



## BRIEFING SHEET

[Report 18-9](#)

August 2018

State Auditor

[Joe Chrisman](#)

## Retirement Funds Investment Activity

### Calendar Year 2017

*State of Wisconsin Investment Board*

#### Background

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. SWIB also manages the State Investment Fund, and six other state insurance and trust funds. SWIB is governed by a nine-member Board of Trustees. Six of the trustees are appointed by the Governor, with the advice and consent of the Senate, and two of the trustees are WRS participants who are appointed by retirement boards. In addition, the Secretary of the Department of Administration or a designee also serves as a trustee.

To fulfill our statutory requirements, we conducted a financial audit of SWIB by auditing the financial statements for the Retirement Funds in accordance with applicable government auditing standards, issuing our auditor's opinions, and reviewing internal controls. These financial statements report the investment activity of the WRS.

#### Audit Results

We provided unmodified opinions on the Core Fund and the Variable Fund financial statements for the year ended December 31, 2017. We provide an unmodified opinion when audit evidence supports the conclusion that the financial statements provide a fair view of an entity's financial activity in accordance with governmental accounting standards. Our unmodified opinions are included in SWIB's *2017 Retirement Funds Annual Report*.

#### Key Findings

Net investment position provides a measure of overall financial condition. On the basis of generally accepted accounting principles (GAAP), the net investment position of the Core Fund increased from \$89.4 billion as of December 31, 2016, to \$100.3 billion as of December 31, 2017. The Core Fund reported a net investment gain of \$6.9 billion in 2016 and \$13.8 billion in 2017. The one-year investment return for the Core Fund increased from 8.6 percent in 2016 to 16.2 percent in 2017. The Core Fund investment return in 2017 is primarily attributed to strong investment returns from public equity, private equity, and real estate investments.

The net investment position of the Variable Fund increased from \$7.0 billion as of December 31, 2016, to \$8.2 billion as of December 31, 2017. The Variable Fund reported a net investment gain of \$0.7 billion in 2016 and \$1.6 billion in 2017. The one-year investment return for the Variable Fund increased from 10.6 percent in 2016 to 23.2 percent in 2017. The Variable Fund investment return in 2017 is attributed to strong investment returns from public equity investments.

Our report includes the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters. We did not identify any control or compliance concerns that were required to be reported under *Government Auditing Standards*.

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### Legislative Audit Bureau

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