TANGIBLE ASSETS

The primary goal of the WSIB tangible assets portfolio is to generate a long-term, predictable, and persistent income stream. The portfolio also aims to generate returns that are at least commensurate with inflation (as measured by CPI) while providing diversification to the overall asset allocation of the CTF.

The tangible assets portfolio invests in assets used in the production or supply of goods and services. The categories of investments in this asset class include agriculture, commodities, infrastructure, natural resource rights, and timber. The portfolio focuses on the production and transport of resources and goods in four main industries: minerals and mining, energy, agriculture, and society essentials. Each industry has a different return attribute, which provides diversification benefits to the overall CTF portfolio. The WSIB may invest in any tangible asset investment opportunity that offers the potential for attractive risk-adjusted returns, provided such opportunities are not prohibited by Board policy or by law.

Tangible Assets Partners as of December 31, 2024



REAL ESTATE

The real estate program is an externally managed pool of selected partnership investments, intended to provide alternative portfolio characteristics when compared to traditional stock and bond investments. The program focuses primarily on generating a high-quality, long-term, stable income stream for the CTF. The real estate portfolio is invested in a diversified group of properties, including industrial, residential, retail, office, and specialty properties. The WSIB may invest in any real estate investment opportunity that offers the potential for attractive risk-adjusted returns, provided such opportunities are not prohibited by Board policy or by law.

Most of these externally managed partnerships invest in institutional-quality real estate assets that are leased to third parties. Income generated from lease payments, coupled with the hard asset qualities of real estate combine to generate return expectations that fall between those offered by fixed income and equities. In most cases, the WSIB and its local partners are the only financial investors in a partnership. This provides the WSIB with excellent governance provisions related to acquisition, disposition, and annual business planning processes. The WSIB’s real estate capital is diversified among a host of partners with varying investment styles, The WSIB’s investments are spread across various property types in numerous economic and geographical regions.

In addition to the CTF, this asset class is included in the Labor and Industries’ Funds.

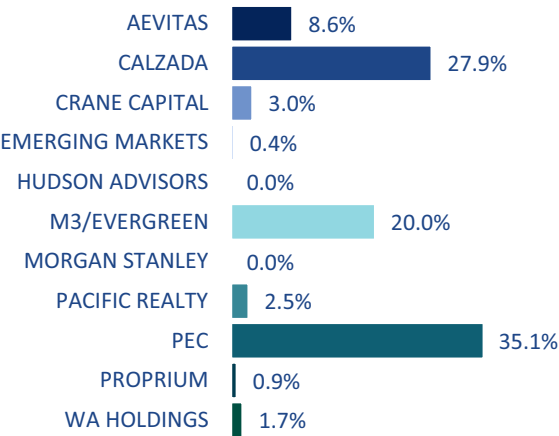
PUBLIC EQUITY

The public equity portion of the CTF invests in publicly traded equities globally, utilizing a mix of external investment managers. These managers’ investments are spread across U.S., developed non-U.S., and emerging markets. The portfolio employs both passive U.S. equity and passive international (developed and emerging) equity. Most of the CTF’s public equity portfolio is invested in low-cost, broad-based passive index funds. The CTF employs active global equity and emerging market managers. Active equity managers are used in markets that are less efficient, allowing the managers to pick the most attractive stocks. The public equity program seeks to achieve attractive returns, consistent with prudent risk management and downside protection.

The WSIB is responsible for fund selection and oversight of the self-directed defined contribution options, which are primarily public equity investments. The objectives of this are to provide a diverse and adequate set of investment offerings, manage expenses, and ensure that each investment option maintains its investment objectives and strategy.

In addition to the CTF, public equity is included in the other retirement funds managed by the WSIB as well as Labor and Industries’ Funds, Permanent Funds, GET, DDEF, and WSOS programs. These programs primarily utilize passive global equity.

Real Estate Partners as of December 31, 2024



PRIVATE EQUITY

The objective of the private equity program is to generate a significant premium over the returns of the public equity markets over the long term. The WSIB invests in a well-diversified portfolio of private equity funds managed by high-quality general partners. The WSIB may invest in any appropriate private equity investment opportunity that offers the potential for attractive risk-adjusted returns, provided opportunities are not prohibited by the WSIB's policies or by law. These investment types are generally divided into corporate finance, growth equity, venture capital, special situations, distressed debt, and other investments.

The portfolio is managed to a model portfolio to ensure adequate diversification by general partner, strategy type, and geography. The WSIB has investments in all stages of the business cycle, from private startup technology companies to large multinational public concerns. The WSIB's private equity investments are long-term in nature, typically spanning at least 10 to 12 years. The portfolio is primarily composed of private equity buyouts. The portfolio also includes a broad cross-section of opportunities in different industries and geographic regions.

INNOVATION PORTFOLIO

The innovation portfolio gives staff the ability to make strategic investments that fall outside the established asset class programs currently used by the Board. In addition, this portfolio provides the Board with an ability to assess an investment's demonstrated success before committing larger dollar amounts to new and innovative investment strategies. Investments in the Innovation Portfolio will be monitored and evaluated with an end goal in mind. These goals include graduation to a dedicated portion of the CTF—either as a new asset class or its inclusion in an existing asset class, termination, or continual inclusion in the Innovation Portfolio.

Investments in the portfolio are expected to meet one or more of the following objectives:

- Seek incremental return commensurate with risk across a spectrum of opportunities
- Increase investment flexibility across market environments
- Exploit market inefficiency that is expected to provide an above-market return at an appropriate level of risk
- Enhance long-term returns, while diversifying and/or lowering risk of the total portfolio