



Retirement Funds Investment Activity Calendar Year 2023

State of Wisconsin Investment Board

The State of Wisconsin Investment Board (SWIB) invests assets for the Wisconsin Retirement System (WRS) that are held in the Core Retirement Investment Trust Fund (Core Fund) and the Variable Retirement Investment Trust Fund (Variable Fund). Together, these funds are known as the Retirement Funds.

We provided unmodified opinions on the financial statements of the Retirement Funds investment activity as of and for the year ended December 31, 2023. These financial statements report the investments and the investment activity of the WRS. Our unmodified opinions are included in SWIB’s 2023 Retirement Funds Annual Report. We conducted the financial audit by auditing SWIB’s financial statements of the Retirement Funds investment activity in accordance with applicable government auditing standards, issuing our auditor’s opinions, reviewing internal controls, assessing compliance with certain Wisconsin Statutes and investment guidelines, and issuing our auditor’s report on internal control and compliance.

In 2023, the Core Fund made up 94.1 percent of total investment assets of the Retirement Funds

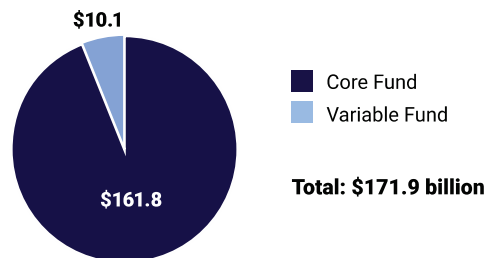
Total investment assets of the Retirement Funds increased from \$155.3 billion as of December 31, 2022, to \$171.9 billion as of December 31, 2023.

Total investment assets in the Core Fund were \$161.8 billion as of December 31, 2023. The Core Fund investments include a distinct mix of investment types, such as public equities, fixed income, and private fund investments.

Total investment assets in the Variable Fund were \$10.1 billion as of December 31, 2023. The Variable Fund assets are primarily made up of public equities.

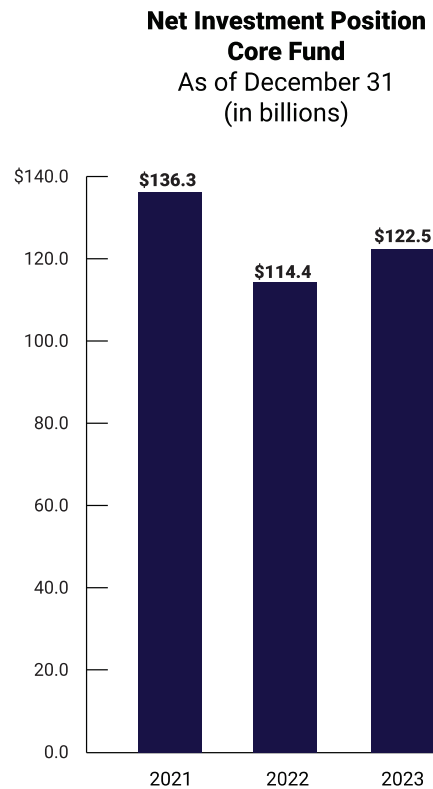
Total Investment Assets of the Retirement Funds

As of December 31, 2023
(in billions)



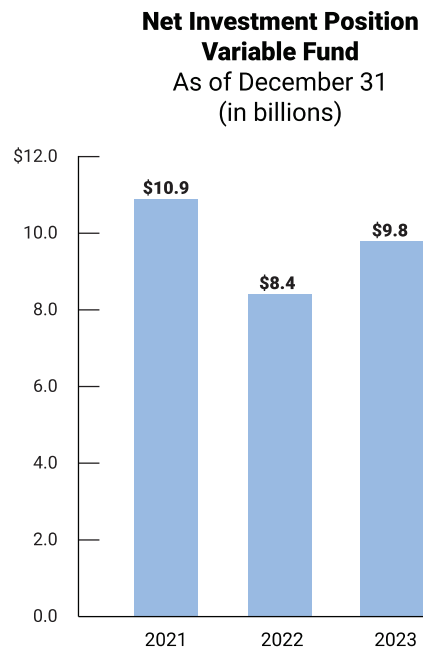
The net investment position of the Core Fund increased from \$114.4 billion as of December 31, 2022, to \$122.5 billion as of December 31, 2023

Net investment position is a measure of overall financial condition. The Core Fund reported a net investment loss of \$17.4 billion in 2022 and net investment income of \$12.7 billion in 2023. The reported one-year investment return, net of all fees and costs, increased from a negative 12.9 percent in 2022 to 11.4 percent in 2023 and exceeded the benchmark of 11.0 percent. The Core Fund investment return in 2023 is largely attributed to positive investment returns from public equity and fixed income investments.



The net investment position of the Variable Fund increased from \$8.4 billion as of December 31, 2022, to \$9.8 billion as of December 31, 2023

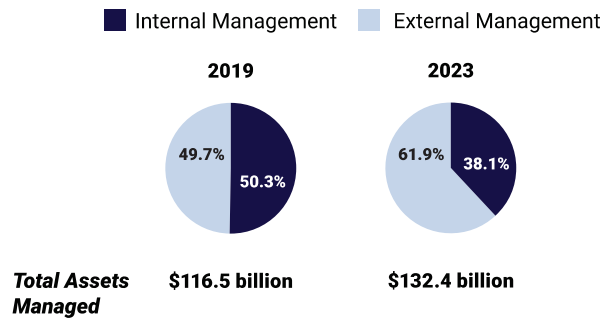
As noted, net investment position is a measure of overall financial condition. The Variable Fund reported a net investment loss of \$1.9 billion in 2022 and net investment income of \$1.8 billion in 2023. The reported one-year investment return, net of all fees and costs, increased from a negative 17.8 percent in 2022 to 22.2 percent in 2023 and lagged the benchmark of 23.1 percent. The Variable Fund investment return in 2023 is attributed to positive investment returns from public equity investments.



As of December 31, 2023, 38.1 percent of the investment assets of the Retirement Funds were managed internally

Historically, SWIB's goal had been to increase the percentage of assets managed internally because external management is more expensive. The percentage of assets managed internally has decreased from 50.3 percent in 2019 to 38.1 percent in 2023. SWIB staff attribute decreases in internal management of assets over this time frame to a number of factors, including an increase in the overall allocation to private fund investments, such as private equity limited partnerships, which are managed externally, and to relatively strong performance in private fund investments compared to public equities, which are largely managed internally.

Internal and External Management Retirement Funds' Total Assets Managed¹ As of December 31



¹ Total assets managed, which are the total investment assets less related investment liabilities, are reported by SWIB in quarterly reports, which are required to be submitted to the Legislature under s. 25.17 (13m), Wis. Stats.