



The SWIB Report

Published by The State of Wisconsin Investment Board For WRS Participants

August 2004

THIS EDITION:

Comments Please: SWIB has launched a new website. Visit www.swib.state.wi.us and take our survey.

New Trustee: The Board welcomes David Geertsen as the Local Government representative. See page 2 for more information.

Board of Trustees

PUBLIC MEMBERS:

James A. Senty, Chair
Thomas J. Boldt, Vice Chair
Stephen Bablitch
William Levit, Jr.
Deloris Sims

LOCAL GOVERNMENT MEMBER:

David Geertsen

WISC. RETIREMENT BOARD APPOINTEE:

Eric O. Stanchfield, Secretary

TEACHER RETIREMENT BOARD APPOINTEE:

Wayne McCaffery

SECRETARY, DEPT. OF ADMINISTRATION:

Marc Marotta (Laura Engan, Designee)

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About SWIB

The State of Wisconsin Investment Board (SWIB) is the state agency responsible for investing Wisconsin Retirement System assets.

Facing challenges easier with participants' help

By Dave Mills
SWIB Executive Director

My first few months as executive director have been a time of change and challenge. It has been a pleasure getting to know the SWIB staff. I am also fortunate to be able continue to work with many of the people I came to know in the retirement system during my service at the Department of Employee Trust Funds.

I look forward to extending the relationships that SWIB has already forged with the leaders who have helped make the Wisconsin Retirement System so highly regarded. These good relationships are built on good communication.

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Annualized Performance Ending 6/30/04

Retirement Funds	1-Year Return	5-Year Return	10-Year Return
Fixed Fund	16.6%	4.3%	9.8%
<i>Benchmark</i>	<i>15.1</i>	<i>3.4</i>	<i>9.3</i>
Variable Fund	23.0%	1.0%	10.1%
<i>Benchmark</i>	<i>22.2</i>	<i>-0.5</i>	<i>9.5</i>
S&P 500	19.1	-2.2	11.8

Markets finish flat in first half

Fixed and Variable Fund returns for the 12-month period ending June 30, 2004 were strong, reflecting some of the stock market rebound in 2003 as well as a flat market in the first half of 2004. On a one-, five- and ten-year basis, returns for both trust funds were ahead of their performance benchmarks. The ten-year return for the Fixed Fund remained ahead of its 7.8% actuarial goal.

The second half of the year has remained flat. In July, the stock market downturn continued. The **preliminary calendar year-to-date return for the Fixed Fund was 0.8% as of July 31, 2004**, ahead of the 0.6% return for the benchmark. The **Variable Fund returned -0.4%** compared to a zero return for its benchmark.

Higher oil prices, slower than projected employment growth,
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Geertsen Joins Board, Boldt Is Vice Chair

David Geertsen of Racine has been named to the SWIB Board of Trustees. He was named by the Governor to serve as the



David Geertsen

representative from participants in the Local Government Investment Pool. He is the finance director for Kenosha County. Geertsen was also an auditor for the Wisconsin Department of Health and Family Services. He is a certified public accountant and graduate of the University of Wisconsin – Parkside.

The Governor has also named **Thomas Boldt** vice chair. Boldt is president of The Boldt Group, Inc. and CEO of The Boldt Co. in Appleton.

Board reviews practices

As fiduciaries for trust funds managed by SWIB, Trustees recognize the need for good governance practice in fulfilling their responsibilities. They have been working the past few months to review the role and responsibilities of trustees for a public pension plan.

Mercer Investment Consulting conducted two workshops this summer covering communication policies, agendas, reporting relationships of staff and consultants, selection of managers and consultants, and Trustee responsibilities.

As a result, the governance manual policies are being revised, the Board has reaffirmed its commitment to conducting business in open session whenever possible, and fiduciary training is set for October.

Challenges *continued from page 1*

Webster defines communication as “an exchange of information.” SWIB strives to deliver information of interest to you in a way that is convenient for you to access. Your part in the “exchange of information” is to help us know more about what you want to know and the best way to provide it.

SWIB is placing a greater emphasis on technology to reach more participants through our website, email and electronic newsletter. We are also working to provide information that is easier to understand and use. Our goal is to help WRS members have a better understanding of our investment objectives and process.

The most important question for most of you is how our investment results affect your retirement benefits. We work closely with ETF in communication efforts to help provide answers.

An important message now is that even though investment results for 2003 were among the best the WRS has ever had, the effects of three years of exceptionally poor markets from 2000 through 2002 will continue to affect the WRS for several years. The article on the first page provides a sense of the market volatility we are experiencing in 2004. Your questions about this and other topics are important to us:

◆ **Visit our new website** - If you haven't looked at www.swib.state.wi.us in the past two months, please take a look now. In response to suggestions from WRS members, it offers more links, more information and easier access to information.

◆ **Share your comments with us** - Take the survey on our website. Tell us what you would like to know about the investment of the retirement trust funds.

◆ **Contact us if you have questions** - SWIB is happy to answer questions about how we invest the WRS trust funds. Call our toll-free hotline at 800-424-7942 (in Madison 267-0957), email us at info@swib.state.wi.us or write us at P.O. Box 7842, Madison, WI 53707.

Some things are constant, like our focus on making the best possible investment decisions for WRS participants. At the same time, changes constantly occur in the investment industry. We recognize that our job is not only to meet the challenges that change brings. Our goal is to help you understand how it all affects you!

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continuing concerns about terrorism and uncertainty about the November elections are contributing to investor uneasiness, even as earnings reports for many companies show strength in the economy.

The Fixed Fund's private market investments have been a bright spot, with real estate returning 8.2% and private equity gaining 9.3% for the first half of 2004.

The impact of investment returns on Wisconsin Retirement System participants is determined by the Department of Employee Trust Funds and is based on the rate of return as of December 31. SWIB posts calendar year-to-date returns monthly once the numbers are final, which can take up to four weeks.