



January 10, 2020

Honorable Alberta Darling, Co-Chair  
Joint Committee on Finance  
317 East, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882

Honorable John Nygren, Co-Chair  
Joint Committee on Finance  
309 East, State Capitol  
P.O. Box 8953  
Madison, WI 53708

Honorable Robert Cowles, Co-Chair  
Joint Committee on Audit  
118 South, State Capitol  
P.O. Box 7882  
Madison WI 53708-7882

Honorable Samantha Kerkman, Co-Chair  
Joint Committee on Audit  
315 North, State Capitol  
P.O. Box 8952  
Madison WI 53708

Mr. Jeffrey Renk  
Senate Chief Clerk  
P.O. Box 7882  
Madison WI 53708-7882

Mr. Patrick Fuller  
Assembly Chief Clerk  
Room 401, 17 West Main Street  
Madison WI 53703

**Subject: Investment Policies, Objectives and Guidelines**

Members of the Legislature:

Pursuant to Section 25.17(14r) of the Wisconsin Statutes, I want to advise you that since our last report on June 20, 2019 there were some revisions to the Board of Trustees State Investment Fund (SIF) and Separately Managed Funds Investment Policy and Guidelines.

At its September 11, 2019 meeting, the Board of Trustees approved amendments to the investment guidelines for the State Life Insurance Fund (SLIF), found in the SIF and Separately Managed Funds Investment Policy and Guidelines. These guideline amendments resulted from numerous conversations between SWIB staff and the SLIF regarding the investment goals and limitations of the SLIF. The amendments were also recommended by SWIB's Investment Committee.

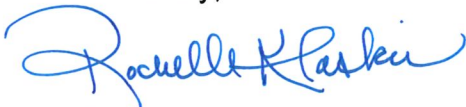
The amendments included:

- The ability to invest in commingled funds or separate accounts managed by third party investment managers;

- An increase in the maximum exposure to a single issuer (excluding the US Government);
- An increase in the maximum exposure to securities not specifically enumerated in the guidelines (and a clarification of what those securities may be);
- Clarification that direct investments will be held until maturity unless the issuer experience a decline in credit quality;
- Clarification that SWIB will seek to purchase 30-year bonds where available, with the goal of creating a laddered portfolio with a minimum quality rating of A- or higher; and
- Removal of the allocation targets and benchmark given the strategy constraints requested by the SLIF.

If you have questions on any of the changes, please contact me.

Sincerely,



Rochelle Klaskin  
Deputy Executive Director/Chief Administrative Officer

cc: Jay Risch, SWIB Government Relations Liaison  
Members, Joint Committee on Audit  
Members, Joint Committee on Finance  
Joe Chrisman, Legislative Audit Bureau  
Robert Lang, Legislative Fiscal Bureau