



The SWIB Report

The State of Wisconsin Investment Board

August 2003

SWIB Reception Tops September Meeting

SWIB's annual reception will be Tuesday, September 9, at the Monona Terrace Convention Center. Open session is scheduled to begin at 3:30 p.m. The Department of Employee Trust Funds will discuss financing of the WRS. Keith Ambachtsheer, financial economist and consultant to the pension fund industry, will speak on "Current Issues in Pension Fund Management." A reception with hors d'oeuvres will be at 5:00 p.m. Following Wisconsin Statutes, there will be a nominal charge for those who wish to partake. To register for the reception, contact Davina Keener at 608.267.2058 by Monday, August 25.

The SWIB Report

The SWIB Report is published quarterly by the State of Wisconsin Investment Board (SWIB), the state agency responsible for investing the Wisconsin Retirement System (WRS) assets. Each May a copy of the newsletter is distributed with the Trust Fund News, a newsletter published by the Department of Employee Trust Funds, to all WRS participants

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Annualized Performance Ending 6/30/03

Retirement Funds	1-Year Return	5-Year Return	10-Year Return
Fixed Fund	4.6%	3.1%	8.5%
<i>Benchmark</i>	<i>5.1</i>	<i>2.6</i>	<i>8.1</i>
Variable Fund	-1.9%	-0.4%	8.5%
<i>Equity Benchmark</i>	<i>-0.4</i>	<i>-2.0</i>	<i>7.8</i>
S&P 500	0.3	-1.6	10.0

The above chart shows the performance for one, five and ten years as of June 30, 2003. Below are preliminary returns for the calendar year 2003 starting in January and ending in July. Final returns will be posted on the SWIB website near the end of August after all market information is available.

2nd Quarter Sees Market Rebound

After three consecutive years of negative returns, the US equity market has bounced back. As a result, the Wisconsin Retirement System Trust Funds are now reporting solid positive returns. Both funds are ahead of the 8% actuarial benchmark on a ten-year basis.

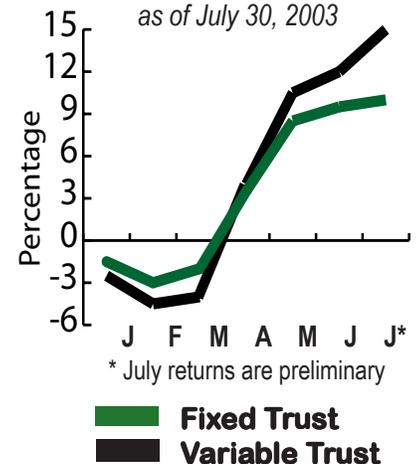
The **Fixed (balanced) Trust Fund year-to-date preliminary return as of July 31, 2003, was 10.1%**, ahead of the benchmark of 9.8%. The **Variable Trust Fund also beat its benchmark, earning 14.9%** versus 14.5%.

While there has been a steady increase in stock market returns since January, global economic and other events are expected to continue to impact the market and causing volatility. During this period of recovery for stocks, there has also been a substantial weakening in the US bond market.

Performance numbers are posted on the SWIB website at www.swib.state.wi.us about three or four weeks after the end of the month, once performance information is available from all asset classes.

Rate of Return

Preliminary year-to-date as of July 30, 2003



Trustees in transition: One position vacant

Three new trustees have been appointed by Governor Doyle to the SWIB Board.

Deloris Sims is a founder, president and chief executive officer of Legacy Bank in Milwaukee, the first Wisconsin bank chartered by African-American women. Previously, she spent 28 years with Firststar Bank and was vice president at the time of her departure. Sims has served on the boards of many social and business organizations. She recently received a 2003 Wisconsin Ernst & Young Entrepreneur of the Year award. Sims is serving in the position previously held by James Nelsen, who served from 1978 to 1987 and 1997-2003.



Deloris Sims

William H. Levit, Jr. is a partner in the Milwaukee office of the law firm of Godfrey & Kahn, S.C., where he is a member of the Board of Directors. He has extensive representative litigation, arbitration and mediation experience. Levit is a Magna Cum Laude graduate of Yale University and Harvard Law School. Levit fills the position on the Board previously held by John Petersen, who served since 1993.



William H. Levit, Jr.

Thomas J. Boldt is President of The Boldt Group, Inc. and Chief Executive Officer of The Boldt Company headquartered in Appleton. Boldt oversees a multi-million dollar construction holding company. His

2003 SWIB Board of Trustees	
James Senty, chair	Marc Marotta* - (Laura Engan, designee)
Allen Samson, vice chair*	Wayne McCaffery
Eric O. Stanchfield, sec.	Deloris Sims*
Thomas J. Boldt*	LGIP position - Vacant
William H. Levit, Jr.*	

**Denotes term beginning in 2003*

educational background includes a B.A. from St. Olaf College as well as studies at L' Universite de Paris III – France and Institut Catholique – Paris, France. Boldt replaces William R. Sauey, who was appointed in 1997.



Thomas Boldt

Marc Marotta, Secretary of the Department of Administration (DOA), has appointed **Laura Engan**, Deputy Secretary of DOA, as his designee to the Board in his absence. Previously she was Director of the City of Milwaukee Budget Office. She is a graduate of the La Follette Institute for Public Affairs, with an M.A. in Public Policy and Administration and holds a B.A. degree from St. Olaf College.



Laura Engan

The Local Government Public Member position is vacant leaving one of the nine Board positions remaining to be filled.

Two New Portfolios Expected to Add Value

Two new portfolios have been added as a result of SWIB's annual asset allocation review. The multi-asset and emerging markets portfolios are expected to add value to the Wisconsin Retirement System Trust Funds during this period of volatile markets.

Multi-Asset Portfolio:

UBS Global Asset Management of Chicago is managing a new \$250 million global tactical asset allocation portfolio in the Fixed (balanced) Fund. SWIB has had a long-standing relationship with UBS Global Asset Management, which has successfully managed a global fixed income portfolio since 1989.

This actively managed, globally diversified portfolio integrates asset allocation strategies across world capital markets. It invests primarily in equity, debt and

money market instruments in developed and emerging market sectors around the world, in addition to real estate, natural resources and private equity. The portfolio's investment objective is to maximize total return without assuming undue risk.

Emerging Markets Portfolio:

SWIB also added an active emerging market equity position within international equities in the Fixed and Variable Funds. Based on relatively stronger growth expectations and current valuation levels, experts forecast higher returns for emerging markets than most other asset classes. Managing the \$300 million allocation are: T. Rowe Price International, Inc., Baltimore, \$150 million; The Boston Company, Boston, \$75 million; and Grantham, Mayo, Van Otterloo & Co., LLC, Boston, \$75 million.