



FISCAL YEARS 2023 - 2026

Goals for
INVESTING IN WISCONSIN

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Introduction

With almost \$146 billion in total assets under management as of June 30, 2022, the State of Wisconsin Investment Board (SWIB) is an independent state agency responsible for managing assets of the fully funded Wisconsin Retirement System (WRS), the State Investment Fund (SIF), and several separately managed funds. Sophisticated investment management strategies, forward-looking technologies, and strong asset management make SWIB a leading investment organization. As a premier money manager, SWIB brings a disciplined, prudent, and innovative approach to market opportunities.

SWIB's fundamental responsibility is to generate strong investment returns and maintain the fiduciary duty it owes to the trust funds under its management. However, SWIB welcomes opportunities that have the dual benefit of being both a good investment for the trust funds and good for Wisconsin's economy. For decades, SWIB has been making investments in Wisconsin and will continue to do so in the future. As of June 30, 2022, SWIB had more than \$557 million invested in companies either headquartered or with a significant presence in Wisconsin.

SWIB has two dedicated portfolios that focus on Wisconsin. SWIB's Private Debt Program dates back to the 1960s. Since then, SWIB has been a valuable partner to hundreds of businesses, making over \$2.3 billion in loans. Dozens of the current loans in this portfolio are made to businesses either headquartered in or with operations in Wisconsin.

The Wisconsin Venture Capital Portfolio launched in 1999 and has allocated over \$400 million to early stage funds and companies. In addition to investing in venture capital funds and direct investments in Wisconsin venture stage companies, SWIB brings venture capitalists from around the country to Wisconsin so they can learn more about the state's start-up community and networks.

SWIB will continue to search for opportunities that both provide positive investment returns and enhance economic growth in Wisconsin. SWIB is pleased to present its plans for the years ahead in *Goals for Investing in Wisconsin, Fiscal Years 2023-2026*.

Background

SWIB is required by state statutes to report biennially to the Governor and Legislature on a four-year plan for making investments in Wisconsin and to respond to comments solicited from the Wisconsin Economic Development Corporation (WEDC) on ways to support and grow Wisconsin's economy. For purposes of this report, the definition of Wisconsin companies means companies domiciled in the state or with a significant presence of 30% or more of its operations in Wisconsin.

Wisconsin investments are held primarily in the Wisconsin Retirement System (WRS) trust funds, which totaled almost \$125 billion or nearly 86% of SWIB's assets under management as of June 30, 2022. The WRS is among the 10 largest U.S. public pension funds. Additional investments in Wisconsin are in the State Investment Fund (SIF) and other separately managed funds. The SIF is a pool of cash balances of various state and local government units and the WRS cash that is managed by SWIB.

Investment decisions begin with SWIB's Board of Trustees and the asset allocation process. Trustees set the mix of assets for each fund and delegate to the Investment Committee the responsibility to establish investment guidelines for each portfolio. Asset allocation and guidelines are online at swib.state.wi.us. Within these parameters, staff make investment decisions. Based on the current asset allocation mix, Wisconsin investments fall in the following asset classes:

- **Private markets** including real estate, private equity, venture capital, private debt, hedge funds, and external public managers, which includes traditional and alternative investment strategies.
- **Public equities** where SWIB purchases shares of stocks in publicly traded companies.
- **Public fixed income** including publicly traded bonds and certificates of deposit.

This report includes investments in public markets (stocks and bonds) in portfolios actively managed primarily by SWIB staff, some investments delegated to external managers, as well as internally managed index portfolios. In addition, the report includes holdings in private markets (real estate, venture capital, private equity, and business loans) that are held in SWIB's name. Investments in externally managed index funds or other publicly traded funds, in which SWIB's monies are commingled with other investors, are not included in the actual or projected amounts in this report. In those situations, SWIB holds a share of the fund, not individual companies.

Committed to Wisconsin

Since the last reporting period in 2020, SWIB made new investments totaling over \$72 million in FY 2021 and over \$93 million in FY 2022 in Wisconsin companies that are either headquartered or have 30% or more of their operations in the state. The annual details for the five years ending June 30, 2022 can be found in the chart **Annual Wisconsin Investments**.

As shown in the chart, SWIB investments in Wisconsin companies were within the previously projected range for FY 2019 to FY 2023. Projections for new investments in Wisconsin companies for the next four years range from \$105 million to just over \$1 billion. Projected investment amounts are based on recent historical trends and future expectations, but actual results depend on many factors including changes in the investment markets and asset allocation. The chart **Four-Year Projections for Wisconsin Investments FY 2023 - FY 2026** outlines projected investments by asset class.

Annual Wisconsin Investments Five-Year Period (In millions)	
Fiscal Year	Investment Amount
2019	\$102.6
2020	\$183.0
2021	\$72.5
2022	\$93.3
2023 (estimate)	\$112.9
Five-Year Total	\$564.3
Projections FY 2019-2023	\$375 to \$2,010

Four-Year* Projections for Wisconsin Investments FY 2023-FY 2026 (In millions)		
*Per 2021 Act 177, forecast is for four years rather than five years as in previous reports		
	Projected 1-Year Range	Projected 4-Year Range
Public Fixed Income	\$20 - \$60	\$80 - \$240
Public Equities	\$20 - \$140	\$80 - \$600
Private Markets		
Private Debt	\$5 - \$40	\$25 - \$160
Private Equity/Venture Capital	\$5 - \$20	\$20 - \$80
Real Estate	\$0	\$0 - \$10
Total	\$50 - \$260	\$205 - \$1,090

WRS Private Debt Portfolio

The WRS' Wisconsin Private Debt Portfolio provides financing for company operations both inside and outside of the state. While its fiduciary duty is owed to the trust funds of the WRS, SWIB has found ways to invest meaningful capital directly into companies that not only provide market rate returns, but also lead to enhanced economic activity throughout the state.

Approximately 60% of the Private Debt Portfolio is invested in Wisconsin opportunities. As of June 30, 2022, the portfolio held loans to 33 borrowers headquartered or having operations in Wisconsin totaling approximately \$400 million. The average outstanding balance for borrowers was about \$10 million.

Since the 1960s, SWIB has helped hundreds of companies with over \$2.3 billion in loans. SWIB was an early leader focusing on in-state investments, later adding an internally managed private debt portfolio dedicated to investing in Wisconsin businesses in the 1980s.

The portfolio's mandate is to make long-term, fixed-rate investments in companies through private transactions and maintain an average investment grade quality credit rating. It allows SWIB to fill a specific need by making this type of direct financing available especially to companies unable to get the attention of large investors. SWIB often

collaborates with the company's banks and other institutional investors, providing long-term loans that complement the bank's short-term financing, but does not compete with the bank to provide other financial services. Loans are highly customized and include senior loans as small as \$5 million and subordinated loans as small as \$3 million. Loans typically mature in five to 15 years and feature a fixed interest rate for the life of the loan. Most loans are secured with real estate or other collateral.

Typically, staff works directly with companies to analyze information and negotiate loans. An investment banker or broker hired by the borrower may assist. Most Wisconsin borrowers do not have an independent credit rating, so SWIB prepares the underwriting and credit analysis and then proposes and negotiates a suitable financing structure.



The Wisconsin Private Debt Portfolio also offers mezzanine financing, which entails a higher level of risk because loans are subordinated to the company's bank or other senior debt financing. To compensate, expected returns for these investments range from 14% to 16%. Investments consist of a loan, and in some instances, some equity holding with the loan maturing in five years and earning interest only through its life.

SWIB's core investment strategy for the portfolio has not changed. SWIB welcomes new investment opportunities that fit the Wisconsin Private Debt Portfolio's guidelines. Staff actively seeks new investment possibilities by marketing this financing resource to Wisconsin businesses and collaborating with financial institutions. If an investment opportunity does not fit with the portfolio's criteria, staff works to identify other potential sources of funding and frequently makes referrals on behalf of the borrower to the Wisconsin Economic Development Corporation (WEDC), commercial banks, private equity groups, or other capital sources. The actual amount of loans in which SWIB will invest ultimately depends upon investment opportunities, general market conditions, and resources.

Looking to the future, from FY 2023 to 2026, SWIB projects new Wisconsin Private Debt Portfolio loans will range from \$25 million to \$160 million.

Private Debt Program Success Story: Daybreak Foods, Inc.

When Daybreak Foods wanted to expand its cage-free egg production capabilities, the company turned to its financing partners, which included SWIB. SWIB worked closely with Cargill, one of Daybreak's key long-standing relationships, to offer a creative loan solution that helped Daybreak become one of the leading cage-free egg producers in the United States. SWIB's financing is benefiting both Daybreak Foods and the more than 663,000 participants in the fully funded Wisconsin Retirement System (WRS).

Family-owned since 1967, Daybreak Foods was founded by Robert Rehm in Lake Mills. Daybreak Foods has grown at an accelerated rate over the last two decades. Today, the Wisconsin-based company employs over 600 people across the Midwest. Home to over 15 million laying hens, Daybreak Foods supplies eggs to some of the largest food-production companies in the world. The company is a leader in safe and sustainable egg processing.

While SWIB's fundamental responsibility is to generate strong risk-adjusted returns, SWIB welcomes opportunities that are both wise investments for the WRS trust funds but also beneficial for Wisconsin's economy. In a way, Daybreak Foods' hens are growing the *nest eggs* of WRS participants.

Businesses participating in SWIB's Private Debt Program are primarily headquartered or operating in Wisconsin or have plans to invest in our state. Companies of all sizes interested in learning how SWIB's Private Debt Program could help them write their own success stories should contact SWIB Portfolio Manager Chris Prestigiaco at **Chris.Prestigiaco@swib.state.wi.us**.



Venture Capital Portfolio

SWIB's primary objective for investing in early stage start-up companies through its Wisconsin Venture Capital Portfolio is to generate good investment returns for the beneficiaries of the WRS on a risk-adjusted basis. A secondary benefit, many times, comes from potential jobs these investments can create.

While investment returns and regional economic enhancement are important, just as important with many of these investment opportunities is how the technologies created at the start-up companies can change the lives of people.

Targeting Venture Capital Investments

Private equity consists of equity securities in companies not publicly traded on a stock exchange. These investments can carry higher risks than publicly traded investments but offer the potential for a higher rate of return. Venture capital is one form of private equity investment. The Wisconsin Venture Capital Portfolio, which began in 1999, targets venture capital investments in Wisconsin. In 2016, the Non-Wisconsin Venture Capital Portfolio was created to target investments on a global basis in limited partnership or other fund vehicles, through strategic partnerships, or as coinvestments in venture-backed companies.

Active funds allocated to the Wisconsin Venture Capital Portfolio are committed to 11 venture capital funds as of June 30, 2022. The portfolio also has active direct investments in five Wisconsin venture stage companies. As of June 30, 2022, the Wisconsin Venture Capital Portfolio had over \$200 million committed/invested in funds and directly into companies.

The portfolio capitalizes on the imbalance between the high amount of research and development in the Wisconsin region, entrepreneurial talent, low cost to operate a business within the state, and relatively low amount of venture capital dollars seeking investments here. SWIB believes it can make money on this imbalance because venture capital investing requires time-intensive and hands-on attention to each company. The high costs can be prohibitive for long-distance investments giving an advantage to local investors



with established connections to the research conducted here and business leaders with the skills to build companies that can commercialize this research. The lack of competition gives local investors the opportunity to invest at attractive valuations and select the best opportunities.

From the onset of the venture capital initiative, SWIB has made several direct investments in Wisconsin-based companies. SWIB has invested in over 20 companies directly since the inception of the portfolio.

Getting the Word Out About Wisconsin

SWIB has built strong relationships with many top-tier venture capital funds. In addition to venture capital investments, SWIB introduces coastal managers to investment opportunities in Wisconsin. Over the long term, these types of meetings and introductions should make more funding available to state businesses seeking venture capital funds.

SWIB participates in a number of events to support the local early-stage and venture capital community. An example of this is SWIB's sponsorship and participation in the Greater Madison Area Chamber of Commerce Pressure Chamber start-up pitch competition. The event, which is part of the Forward Festival, an eight-day celebration of entrepreneurship and innovation in Madison, is a contest in which emerging companies pitch their ideas in front of a panel of regional investors, business executives, and a live audience. The winning company joins a group of start-ups on a trip to Silicon Valley in California to meet with prominent venture capital firms coordinated by SWIB. SWIB is part of the Madison delegation on the trip that includes state economic development partners and Chamber leaders. SWIB has also participated in the past in events such as the Wisconsin Early Stage Symposium and has hosted speaker luncheons.

Increasing Opportunities

Over the past 20 years, SWIB has allocated over \$400 million to its Wisconsin Venture Capital Portfolio. This represents approximately 20% of SWIB's total venture capital commitments. As investments mature, SWIB expects to redeploy funds as new opportunities arise. SWIB expects the percentage invested in Wisconsin to increase in the future. From FY 2023 through FY 2026, SWIB projects new Wisconsin private equity/venture capital investments will range from \$20 million to \$80 million.

Venture Capital Spotlight: Invenra



Madison-based Invenra is an innovative biotechnology company focused on the discovery and development of multispecific antibodies for immunology. With a vision to cure cancer and other immune-related diseases, Invenra is developing versatile drug discovery platforms and creatively optimizing therapies to tackle even the most challenging of therapeutic targets. Through its accomplished leadership team, scientists, and proximity to the world-renowned laboratories and researchers at the University of Wisconsin, Invenra has access to some of the most insightful minds in antibody science and global biologic drug development. Investing in promising companies like Invenra is part of SWIB's strategy for the Wisconsin Venture Capital Portfolio.

Other Wisconsin Investments

Real Estate

Nearly all real estate investments are made through funds and partnerships rather than through direct investments. From FY 2023 through FY 2026, SWIB projects new Wisconsin real estate investments of up to \$10 million.

Public Equities

Staff will continue to research and consider public equity investments in quality Wisconsin companies that offer value to the WRS. Staff will explore opportunities among initial public offerings and secondary stock offerings of Wisconsin companies. In addition, staff will research small Wisconsin companies that Wall Street analysts normally do not follow. Actual investments depend on investment strategies, market conditions, available opportunities, and portfolio size. From FY 2023 through FY 2026, SWIB projects new Wisconsin public equity investments will range from \$80 million to \$600 million.

Public Fixed Income

SWIB's public fixed income group invests in government and corporate bonds for the WRS, SIF, and separately managed funds. The portfolios invest primarily in high to medium quality public fixed income instruments that offer commensurate returns. Managers continue to review any public offering by a Wisconsin company to see if it meets the portfolio's investment criteria. Other investments include commercial paper of Wisconsin corporations and deposits in Wisconsin financial institutions. From FY 2023 through FY 2026, SWIB projects new Wisconsin public fixed income investments will range from \$80 million to \$240 million.

Wisconsin Economic Development Corporation Suggestions & SWIB's Response



September 26, 2022

Edwin Denson
Executive Director/Chief Investment Officer
121 E Wilson St
Madison, WI 53703

Mr. Denson:

In accordance with Wisconsin Statutes 238.26, the Wisconsin Economic Development Corporation (WEDC) respectfully submits to the State of Wisconsin Investment Board (SWIB) this report outlining the types of investments in business that will have the greatest likelihood of enhancing economic development in Wisconsin.

A Changing Landscape

As Wisconsin's lead economic development organization, WEDC has witnessed firsthand the many economic challenges caused and exacerbated by the COVID-19 pandemic. It is through this lens and with consideration of the rapidly evolving economic conditions that WEDC provides commentary. No one can predict exactly what the future will bring; however, we can certainly expect that the volatility of the current economy will have impacts going forward.

COVID-19 has amplified many of the country's underlying economic challenges, particularly those faced by diverse, underserved, and rural communities. The uncertainty of the pandemic also affected many businesses in new ways, putting increased pressure on the people who depend on them for employment and services. WEDC has expanded its efforts to work with and support small businesses, including those in diverse and rural communities, with the goal of increasing economic prosperity and opportunity across the state.

More recently, workforce challenges that were a topic of discussion prior to the pandemic have emerged as a crisis across the business spectrum. Jobs have always been a central topic in economic discussions, but in the past two years the dialogue has shifted from concerns about preserving and creating jobs to the inability to find enough people to staff them. While workforce development is not the core mission of WEDC, it is fundamentally connected to economic development, and we continue to work with partners across the state to invest in a thriving workforce environment.

Another constant in economic development is access to capital. Businesses have enjoyed historically low interest rates for a long time and institutional investors have reaped the benefits of strong financial markets. 2022 has seen significant increases in interest rates and fluctuations in market performance that are likely to alter overall economic conditions. The question is, how, and to what degree? Closing financial gaps is a central role for economic development and WEDC continues to address financial barriers for communities and businesses of all sizes.

LOOK FORWARD 

Building on Our Strengths

Wisconsin's bedrock industries of agriculture, forest products, manufacturing, and tourism are part of our core identity and a key component of our economic future. Together these industries represent more than \$80 billion of annual economic activity – 22.5% of state GDP – and employ 537,000 people who, on average, earn over \$77,000 per year.

These established industries continue to face a variety of challenges related to workforce, changing market demand, global supply chain issues, and other critical factors that make it difficult for businesses, particularly small businesses, to maximize their potential. WEDC continues to support our these businesses through a wide variety of programs and partnerships. The needs and opportunities of the businesses in these industries vary widely, and WEDC works with them to reach international markets, invest in new facilities, receive the technical assistance to remain competitive, develop new partnerships, and support other needs.

Retail and service businesses are a \$39 billion industry providing nearly 668,000 jobs at over 47,000 establishments. These businesses occupy much of our commercial space and contribute to the community fabric, especially in our downtowns, that make a place unique and attractive. Yet these businesses are also wrestling with the supply chain and workforce issues most commonly faced by producers and those reliant on highly skilled employees. WEDC's work with local communities often includes new space and technical assistance for locally serving businesses.

Looking ahead, Wisconsin can continue to capitalize on its traditional economic strengths while maximizing the growth potential of emerging technology sectors. Wisconsin has a long history of innovation and technology sectors offer the potential to help our state's economy thrive over the long-term.

In addition to technical innovation, new business formation is critical to a vibrant economy. Start-ups and entrepreneurs are a primary source of job growth and economic potential. New businesses create new economic opportunity, bring new technologies and solutions to market, and solve problems -- resulting in innumerable social and economic benefits.

Supporting entrepreneurship and innovation is core function of WEDC. Beyond the new technologies and businesses, WEDC is also examining how it can be innovative and react nimbly to unexpected economic opportunities and challenges.

Financial Stewardship

WEDC recognizes SWIB's fundamental responsibility is to the participants in the Wisconsin Retirement System (WRS). It is not SWIB's responsibility to solve any given economic challenge or to single-handedly chart the state's economic future. However, as large institutional investor, SWIB can play an important part in supporting economic development so long as those investments support SWIB's core mission. SWIB's investments in economic opportunity do create a "double bottom line" return with benefits that reach WRS participants through a stable, vibrant, and overall stronger economy.

SWIB's most significant contribution to the Wisconsin economy is through its responsible management of one of the only fully funded public pension systems in the nation, providing income to thousands of beneficiaries. Eighty percent of benefits provided by SWIB are paid to Wisconsin residents, providing personal income spent in our communities.

The fully funded nature of the WRS also reduces future taxpayer liability, providing opportunity for future funding priorities such as education, transportation, and broadband. The additional sense of certainty and good governance can also influence corporate decision-makers value as they weigh where to invest their resources. The stability of public pensions in Wisconsin is a key asset in challenging economic times when so many governments outside Wisconsin must include pension liabilities in their decision-making as they grapple with lost revenues and strained service budgets—an issue Wisconsin elected officials are able to largely avoid.

Institutional Capital

Wisconsin-based financial institutions, particularly small and locally owned community banks, require access to capital so they can continue to be the financial lifeblood of our businesses and communities. SWIB's Wisconsin CD Program is an important source of capital to these institutions, particularly as changes in federal monetary policy take hold. WEDC encourages SWIB to continue supporting Wisconsin financial institutions for the benefit of companies and citizens.

SWIB's other investments in Wisconsin are an important source of capital and financial stability. Investing in Wisconsin's public companies, public bonds, and real estate supports people, businesses, and communities across the state. SWIB's legacy of investing in health care, infrastructure, utilities, broadband, and even retail demonstrates how a major institutional investor can lay the foundation for future economic prosperity.

Direct Lending

SWIB's Private Debt Program is a valuable resource for businesses investing in technology and equipment to modernize, innovate, and expand their operations. SWIB's ability to support companies providing new employment opportunities and economic stability may be even more impactful in a changing credit environment. The Private Debt Program is particularly valuable for capital and equipment intensive core economic driver industries, particularly manufacturing and agriculture.

WEDC has expanded its efforts to support rural economies through the Office of Rural Prosperity and recognizes the need to support and preserve Wisconsin's unique communities, culture, and quality of life. Since many manufacturing and agriculture businesses are located in rural communities, the Private Debt Program is an important resource for major employers in local economies. Continuing to build relationships with rural institutions will help to open access to opportunities for SWIB and for those companies in our smaller communities seeking additional sources of capital.

As WEDC is in frequent contact with businesses across the state about their financing needs and expansion plans, we are interested in continuing to engage in cross-training opportunities for our staff, and to work with our local and regional partners to increase awareness and provide referrals for the Private Debt Program.

Investment Capital

Access to capital is often a limiting factor for many new businesses. New business are central to a strong economy and are well established as a source of innovation, new job growth, wealth building, and opportunities for people and communities of all kinds. Innovation-based businesses in particular create quality, high-wage jobs that support families and serve to attract highly skilled new residents.

SWIB has a long history of supporting innovation capital and is a critical component of Wisconsin's early-stage and venture capital ecosystem. SWIB's status as a globally respected institutional investor not only provides capital but can open doors and help to forge relationships that supports Wisconsin's competitive position in the innovation economy.

The concentration of venture capital on the coasts is a well-known challenge facing startups and investors outside of those markets. WEDC anticipates leveraging significant federal resources through the State Small Business Credit Initiative to support venture capital investments in Wisconsin startups.

SWIB's mission as an investor can support Wisconsin's venture capital ecosystem by continuing to invest in locally managed funds. SWIB's active role in partnering with the Wisconsin Alumni Research Foundation to create 4490 Ventures is a clear example of commitment, and not just finding, but creating opportunities for Wisconsin's future. We encourage SWIB to continue to explore creative and bold ways to support locally-managed venture capital and increase its commitments to Wisconsin funds when the risk and return profile is appropriate.

Collaboration

WEDC's core function is to invest in Wisconsin's economic potential. While SWIB has a different core purpose, there is overlap in the two missions and SWIB's noted size, strength and quality management can draw attention to Wisconsin and the opportunities in the state. We offer to collaborate with SWIB on communicating the unique strengths and benefits of Wisconsin as SWIB engages with those inside and outside the state as part of its core investment activities. By continuing to work together, we can raise the state's profile with businesses, investors, lenders, and potential employees as they search for new opportunities. SWIB is an excellent ambassador for Wisconsin, and we look forward to supporting and assisting you in showcasing and sharing our state's many strengths as we fulfill our respective missions.

Sincerely,



Melissa L. Hughes
Secretary and CEO
Wisconsin Economic Development Corporation

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December 31, 2022

Melissa Hughes, Secretary/CEO
Wisconsin Economic Development Corp.
201 W. Washington Ave.
Madison, WI 53703

Dear Ms. Hughes,

Thank you for providing your ideas on how the State of Wisconsin Investment Board (SWIB) may continue its efforts to make investments that will enhance economic development in Wisconsin. We appreciate discussing ways SWIB can collaborate with the Wisconsin Economic Development Corp. (WEDC).

Your letter highlighted challenges Wisconsin's economy faces in the continuing aftermath of the COVID-19 pandemic. In times of inflation, changing workforce trends, and supply chain disruptions, the Wisconsin Retirement System (WRS) is a pillar of financial stability for the state. Investment income earned by SWIB represents 80% of the total funding for the WRS. These earnings help fund the \$6 billion in WRS pension payments that are distributed annually to roughly 221,000 annuitants. As more than 85% of these WRS beneficiaries are living in Wisconsin, those dollars are spent on goods and services in communities throughout the state.

SWIB's fundamental responsibility is to generate strong investment returns and maintain the fiduciary duty it owes to the trust funds under management, like the WRS. SWIB, of course, welcomes opportunities that have the dual benefit of being both a good investment for the WRS trust funds and good for Wisconsin's economy. SWIB has been making such investments for decades and will continue to seek them in the future. SWIB's investments in Wisconsin (real estate, public equities, public fixed income, and the Wisconsin Certificate of Deposit Program) touch nearly every corner of the state in some way.

Even more specifically, since the 1960s, over \$2.3 billion has been lent to businesses via SWIB's Private Debt Program. Often partnering with a company's bank, SWIB loans have helped Wisconsin companies get access to capital so they may restructure, expand, and create jobs.

SWIB's Wisconsin Venture Capital Portfolio was launched in 1999 and has since invested or committed over \$400 million to early stage funds and companies. SWIB has a strong history of supporting Wisconsin's innovation capital ecosystem as one of state's largest investors in the venture capital asset class.

SWIB has developed relationships with venture capital funds not only in Wisconsin, but throughout the Midwest and on the coasts. Those connections have allowed SWIB to introduce potential

investors to business leaders and entrepreneurs from Wisconsin. The potential long-term result of helping make these connections is more funding being made available to state businesses seeking venture capital funds.

SWIB and WEDC have a long history of working together and we look forward to future dialog as we continue to find ways within our fiduciary duty to partner with and invest in Wisconsin businesses. Thank you again for providing your recommendations to us.

Sincerely,

A handwritten signature in black ink that reads "Edwin Denson". The signature is written in a cursive, slightly slanted style.

Edwin Denson
Executive Director/Chief Investment Officer

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