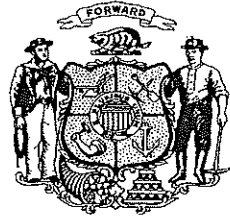


STATE OF WISCONSIN

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 14, 2024

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 14 2024

St. Finance

February 13, 2024

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 quarter¹. The information contained in this report is for the quarter ended December 31, 2023.

Total Cost of Management Summary	1Q 2023	2Q 2023	3Q 2023	4Q 2023	Trailing 4 Qtr Total	% of Total
Internal Operating Expenses						
Operating Budget Expenses	\$ 14,718,435	\$ 19,303,861	\$ 29,927,680	\$ 30,466,430	\$ 94,416,406	65.7%
Custodial, Investment Operations & Banking	2,057,242	1,723,893	2,137,630	2,213,596	8,132,361	5.6%
Legal	561,635	558,921	489,077	254,543	1,864,176	1.3%
Investment Research & Consulting	8,387,483	8,535,712	10,199,330	7,637,651	34,760,176	24.2%
Total Internal Operating Expenses	\$ 25,724,795	\$ 30,122,387	\$ 42,753,717	\$ 40,572,220	\$ 139,173,119	96.8%
Total Securities Lending Agent Expenses	\$ 1,455,665	\$ 1,064,140	\$ 971,498	\$ 1,086,188	\$ 4,577,491	3.2%
Total SWIB Operating Costs	\$ 27,180,460	\$ 31,186,527	\$ 43,725,215	\$ 41,658,408	\$ 143,750,610	100.0%
Externally Managed Separate Account Fees						
Beta One & Other - Separately Managed	\$ 10,289,679	\$ 15,796,013	\$ 4,854,855	\$ (1,657,872)	\$ 29,282,675	4.1%
Supplemental Information - External Fund Fees						
Real Estate	\$ 19,702,319	\$ 21,394,315	\$ 21,806,743	\$ 21,208,015	\$ 84,111,392	11.9%
Private Equity & Venture Capital	55,955,436	64,812,083	58,359,821	65,850,965	244,978,305	34.6%
Hedge Funds	52,940,887	56,693,136	93,214,422	70,745,475	273,593,920	38.6%
Beta One & Other - External Funds	55,999,027	3,082,375	16,839,386	371,046	76,291,834	10.8%
Total External Investment Management Fees	\$ 194,887,348	\$ 161,777,922	\$ 195,075,227	\$ 156,517,629	\$ 708,258,126	100.0%
Grand Total Cost of Management	\$ 222,067,808	\$ 192,964,449	\$ 238,800,442	\$ 198,176,037	\$ 852,008,736	

¹Wisconsin 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, 2023, after consideration of all expenses, costs, and fees, SWIB generated more than \$3.1 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, 2023, SWIB's total authorized full-time equivalent positions are 298 as shown in the table below. The Board of Trustees approved eight new positions in December 2023.

Assets Under Management & Positions		
	09/30/2023	12/31/2023
Internal Management	45.5%	45.4%
External Management	54.5%	54.6%
Total SWIB Positions	290	298

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

Total Assets Under Management

Wisconsin Retirement System (WRS)	3/31/2023		6/30/2023		9/30/2023		12/31/2023	
	Amount (in millions)	%	Amount (in millions)	%	Amount (in millions)	%	Amount (in millions)	%
Internally Managed Assets	\$49,730	39.2%	\$50,868	39.5%	\$46,836	37.6%	\$50,381	38.0%
Externally Managed Dedicated Assets	29,282	23.1%	29,758	23.1%	29,716	23.9%	32,166	24.3%
Externally Managed Commingled Assets	47,809	37.7%	48,259	37.4%	47,996	38.5%	49,854	37.7%
1. Passive Index	1,168	0.9%	1,011	0.8%	916	0.7%	788	0.6%
2. Limited Partnerships	32,060	25.3%	32,894	25.5%	33,681	27.0%	34,302	25.9%
3. Active Managed Commingled	14,581	11.5%	14,354	11.1%	13,399	10.8%	14,764	11.2%
Total WRS Assets	\$126,821	100.0%	\$128,885	100.0%	\$124,548	100.0%	\$132,401	100.0%

Other Funds

State Investment Fund - Internally Managed	\$19,285		\$19,718		\$19,995		\$19,853	
Separately Managed Funds - Internally Managed	\$98		\$96		\$89		\$97	
Separately Managed Funds - Externally Managed	\$2,582		\$2,603		\$2,538		\$2,710	
Total Assets Under Management	\$148,786		\$151,302		\$147,170		\$155,062	
Total Internal Assets Under Management	\$69,113	46.5%	\$70,682	46.7%	\$66,919	45.5%	\$70,332	45.4%
Total External Asset Under Management	\$79,673	53.5%	\$80,620	53.3%	\$80,251	54.5%	\$84,730	54.6%

STATE OF WISCONSIN INVESTMENT BOARD
Expenses for All Funds Under Management
Quarter Ending December 31, 2023

EXPENSE CATEGORY	SERVICE PROVIDED	EXPENSES
<u>Internal Expenses</u>		
Staff Compensation	Staff Compensation	\$ 24,803,860
Fringe Benefits	Fringe Benefits	3,017,922
Supplies, Travel & Facilities	General Supplies & Services	2,644,648
Total Internal Expenses *		\$ 30,466,430
<u>Custodial, Investment Operations and Banking Fees</u>		
BNY Mellon Asset Servicing - Custody	Master Custody Services	\$ 724,768
BNY Mellon Asset Servicing - Investment Operations	Investment Operating Services	1,327,207
Markit NA	Investment Data Management Software	161,621
Total Custodial, Investment Operations and Banking Fees		\$ 2,213,596
<u>Legal Fees</u>		
Chapman & Cutler LLP	Legal Work for Investment Strategies	\$ 102,962
Cox Castle & Nicholson LLP	Legal Work for Investment Strategies	71,265
DLA Piper LLP (US)	Legal Work for Investment Strategies	237,905
Godfrey & Kahn SC	Legal Work for Investment Strategies	38,745
Husch Blackwell	Legal Work for Investment Strategies	25,423
Ice Miller LLP	Legal Work for Investment Strategies	1,971
Legal Services Expense Accrual	Legal Work for Investment Strategies	(499,772)
Norton Rose Fulbright US LLP	Legal Work for Investment Strategies	8,904
Purinton Moody Weill LLP	Legal Work for Investment Strategies	15,258
Quarles & Brady	Legal Work for Investment Strategies	132,621
Vedder Price PC	Legal Work for Investment Strategies	57,031
Winston & Strawn LLP	Legal Work for Investment Strategies	62,230
Total Legal Fees		\$ 254,543
<u>Investment Counsel</u>		
12358433 Canada Inc.	Investment Consulting	\$ 58,475
3x108 Fintech Consulting Limited	Investment Consulting	91,420
AE Business Solutions	Investment Consulting Services	12,460
Aksia LLC	Hedge Fund Investment Consulting	193,750
Alombic Global Advisors	Market Research	2,000
Alex Solutions	Research and Data Services	42,250
Analytic Recruiting Inc	Investment Consulting	43,750
Apex Systems	Investment Consulting	20,748
Arb Journal	Regulatory Research & Analysis	23,500
Arthur Selender	Investment Consulting Services	6,000
B Riley FBR Inc	Investment Research	7,150
Backstop Solutions Group	Investment Software	46,375
Baele Consulting	Investment Consulting Services	4,764
Bank of America Merrill Lynch	Investment Research	52,450
Barrington Research Associates Inc	Investment Research	4,000
Barrons	Investment Research	512
BCA Research Inc	Global & Domestic Fixed Income Strategy Research	27,875
Berenberg	Investment Research	4,500
Bixby Research and Analytics LLC	Research and Data Services	16,667
Blackrock Financial Management Inc	Risk Services	85,709
Bloomberg Finance LP	Market, Company, Industry & Benchmark Information	1,169,761
BMO Capital Markets Corp	Investment Research Services	13,000
BNP Paribas	Research and Data Services	64,750
BNY Mellon Asset Servicing - Eagle/Pace	Investment Consulting Services	115,000
Bridge Consulting Partners Ltd	Investment Consulting Services	75,735
BTIG, LLC	Investment Research	3,200
Callan Associates Inc	Investment Consulting & Performance Benchmarking	12,500
Canaccord Genuity	Investment Research	5,450
Cantor Fitzgerald Investment Advisors, L.P.	Investment Research	1,500
Capital Economics LTD	Market Research	15,375
CappThesis, LLC	Research and Data Services	2,500

EXPENSE CATEGORY	SERVICE PROVIDED	EXPENSES
CBJL Incorporated	Investment Consulting Services	103,320
CBOE Global Markets, Inc.	Research and Data Services	1,620
CCG Data Solutions	Investment Consulting Services and Software	88,200
CFRA Research	Investment Research Services	23,793
Charles River System Inc	Portfolio Management Trading Software & Services	468,305
CIBC World Markets Inc	Investment Research	2,000
CL King & Associates	Investment Research	6,000
Compass Point Research & Trading, LLC	Investment Research	8,500
Copp Clark	Research and Data Services	3,824
CoStar Portfolio Strategy	Real Estate Consulting & Research Services	23,613
Council of Institutional Investors	Corporate Governance	31,200
Cowen and Company LLC	Investment Research	32,500
Craig-Hallum Capital Group	Investment Research	4,900
CUSIP Global Services	Research and Data Services	16,250
Cutter Associates	Investment Organization and Systems Consulting	18,500
DA Davidson & Co	Investment Research	19,050
Dacheng Xiu	Investment Research	62,475
Daiwa Capital Markets America	Investment Research	2,000
Davy Securities Limited	Investment Research	3,750
Department of Administration	Various Administrative and Technology Services	107,364
Deutsche Bank	Tax registration fees	25,400
DiatomC LLC	Investment Consulting	89,700
Dow Jones News Service	Company and Industry News Services	37,343
DTCC – EPN	Trade Settlement Service	2,400
DTCC ITP LLC	Trade Settlement Service	2,365
Echios LLC	Consulting	(19,034)
EFront Financial Solutions Inc	Private Markets Portfolio Management Services	199,889
Empirical Research Partners LLC	Investment Research	32,000
Ernst & Young LLP	Tax Compliance Services & Investment Consulting	15,000
Evercore Group LLC	Investment Research	31,000
Exchange Analytics Inc	Futures & Swaps Trading Regulation Training	3,000
FactSet Research Systems Inc	Financial & Economic Database	1,004,531
FBN Securities, Inc.	Investment Research	500
Finiato	Research Management Solution	5,000
FIS Data Systems Inc.	Research and Data Services	62,419
Fitch Solutions Inc	Credit Rating Services	63,375
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	9,300
Gabriel Roeder Smith & Company	Actuarial Consulting	105,000
Gallagher	Insurance and Risk Management Services	15,875
Goodbody	Investment Research	4,250
Green Street Advisor	Real Estate Analytics	29,263
Guggenheim Securities LLC	Investment Research	4,000
Haver Analytics	Global Macroeconomic Research	22,740
Ice Data LP	Fixed Income Indices	71,610
iFathom Corporation	Investment Consulting	106,375
Institutional Shareholder Services Inc	Proxy Voting Analysis	61,304
International Corporate Governance Network	Corporate Governance Research	11,153
Investment Research Expense Accrual	Investment Research	(448,150)
IPC Systems Inc	Trading Telecommunication System	11,340
Jefferies Research Services LLC	Investment Research	42,575
JP Morgan	Public Market Management Fee	31,233
JPSB Consulting Limited	Investment Consulting	81,680
JW Michaels & Co	Recruitment Consulting	54,600
Keefe Bruyette & Woods (KBW)	Investment Research	25,500
Kepler Capital Markets Inc	Investment Research Services	6,750
KeyBanc Capital Markets Inc	Investment Research	15,700
Keystone Consulting Inc	Investment Information Technology Consulting Services	81,294
Knowledge Services	Recruitment and Staffing Services	38,079
Kreischer Miller LLP	Investment Consulting	28,500
Law360 Legal News and Data	Investment Research	3,609
Longbow Securities LLC	Investment Research	1,000
Loop Capital Markets LLC	Investment Research	8,100
Macquarie Capital (USA) Inc	Investment Research	1,500
Manalo Advisors Limited	Research and Data Services	3,750

EXPENSE CATEGORY	SERVICE PROVIDED	EXPENSES
Markit Group Limited	Investment Consulting Services	71,830
Markit-EDM Limited	Investment Consulting	200,885
McLagan Partners Inc	Investment Compensation Data and Analysis	25,000
Meketa Investment Group	Public Markets External Manager Consultant	68,938
MNI Market News	Research and Data Services	4,681
Moodys Analytics	Economic, Currency & Bond Analysis	85,712
Morningstar Inc	Industrial Sector Market Research & Analysis	8,250
MSCI - Barra	Research and Data Services	20,625
MSCI Inc - Risk Metrics Solutions	Research and Data Services	255,069
MSCI, Inc	Research and Data Services	113,798
MT Analytics ULC	Investment Consulting	99,516
My Data Outlet International, LLC	Research and Data Services	57,000
National Conference on Public Employee Retirement Systems	Investment Research	4,865
Needham & Company LLC	Investment Research	7,300
NEPC LLC	Investment Consulting Services	80,000
New Street Research LLC	Investment Research	(25,000)
Northcoast Research Partners, LLC	Research and Data Services	3,900
Northland Securities	Investment Research	4,600
Nuware Technology Corp	Investment Information Technology Consulting Services	60,720
NYSE Market Inc	New York Stock Exchange Data	6,105
Oliver James	Investment Consulting Services	48,150
Oppenheimer & Co Inc	Investment Research	8,500
Options Price Reporting Authority	Quote System for Options Market	2,268
Oxford Economics USA INC	Research and Data Service	22,171
Pacific Pension & Investment Institute	Access to Investment Research	14,000
Pac-invest	Research and Data Services	14,196
PEI Media Inc	Private Equity Real Estate News	13,200
Pitchbook Data Inc	Research and Data Services	20,000
PremiaLab	Investment Research	22,917
Preyer	Investment Consulting Services	81,255
Quantum Research Consulting LLC	Investment Consulting	55,800
RavenPack International S.L.U.	Research and Data Services	49,500
Raymond James	Research and Data Services	16,700
Redburn Europe Limited	Investment Research	6,250
Refinitiv	Investment Research	122,381
Renaissance Macro Research	Macro Economic Research	11,000
RIMES Technologies Corporation	Research and Data Service	86,250
Robert W. Baird & Co.	Investment Research	77,250
Rosenblatt Securities Inc	Investment Research	5,000
Roth Capital Partners	Investment Research	5,200
Russell Investment Group	Index Data	17,864
S&P Global Market Intelligence	Industry & Corporate Research	108,999
SailPoint Technologies, Inc.	Information Security Software	54,198
Sanford C Bernstein & Co LLC	Investment Research	32,000
Seaport Global Securities LLC	Research and Data Services	2,650
SEI Investments	Research and Data Services	22,736
SemiAnalysis	Investment Research	200
Sharp Decisions Inc	Investment Information Technology Consulting Services	12,972
Sidoti & Company LLC	Investment Research	6,000
SimCorp Data & Performance Capitalized Expenses	Investment System	(275,955)
SimCorp Implementation Capitalized Expenses	Investment System	(2,783,145)
Simcorp USA, Inc.	Investment System	2,514,901
Snowflake Inc	Research and Data Services	45,758
Software House Intl	Investment Software	6,837
Solve Advisors Inc	Investment Research	10,299
Spherion	Recruitment and Staffing Services	11,324
Stephens Inc	Investment Research	10,000
StepStone Group	Private Equity Consulting Services	223,207
StepStone Group Real Estate	Real Estate Consulting Services	59,330
Stifel Nicolaus & Company Incorporated	Investment Research	(30,150)
STOXX Limited	Research and Data Services	28,466
Strategic Economic Decisions Inc	Investment Research Reports	6,000
Susquehanna Financial Group LLP	Investment Research	1,900
SWIFT SC	Research and Data Services	533
SystemsAccountants	Investment Information Technology Consulting Services	80,640
Telsey Advisory Group	Consumer Sector Research	(26,250)

EXPENSE CATEGORY	SERVICE PROVIDED	EXPENSES
The Benchmark Company LLC	Investment Research	1,800
The Financial Times Limited	Investment Research	1,103
The Leuthold Group LLC	Broad Based Market Research	1,000
The Loan Syndications and Trading Association	Investment Membership	14,000
The Nasdaq Stock Market, LLC	Research & Data Services	4,725
The Yield Book Inc	Research and Data Services	9,682
Toronto Stock Exchange	Market Data	14,538
TradeWeb	On-Line Fixed Income Trading Services	10,826
Trahan Macro Research LLC	Research and Data Services	19,750
Trivariate Research LP	Investment Research	6,500
Truist Securities, Inc.	Investment Research	(12,150)
Tudor Pickering Holt & Co	Investment Research	1,500
Unit4 Business Software Inc	Financial & Administration Services System	78,482
Unquote	Research and Data Services	3,365
Urban Land Institute	Investment Consulting Services	1,270
Verity LLC	Research Management System	54,433
Vertical Research Partners	Industrial Sector Market Research & Analysis	8,400
Virtu ITG Analytics LLC	Trading Transaction Cost Analysis	20,500
Visible Alpha LLC	Research and Data Services	19,950
Wall Street Calendar	Data Service	495
Wall Street Journal	Investment Research & Information	51
Wedbush	Investment Research	9,300
William Blair & Company LLC	Investment Research	(7,800)
Wolfe Trahan	Transportation and Macro Economic Research	34,900
Wolters Kluwer Law & Business	GDP Forecasting Services	3,267
Wolverine Execution Services LLC	Options Trading Platform	1,395
WorldBridge Partners Inc	Recruitment Consulting	63,310
Worth Charting LLC	Investment Consulting	9,750
Total Investment Counsel		\$ 7,637,651
<u>Separate Account Public Market Management Fees</u>		
Alliance Bernstein	Public Market Management Fees	\$ (6,882,463)
Blackrock	Public Market Management Fees	1,339,162
Dodge and Cox	Public Market Management Fees	1,113,468
Driehaus Private Equity	Public Market Management Fees	292,391
eSecLending	Public Market Management Fees	4,089
Fidelity Investments	Public Market Management Fees	1,435,106
Parametric	Public Market Management Fees	580,628
Prudential Global Investment Management (PGIM)	Public Market Management Fees	145,268
Robeco Institutional Asset Management	Public Market Management Fees	125,048
Wellington Trust Company	Public Market Management Fees	189,431
Total Separate Account Public Market Management Fees		\$ (1,657,872)
<u>Securities Lending Agent Fees</u>		
BNY Mellon Asset Servicing & eSec Lending	Securities Lending Agent Fees	\$ 1,086,188
Total Securities Lending Agent Fees		\$ 1,086,188
Total Quarterly Charges to Funds		\$ 40,000,536

*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. During 2023 there were no investments in Bankers' Bank certificates of deposit and no fees were incurred.

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. Beginning in 2023, External Funds Fees for private markets are reported on a net fee basis rather than gross. Net fees reflect fee offsets, waivers, and deferrals.