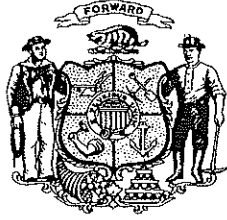


# STATE OF WISCONSIN

SENATE CHAIR  
**Howard Marklein**

316 East, State Capitol  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: (608) 266-0703



ASSEMBLY CHAIR  
**Mark Born**

308 East, State Capitol  
P.O. Box 8952  
Madison, WI 53708-8953  
Phone: (608) 266-2540

## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Howard Marklein  
Representative Mark Born

Date: February 9, 2023

Re: SWIB Report to JFC

Attached is a report on all expenses charged to the trust funds under management and the number of full-time equivalent positions created or abolished during the quarter from the State of Wisconsin Investment Board, pursuant to s. 25.17(13m), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

HM:MB:jm



STATE OF WISCONSIN  
INVESTMENT BOARD

FEB 09 2023

*St. Finance*

February 13, 2023

Senator Howard Marklein, Co-Chair  
Joint Committee on Finance  
P.O. Box 7882  
Madison, WI 53707

Representative Mark Born, Co-Chair  
Joint Committee on Finance  
P.O. Box 8952  
Madison, WI 53708

Senator Eric Wimberger, Co-Chair  
Joint Legislative Audit Committee  
P.O. Box 7882  
Madison, WI 53707

Representative Robert Wittke, Co-Chair  
Joint Legislative Audit Committee  
P.O. Box 8953  
Madison, WI 53708

Secretary Kathy Blumenfeld  
Department of Administration  
101 East Wilson Street  
P.O. Box 7864  
Madison, WI 53707

Dear Senator Marklein, Senator Wimberger, Representative Born, Representative Wittke and Secretary Blumenfeld:

State statutes require the State of Wisconsin Investment Board (SWIB) to report all expenses charged to the trust funds under management and the number of full-time equivalent positions created or abolished during the quarter<sup>1</sup>. The information contained in this report is for the quarter ended December 31, 2022.

Total Cost of Management Summary	1Q2022	2Q2022	3Q2022	4Q2022	Trailing 4 Qtr Total	% of Total
<b>Internal Operating Expenses</b>						
Operating Budget Expenses	\$ 14,062,637	\$ 42,801,859	\$ 13,275,388	\$ 16,013,990	\$ 86,153,874	63.2%
Custodial, Investment Operations & Banking	1,803,372	1,692,456	1,647,965	1,961,451	7,105,244	5.2%
Legal	625,000	625,000	625,000	371,714	2,246,714	1.6%
Investment Research & Consulting	10,007,468	9,150,155	9,112,954	7,570,768	35,841,345	26.4%
<b>Total Internal Operating Expenses</b>	<b>\$ 26,498,477</b>	<b>\$ 54,269,470</b>	<b>\$ 24,661,307</b>	<b>\$ 25,917,923</b>	<b>\$ 131,347,177</b>	<b>96.3%</b>
Securities Lending Agent Expenses	\$ 1,282,912	\$ 1,412,138	\$ 1,198,959	\$ 1,125,732	5,019,741	3.7%
<b>Total SWIB Operating Costs</b>	<b>\$ 27,781,389</b>	<b>\$ 55,681,608</b>	<b>\$ 25,860,266</b>	<b>\$ 27,043,655</b>	<b>\$ 136,366,918</b>	<b>100.0%</b>
<b>External Investment Management Fees</b>						
<b>Externally Managed Separate Account Fees</b>						
Beta One & Other - Separately Managed	\$ 12,730,351	\$ 6,621,385	\$ 15,970,497	\$ 12,231,686	\$ 47,553,919	6.7%
<b>Supplemental Information - External Fund Fees</b>						
Real Estate	\$ 19,209,516	\$ 19,257,344	\$ 20,775,122	\$ 20,890,279	\$ 80,132,262	11.2%
Private Equity & Venture Capital	56,999,361	72,498,709	67,722,428	72,422,893	269,643,390	37.7%
Hedge Funds	72,033,779	60,862,749	58,023,466	61,423,994	252,343,988	35.4%
Beta One & Other - External Funds	18,411,505	26,091,654	3,044,345	15,891,147	63,438,651	8.9%
<b>Total External Investment Management Fees</b>	<b>\$ 179,384,512</b>	<b>\$ 185,331,841</b>	<b>\$ 165,535,858</b>	<b>\$ 182,859,999</b>	<b>\$ 713,112,210</b>	<b>100.0%</b>
<b>Total Cost of Management</b>	<b>\$ 207,165,901</b>	<b>\$ 241,013,449</b>	<b>\$ 191,396,124</b>	<b>\$ 209,903,654</b>	<b>\$ 849,479,128</b>	

<sup>1</sup>Wisconsin Statutes Section 25.17 (13m): Investment-related costs and expenses charged to the WRS Trust Funds, State Investment Fund, State Life Insurance Fund, Historical Society Endowment Fund, Injured Patients and Families Compensation Fund and UW Trust Fund. Investment transaction expenses, such as trading commissions and interest expense, are included in investment returns, and therefore not included in this report.

SWIB operating costs are charged to the trust funds under management. Externally managed fund fees for commingled assets are netted against investment returns generated by SWIB's external fund holdings. It is important to consider costs in the context of value-added investment returns. For example, during the five years ended December 31, 2022, after consideration of all expenses, costs, and fees, SWIB generated more than \$2.7 billion in additional profits beyond what would have been generated by the benchmark portfolio SWIB is measured against. These profits all go directly into the Wisconsin Retirement System for the benefit of its beneficiaries.

Attachment A provides a breakdown of the amount and percentage of assets managed under each type of dedicated and commingled account or partnership, and the change in the amount and percentage from the prior calendar quarter. As of December 31, 2022, SWIB's total authorized positions are 290 as shown in the table below.

Assets Under Management & Positions		
	9/30/2022	12/31/2022
Internal Management	46.4%	45.0%
External Management	53.6%	55.0%
Total SWIB Positions	290	290

In addition, Attachment B provides details of the services provided to SWIB and their associated quarterly costs. For definitions of the expense categories presented in the Total Cost of Management Summary table, please refer to Attachment C.

As new investment strategies are implemented and markets continue to evolve, SWIB will continue evaluating the most efficient means to manage the trust fund assets. Please contact us if you have any questions or comments about this report.

Sincerely,



Edwin Denson  
Executive Director/Chief Investment Officer

Attachments

cc: Members, Joint Committee on Finance  
Members, Joint Committee on Audit  
Robert Lang, Legislative Fiscal Bureau  
Joe Chrisman, Legislative Audit Bureau

## ATTACHMENT A

Wisconsin Retirement System (WRS)	3/31/2022		6/30/2022		9/30/2022		12/31/2022	
	Amount (in millions)	Percent	Amount (in millions)	Percent	Amount (in millions)	Percent	Amount (in millions)	Percent
Internally Managed Assets	\$64,161	45.5%	\$52,094	41.7%	\$45,843	39.1%	\$46,587	37.9%
Externally Managed Dedicated Assets	36,289	25.8%	27,907	22.4%	26,743	22.8%	29,344	23.9%
Externally Managed Commingled Assets	40,434	28.7%	44,852	35.9%	44,579	38.0%	46,979	38.2%
1. Passive Index Funds	2,283	1.6%	1,689	1.4%	1,711	1.5%	1,488	1.2%
2. Limited Partnerships	28,548	20.3%	30,212	24.2%	30,771	26.3%	31,719	25.8%
3. Active Managed Commingled Assets	9,603	6.8%	12,950	10.4%	12,097	10.3%	13,772	11.2%
<b>TOTAL WRS Assets</b>	<b>\$140,884</b>	<b>100.0%</b>	<b>\$124,853</b>	<b>100.0%</b>	<b>\$117,165</b>	<b>100.0%</b>	<b>\$122,910</b>	<b>100.0%</b>
State Investment Fund - Internally Managed	\$16,930		\$18,401		\$17,876		\$17,742	
Separately Managed Funds - Internally Managed	\$111		\$101		\$93		\$95	
Separately Managed Funds - Externally Managed	\$2,095		\$2,409		\$2,438		\$2,523	
<b>Total SWIB Assets Under Management</b>	<b>\$160,020</b>		<b>\$145,764</b>		<b>\$137,573</b>		<b>\$143,269</b>	
<b>Total Internal Management</b>	<b>\$81,202</b>	<b>50.7%</b>	<b>\$70,596</b>	<b>48.4%</b>	<b>\$63,813</b>	<b>46.4%</b>	<b>\$64,423</b>	<b>45.0%</b>
<b>Total External Management</b>	<b>\$78,818</b>	<b>49.3%</b>	<b>\$75,168</b>	<b>51.6%</b>	<b>\$73,760</b>	<b>53.6%</b>	<b>\$78,846</b>	<b>55.0%</b>

STATE OF WISCONSIN INVESTMENT BOARD  
Expenses for All Funds Under Management  
Quarter Ending December 31, 2022

ATTACHMENT B

EXPENSE CATEGORY	SERVICE PROVIDED	EXPENSES
<b><u>Internal Operating Expenses</u></b>		
Staff Compensation	Staff Compensation	\$ 11,463,075
Fringe Benefits	Fringe Benefits	2,194,952
Equipment, Supplies & Services	General Supplies & Services	2,355,963
<b>Total Internal Operating Expenses</b>		<b>\$ 16,013,990</b>
<b><u>Custodial, Investment Operations and Banking Fees</u></b>		
BNY Mellon Asset Servicing - Custody	Master Custody Services	\$ 442,639
BNY Mellon Asset Servicing - Investment Operations	Investment Operating Services	1,246,427
Markit NA	Investment Data Management Software	272,385
<b>Total Custodial, Investment Operations and Banking Fees</b>		<b>\$ 1,961,451</b>
<b><u>Legal Fees</u></b>		
Chapman & Cutler LLP	Legal Work for Investment Strategies	\$ 239,320
Cox Castle & Nicholson LLP	Legal Work for Investment Strategies	91,660
DLA Piper LLP (US)	Legal Work for Investment Strategies	222,121
Godfrey & Kahn SC	Legal Work for Investment Strategies	42,895
Husch Blackwell	Legal Work for Investment Strategies	6,981
Latham & Watkins LLP	Legal Work for Investment Strategies	23,223
Legal Services Expense Accrual	Legal Work for Investment Strategies	(856,221)
Legal Payment	Legal Work for Investment Strategies	5,000
Nixon Peabody LLP	Legal Work for Investment Strategies	3,003
Purrlington Moody Weill LLP	Legal Work for Investment Strategies	254,042
Quarles & Brady	Legal Work for Investment Strategies	231,017
Rutherford & Bechtold LLC	Legal Work for Investment Strategies	460
Shearman & Sterling LLP	Legal Work for Investment Strategies	35,000
Vedder Price PC	Legal Work for Investment Strategies	73,214
<b>Total Legal Fees</b>		<b>\$ 371,714</b>
<b><u>Investment Counsel</u></b>		
ABG Sundal Collier Inc	Investment Research	\$ 1,000
AE Business Solutions	Investment Consulting	18,000
Aksia LLC	Hedge Fund Investment Consulting	193,750
Aiembic Global Advisors	Market Research	3,100
Alex Solutions	Research and Data Services	40,417
Algomi Corporation	Investment Consulting	16,117
Aon Hewitt Investment Consulting Inc	Investment and Risk Management Research	15,000
Apex Systems - CH25	Investment Consulting	52,351
AquaFold	Investment Research Software	898
Arthur Selender	Investment Consulting Services	18,000
B Riley FBR Inc	Investment Research	5,300
Backstop Solutions Group	Investment Software	111,605
Bank of America Merrill Lynch	Investment Research	71,500
Barrington Research Associates Inc	Investment Research	2,500
Barrons	Investment Research	274
BCA Research Inc	Global & Domestic Fixed Income Strategy Research	34,125
Berenberg	Investment Research	27,300
Blacklight Technology Partners, LLC	Research and Data Services	28,500
Blackrock Financial Management Inc	Risk Services	80,056
Bloomberg Finance LP	Market, Company, Industry & Benchmark Information	1,291,027
BMO Capital Markets Corp	Investment Research Services	13,500
BNP Paribas	Research and Data Services	39,250
BNY Mellon Asset Servicing - Custody	Master Custody Services	48,900
BNY Mellon Asset Servicing - Eagle/Pace	Investment Consulting Services	251,260
Bridge Consulting Partners Ltd	Investment Consulting Services	125,360
BTIG, LLC	Investment Research	4,500
Canaccord Genuity	Investment Research	5,400
Canlor Fitzgerald Investment Advisors, L.P.	Investment Research	3,100
CappThesis, LLC	Research and Data Services	2,500
Carahsoft Technology Corp	Investment Consulting Services	26,767
Carnegie Inc	Investment Research	500
CBJL Incorporated	Investment Consulting Services	100,040
CEM Benchmarking Inc	Investment Cost Analysis	41,800
CFRA Research	Investment Research Services	17,325
Charles River System Inc	Portfolio Management Trading Software & Services	383,451
CIBC World Markets Inc	Investment Research	2,500
CL King & Associates	Investment Research	7,350
Codrington Japan	Investment Research	500
Copp Clark	Research and Data Services	3,713
CoStar Portfolio Strategy	Real Estate Consulting & Research Services	28,738
Council of Institutional Investors	Corporate Governance	31,200
Cowen and Company LLC	Investment Research	23,700
Craig-Hallum Capital Group	Investment Research	3,700
CUSIP Global Services	Research and Data Services	16,250
Cutter Associates	Investment Organization and Systems Consulting	18,000
DA Davidson & Co	Investment Research	14,800
Dacheng Xiu	Investment Research	37,500
Daiwa Capital Markets America	Investment Research	5,500

EXPENSE CATEGORY	SERVICE PROVIDED	EXPENSES
Datcamp Inc	Research and Data Services	729
Davy Securities Limited	Investment Research	3,500
Deutsche Bank	Tax registration fees	46,500
DNB Bank ASA	Investment Research	5,000
Dow Jones News Service	Company and Industry News Services	32,466
DTCC – EPN	Trade Settlement Service	3,000
DTCC ITP LLC	Trade Settlement Service	2,087
EFront Financial Solutions Inc	Private Markets Portfolio Management Services	262,659
Elevation LLC	Research and Data Services	45,000
Empirical Research Partners LLC	Investment Research	137,500
Ernst & Young LLP	Tax Compliance Services & Investment Consulting	65,327
Euromonitor International	Research and Data Services	19,766
Evercore Group LLC	Investment Research	51,250
eVestment Alliance LLC	Research and Data Services	74,190
Exchange Analytics Inc	Futures & Swaps Trading Regulation Training	3,000
FactSet Research Systems Inc	Financial & Economic Database	926,696
Fairleads Strategies	Research and Data Service	1,875
FBN Securities, Inc.	Investment Research	4,000
Finlato	Research Management Solution	50,000
FIS Data Systems Inc.	Research and Data Services	30,646
Fitch Solutions Inc	Credit Rating Services	72,342
FTSE Fixed Income LLC	Real Time Index Data	38,610
Funston Advisory Services LLC	Consulting Services	14,500
Furey Research Partners LLC	Small Cap Research	10,600
Gallagher	Insurance and Risk Management Services	15,533
Goodbody	Investment Research	9,500
Green Street Advisor	Real Estate Analytics	16,937
Guggenheim Securities LLC	Investment Research	3,000
Haver Analytics	Global Macroeconomic Research	22,740
Ice Data LP	Fixed Income Indices	26,699
In Focus Information LLC	Private Placement Investment Research	1,500
Infopro Digital Services Limited	Research and Data Services	9,351
Institutional Investor	Investment Data and Research Services	24,500
Institutional Shareholder Services Inc	Proxy Voting Analysis	98,068
Intelligent Automation Consulting	Automation Consulting Services	25,350
International Swaps and Derivatives Assn	Derivative Industry Research	11,458
Investment Research Expense Accrual	Investment Research	(850,000)
Jefferies Research Services LLC	Investment Research	60,950
Keefe Bruyette & Woods (KBW)	Investment Research	17,500
Kepler Capital Markets Inc	Investment Research Services	5,000
KeyBanc Capital Markets Inc	Investment Research	23,450
Keystone Consulting Inc	Investment Information Technology Consulting Services	207,240
Kreischer Miller LLP	Investment Consulting	15,300
Law360 Legal News and Data	Investment Research	3,281
Liberum Capital Inc	Investment Research	10,500
Loop Capital Markets LLC	Investment Research	3,000
Mackey LLC	Research Management System	53,366
Macquarie Capital (USA) Inc	Investment Research	11,500
Manalo Advisors Limited	Research and Data Services	3,750
Markit Group Limited	Investment Consulting Services	7,470
Markit NA	Investment Data Management Software	27,500
Markit-EDM Limited	Investment Data Management Software	255,092
Matrix IDM, LLC	Investment Consulting Services	50,400
McLagan Partners Inc	Investment Compensation Data and Analysis	74,413
Meketa Investment Group	Public Markets External Manager Consultant	66,930
MKM Partners	Investment Research Services	4,700
MNI Market News	Research and Data Services	2,863
Moodys Analytics	Economic, Currency & Bond Analysis	80,237
Morningstar Inc	Industrial Sector Market Research & Analysis	6,000
MSCI Inc - Risk Metrics Solutions	Research and Data Services	348,744
MSCI, Inc	Research and Data Services	74,315
MUFG Securities America	Investment Research	9,500
My Data Outlet International, LLC	Research and Data Services	71,167
National Bank Financial Inc	Investment Research	1,500
National Conference on Public Employee Retirement Systems	Investment Research	4,660
Needham & Company LLC	Investment Research	6,800
NEPC LLC	Investment Consulting Services	50,000
New Street Research LLC	Investment Research	75,000
Northcoast Research Partners, LLC	Research and Data Services	2,500
Northland Securities	Investment Research	3,900
Novi Labs, Inc.	Research and Data Services	8,000
Novus Partners Inc	Profit & Loss Analytics System	18,885
Nuware Technology Corp	Investment Information Technology Consulting Services	139,184
NYSE Market Inc	New York Stock Exchange Data	6,386
Odeon Capital Group, LLC	Research and Data Services	3,000
Oliver James	Investment Consulting Services	64,936
Oppenheimer & Co Inc	Investment Research	10,000
Options Price Reporting Authority	Quote System for Options Market	2,625
Oxford Economics USA INC	Research and Data Service	8,154
Pac-Invest	Research and Data Services	17,140
PEI Media Inc	Private Equity Real Estate News	995
Piper Sandler & Co	Investment Research	36,400
PremiaLab	Investment Research	79,113
Preyer	Investment Consulting Services	38,798

EXPENSE CATEGORY	SERVICE PROVIDED	EXPENSES
Raymond James	Research and Data Services	12,800
Redburn Europe Limited	Investment Research	9,750
Refinitiv	Research Pricing (Autex, Baseline, FirstCall)	203,612
Renaissance Macro Research	Macro Economic Research	21,000
Robert W. Baird & Co.	Investment Research	49,300
Rosenblatt Securities Inc	Investment Research	14,700
Roth Capital Partners	Investment Research	4,000
Rystad Energy AS	Investment Research	9,000
S&P Dow Jones Indices	Research and Data Services	54,405
S&P Global Market Intelligence	Industry & Corporate Research	105,825
SailPoint Technologies, Inc.	Information Security Software	19,470
Sanford C Bernstein & Co LLC	Investment Research	47,025
Seaport Global Securities LLC	Research and Data Services	14,230
SemiAnalysis	Investment Research	200
Sharp Decisions Inc	Investment Information Technology Consulting Services	81,872
Sidoti & Company LLC	Investment Research	4,700
Simcorp USA, Inc.	Investment System	(819,371)
SMBC Nikko Securities America Inc	Investment Research	4,500
Snowflake Inc	Research and Data Services	25,000
Solve Advisors Inc	Investment Research	10,000
Statista	Investment Research	118
Stephens Inc	Investment Research	10,950
StepStone Group	Private Equity Consulting Services	245,458
StepStone Group Real Estate	Real Estate Consulting Services	57,883
Steven N. Kaplan	Investment Consulting	7,500
Stifel Nicolaus & Company Incorporated	Investment Research	51,350
Susquehanna Financial Group LLP	Investment Research	1,500
SVB Leerink	Research and Data Services	7,000
SWIFT SC	Research and Data Services	326
SystemsAccountants	Investment Information Technology Consulting Services	76,800
Taranis, Inc.	Investment Information Technology Consulting Services	71,280
TD Securities (USA) LLC	Investment Research	2,500
Telsey Advisory Group	Consumer Sector Research	17,308
The Benchmark Company LLC	Investment Research	2,000
The Financial Times Limited	Investment Research	740
The Leuthold Group LLC	Broad Based Market Research	2,000
The Nasdaq Stock Market, LLC	Research & Data Services	4,500
The Yield Book Inc	Research and Data Services	9,332
Toronto Stock Exchange	Market Data	14,462
Totem Macro LLC	Research and Data Services	47,500
TradeWeb	On-Line Fixed Income Trading Services	10,188
Trahan Macro Research LLC	Research and Data Services	6,000
Trivariate Research LP	Investment Research	5,000
Truist Securities, Inc.	Investment Research	7,000
Tudor Pickering Holt & Co	Investment Research	1,100
Unit4 Business Software Inc	Financial & Administration Services System	72,224
Unquote	Research and Data Services	3,137
Vadim Moroz	Investment Consulting Services	67,500
Vertical Research Partners	Industrial Sector Market Research & Analysis	2,750
Verus Advisory Inc	Benchmarking Consulting Services	42,000
Virtu ITG Analytics LLC	Trading Transaction Cost Analysis	20,500
Visible Alpha LLC	Research and Data Services	25,633
Wall Street Journal	Investment Research & Information	51
Wedbush	Investment Research	5,500
William Blair & Company LLC	Investment Research	5,000
WIPFLI LLP	Income Tax Preparation Services	1,000
Wolfe Trahan	Transportation and Macro Economic Research	21,350
Wolverine Execution Services LLC	Options Trading Platform	1,395
WorldBridge Partners Inc	Recruitment Consulting	105,520
Worth Charting LLC	Investment Consulting	11,950
Yipit, LLC	Research and Data Services	(2,500)
<b>Total Investment Counsel</b>		<b>\$ 7,570,768</b>
<b><u>Separate Account Public Market Management Fees</u></b>		
Alliance Bernstein	Public Market Management Fees	\$ 1,320,091
Blackrock	Public Market Management Fees	1,520,086
Dodge and Cox	Public Market Management Fees	717,979
Driehaus Capital Management	Public Market Management Fees	16,477
eSecLending	Public Market Management Fees	2,972
Fidelity Investments	Public Market Management Fees	1,270,536
Parametric	Public Market Management Fees	(283,351)
Prudential Global Investment Management (PGIM)	Public Market Management Fees	5,382,535
Wellington Trust Company	Public Market Management Fees	2,284,361
<b>Total Separate Account Public Market Management Fees</b>		<b>\$ 12,231,686</b>
<b><u>Securities Lending Agent Fees</u></b>		
BNY Mellon Asset Servicing	Securities Lending Agent Fees	\$ 1,125,732
<b>Total Securities Lending Agent Fees</b>		<b>\$ 1,125,732</b>
<b>Total Quarterly Charges to Funds</b>		<b>\$ 39,275,341</b>

<sup>1</sup> All costs reported are on an accrual basis except for internal operating costs which are on a cash basis of accounting. Negative expense amounts are due to accrual adjustments and/or other miscellaneous adjustments.

## Explanation of Expenses

### **Internal Operating Expenses**

Internal operating expenses consist primarily of staff compensation and fringe benefits. SWIB employs a staff of professional investment and support staff to manage trust fund assets. Other internal operating expenses consist of office equipment, supplies, business travel, information technology equipment and services, and general services.

### **Custodial & Banking Fees**

*Wisconsin Certificate of Deposit Program:* Under a contract with SWIB, Bankers' Bank administers the program under which the State Investment Fund (SIF) purchases certificates of deposit from Wisconsin-based banks and thrifts. Most administrative costs are paid by the participating banks. SWIB's expenses help underwrite other administrative costs, such as insurance that SWIB requires to be purchased.

*BNY Mellon:* Provides master custodial and administrative services (safekeeping of assets, income collection, valuations and accounting) for public and private domestic and foreign securities in the Wisconsin Retirement System (WRS), the SIF, and the other separately managed trust funds. In addition, SWIB receives performance measurement and analytical services through its contract with BNY Mellon, which serves as the official book of record for SWIB's accounting and performance measurement functions. BNY Mellon provides data and analytical tools used by SWIB for compliance and risk management. These include global collateral management, data management, and hosting services. Fees for these services are established by contract.

*US Bank:* The State of Wisconsin contracted with US Bank to be the state's working bank. The fees paid to US Bank by the SIF reflect bank service charges that are not directly applicable to the fund participants.

### **Legal Fees, Services, and Expenses**

Under authority delegated by the Attorney General, pursuant to s. 25.18 (1) (a) Statutes, SWIB may employ legal counsel for any matters arising out of the scope of its investment authority. This includes legal services relating to bankruptcies, class actions, private markets transactions, fiduciary advice, securities law, investment litigation, and other similar matters.

### **Investment Counsel**

Current law gives SWIB the authority to employ investment counsel in any matters arising out of the scope of its investment authority. Investment research and services provided include global market, industry, economic and company information, financial and performance analytics, news information, pricing and exchange data, credit ratings, financial modeling, economic forecasting, trading services, and a variety of Board consultations. These services enable SWIB to perform due diligence on current and future holdings and assist in monitoring investments.

### **Securities Lending Agent Fees**

Securities lending programs generally earn income through the reinvestment of cash collateral posted by borrowers and through the collection of fees for loans where non-cash collateral is posted. SWIB's securities lending income is shared with the agent to pay the costs associated with the administration of the program. Securities lending agent fees are reported as expenses.



**Externally Managed Separate Account Fees**

External asset managers have been delegated authority within guidelines established by SWIB to determine investment strategy and purchase securities in SWIB's name within a SWIB account. Fees are typically assessed as a percentage of the market value of assets under management and in some cases, fees are based on investment performance.

**External Funds Fees**

SWIB invests in separate legal entities managed by external investment managers to gain exposure to select strategies including Public Markets, Private Equity, Venture Capital, Real Estate and Hedge Funds. In exchange for their investment management services, the external managers charge a fee within the entity they manage. Fees are typically assessed as a percentage of the market value of assets under management, commitments, and in some cases are based on investment performance. While the fees charged to these external vehicles do not meet the statutory definition of a cost or expense to SWIB, they are currently included in SWIB's total cost of management. Accordingly, these fees are reported as supplemental information.