



## State Investment Fund Fiscal Year 2020-21

### State of Wisconsin Investment Board

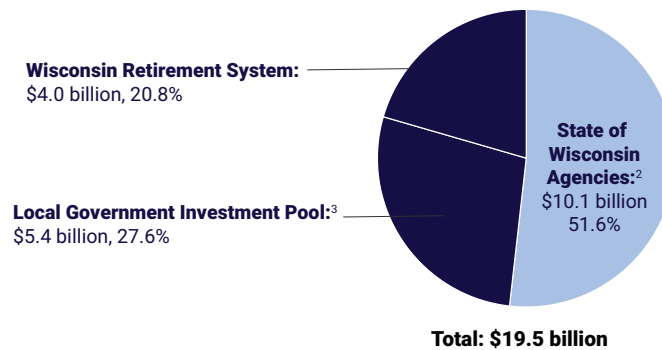
The State of Wisconsin Investment Board (SWIB) manages the State Investment Fund (SIF). The SIF invests the excess operating cash balances of State of Wisconsin agencies, the Wisconsin Retirement System, and the Wisconsin Local Government Investment Pool (LGIP). The LGIP is a voluntary option for local governments, such as counties, cities, villages, towns, and school districts.

We provided an unmodified opinion on the financial statements and related notes of the SIF as of and for the year ended June 30, 2021. Our unmodified opinion is included in SWIB’s *State Investment Fund Annual Financial Report*. We conducted the financial audit by auditing the SIF’s financial statements in accordance with applicable government auditing standards, issuing our auditor’s opinion, reviewing internal controls, and issuing our auditor’s report on internal control and compliance.

### State of Wisconsin agencies held 51.6 percent of the total participant shares in the SIF as of June 30, 2021

Participants in the SIF hold shares in the pool of investments. Shares held by State of Wisconsin agencies increased from \$6.9 billion as of June 30, 2020, to \$10.1 billion as of June 30, 2021. This increase in shares is largely attributed to federal funding received under the federal American Rescue Plan Act that was advanced to the State, but was not yet spent as of June 30, 2021.

#### Participant Shares,<sup>1</sup> by Participant Group | As of June 30, 2021



<sup>1</sup> Participant shares are valued based on amortized costs and do not include undistributed, unrealized investment gains and losses.

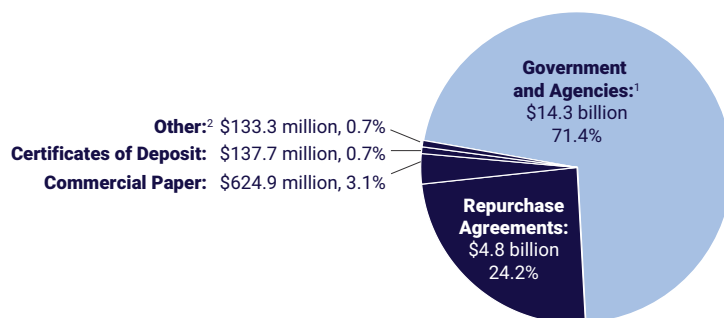
<sup>2</sup> As of June 30, 2021, 64 funds administered by State of Wisconsin agencies were in the SIF, as shown in the Appendix.

<sup>3</sup> As of June 30, 2021, 1,368 local units of government had excess operating cash balances invested in the SIF.

## As of June 30, 2021, 71.4 percent of the investments in the SIF were in U.S. Treasury obligations and securities of federal agencies

SWIB's investment objectives for the SIF are liquidity, safety of principal, and competitive rates of return. Wisconsin Statutes enumerate the types of investments in which the SIF can be invested. In addition to U.S. Treasury obligations and investments in securities of federal agencies, such as the Federal Home Loan Bank, the SIF investments included repurchase agreements, which are a form of short-term lending; commercial paper, which is short-term debt issued by companies; and certificates of deposit.

### Types of Investments in the SIF | As of June 30, 2021



<sup>1</sup> Includes U.S. Treasury obligations and securities of federal agencies, such as the Federal Home Loan Bank.

<sup>2</sup> Includes corporate notes of \$58.4 million, bankers' acceptances of \$49.9 million, and time deposits of \$25.0 million.

## Net investment income of the SIF decreased from \$198.0 million as of June 30, 2020, to \$14.8 million as of June 30, 2021

This decrease in net investment income reflects the significant decline in the federal funds rate, which reflects short-term investment market conditions. The average federal funds rate declined from 1.29 percent in fiscal year (FY) 2019-20 to 0.08 percent in FY 2020-21. The SIF has a large portion of investments in U.S. Treasury obligations, whose returns closely follow the federal funds rate. The investment return for the SIF decreased from 1.45 percent for FY 2019-20, to 0.09 percent for FY 2020-21. The SIF exceeded its one-year, five-year, and ten-year benchmarks as of June 30, 2021.

**The net position of the SIF increased from \$16.0 billion as of June 30, 2020, to \$19.5 billion as of June 30, 2021**

Net position is a measure of overall financial condition. The increase in net position for the SIF is largely attributed to federal funding the state and local governments received under the federal American Rescue Plan Act to aid in addressing the effects of the public health emergency. The increase in net position from June 30, 2019, to June 30, 2020, also was related to federal funding received by the state and local governments to address needs related to the public health emergency.

**Net Position of the SIF | As of June 30**  
(in billions)

