

Washington State Investment Board

## DRS ADVISORY COMMITTEE

QUARTER ENDING SEPTEMBER 30, 2024

**Phil Paroian**  
Senior Investment Officer, Public Equity

**Patience Mukandi**  
Investment Officer, Public Equity



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### OVERVIEW

- Market Environment
- Plan Market Values
- Plan Performance Discussion



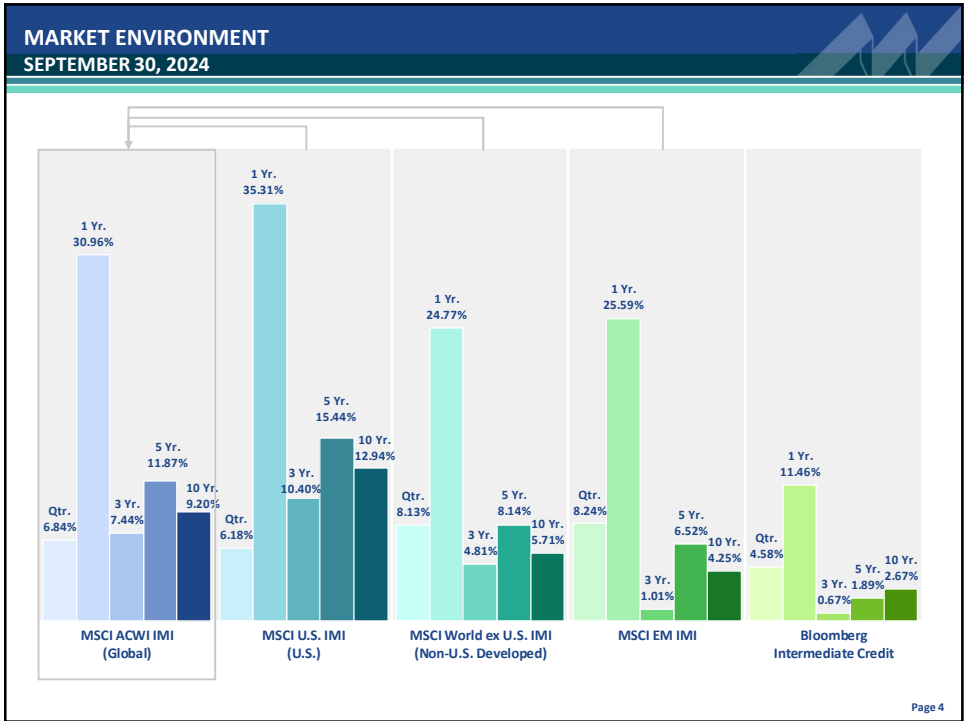
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## MARKET ENVIRONMENT

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## MARKET CONCENTRATION CREATES HEADWINDS FOR ACTIVE MANAGERS

### Market Concentration is Near Multi-Decade Highs

- The more concentrated the market, the more difficult it is to deliver positive active returns
- Market performance is being driven by the so-called "Magnificent Seven" – Amazon, Apple, Google, Meta, Microsoft, Nvidia, and Tesla

### MSCI ACWI IMI Percent of Index in Top 10 Holdings



Source: MSCI – as of October 2024.

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## CONSIDERATIONS FOR 2025

### The U.S. economy has shown surprising resilience

- Stocks have surged ahead in recent months
- Can markets sustain this upward momentum?
- Will growth broaden outside the U.S. and across sectors?

### Inflation Remains a Key Watchpoint

- Inflation has come down from highs but remains above long-term target
- Will inflation rebound in 2025?

### Political and geopolitical risks hover over the horizon

- Geopolitical tensions haven't gone away:
  - Ongoing US-China competition, prolonged Ukraine conflict, Middle East instability, and rising deglobalization trends

### Technological innovation continues to accelerate

- Breakthroughs in AI, personalized medicine, and other emerging technologies
- Will AI-driven productivity gains begin to reshape industries beyond tech?

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## PLAN MARKET VALUES

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TEACHERS' RETIREMENT SYSTEM PLAN 3 SEPTEMBER 30, 2024				
% of Assets	Option	Market Value	Quarterly Change	
63.20%	WSIB TAP	\$9,245,405,431	\$278,625,916	
0.75%	Socially Responsible Equity	109,409,104	2,588,944	
0.20%	Retirement Maturity Strategy	29,855,448	(2,135,288)	
0.35%	Retirement Strategy 2010	51,229,114	981,253	
0.67%	Retirement Strategy 2015	98,343,468	1,161,892	
1.39%	Retirement Strategy 2020	203,047,490	(3,305,684)	
2.95%	Retirement Strategy 2025	431,185,632	(25,302,705)	
3.63%	Retirement Strategy 2030	530,496,241	23,791,286	
3.30%	Retirement Strategy 2035	482,428,926	31,754,232	
2.30%	Retirement Strategy 2040	336,256,147	24,580,970	
1.58%	Retirement Strategy 2045	230,531,648	16,992,860	
1.22%	Retirement Strategy 2050	178,893,004	14,786,161	
1.03%	Retirement Strategy 2055	151,139,489	13,097,547	
0.45%	Retirement Strategy 2060	65,496,818	6,016,342	
0.10%	Retirement Strategy 2065	15,062,388	2,290,408	
9.44%	U.S. Large Stock	1,380,361,650	38,908,072	
1.42%	U.S. Small Value Stock	207,871,151	16,602,669	
1.45%	Global Equity	211,956,118	11,156,974	
0.43%	Emerging Markets Equity	63,470,074	3,750,029	
1.86%	WSIB Bond Market	272,643,922	5,475,651	
2.28%	STIF	333,048,419	(10,813,340)	
	<b>Total</b>	<b>\$14,628,131,680</b>	<b>\$451,004,190</b>	

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SCHOOL EMPLOYEES' RETIREMENT SYSTEM PLAN 3				
SEPTEMBER 30, 2024				
	% of Assets	Option	Market Value	Quarterly Change
	72.57%	WSIB TAP	\$2,308,153,284	\$62,085,534
	0.47%	Socially Responsible Equity	15,004,789	617,090
17.73%	0.18%	Retirement Maturity Strategy	5,833,299	(32,027)
	0.45%	Retirement Strategy 2010	14,426,111	673,753
	0.73%	Retirement Strategy 2015	23,367,183	46,472
	1.64%	Retirement Strategy 2020	52,140,299	1,203,015
	2.98%	Retirement Strategy 2025	94,857,783	3,076,786
	2.29%	Retirement Strategy 2030	72,854,031	4,531,730
	2.44%	Retirement Strategy 2035	77,703,769	5,545,538
	1.88%	Retirement Strategy 2040	59,934,422	4,773,426
	1.66%	Retirement Strategy 2045	52,817,593	4,356,543
	1.40%	Retirement Strategy 2050	44,419,539	3,677,862
	1.25%	Retirement Strategy 2055	39,650,665	2,995,626
	0.66%	Retirement Strategy 2060	21,070,970	1,602,960
	0.15%	Retirement Strategy 2065	4,771,503	424,622
		4.39%	U.S. Large Stock	139,685,818
	0.73%	U.S. Small Value Stock	23,112,153	2,768,801
	0.64%	Global Equity	20,226,063	1,314,048
	0.17%	Emerging Markets Equity	5,445,066	406,584
	0.84%	WSIB Bond Market	26,675,205	730,460
	2.46%	STIF	78,375,368	309,047
		<b>Total</b>	<b>\$3,180,524,913</b>	<b>\$107,514,647</b>

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PUBLIC EMPLOYEES' RETIREMENT SYSTEM PLAN 3				
SEPTEMBER 30, 2024				
	% of Assets	Option	Market Value	Quarterly Change
	58.11%	WSIB TAP	\$3,224,959,243	\$96,254,304
	0.93%	Socially Responsible Equity	51,392,959	2,790,542
24.52%	0.27%	Retirement Maturity Strategy	14,706,951	3,471,145
	0.44%	Retirement Strategy 2010	24,540,024	1,209,050
	0.63%	Retirement Strategy 2015	34,721,029	846,401
	1.47%	Retirement Strategy 2020	81,423,196	2,870,039
	3.33%	Retirement Strategy 2025	184,782,222	7,472,356
	3.37%	Retirement Strategy 2030	187,127,548	10,336,172
	3.44%	Retirement Strategy 2035	190,888,705	15,710,370
	2.80%	Retirement Strategy 2040	155,456,814	11,631,741
	2.76%	Retirement Strategy 2045	152,988,095	12,642,468
	2.58%	Retirement Strategy 2050	142,975,935	11,742,701
	2.16%	Retirement Strategy 2055	120,080,170	9,852,776
	1.04%	Retirement Strategy 2060	57,479,211	5,492,324
	0.24%	Retirement Strategy 2065	13,500,036	1,969,361
		8.48%	U.S. Large Stock	470,846,500
	1.70%	U.S. Small Value Stock	94,566,980	8,011,220
	1.45%	Global Equity	80,536,376	4,621,069
	0.44%	Emerging Markets Equity	24,519,801	2,084,703
	1.25%	WSIB Bond Market	69,338,400	5,899,109
	3.11%	STIF	172,681,830	(2,714,294)
		<b>Total</b>	<b>\$5,549,512,025</b>	<b>\$241,531,746</b>

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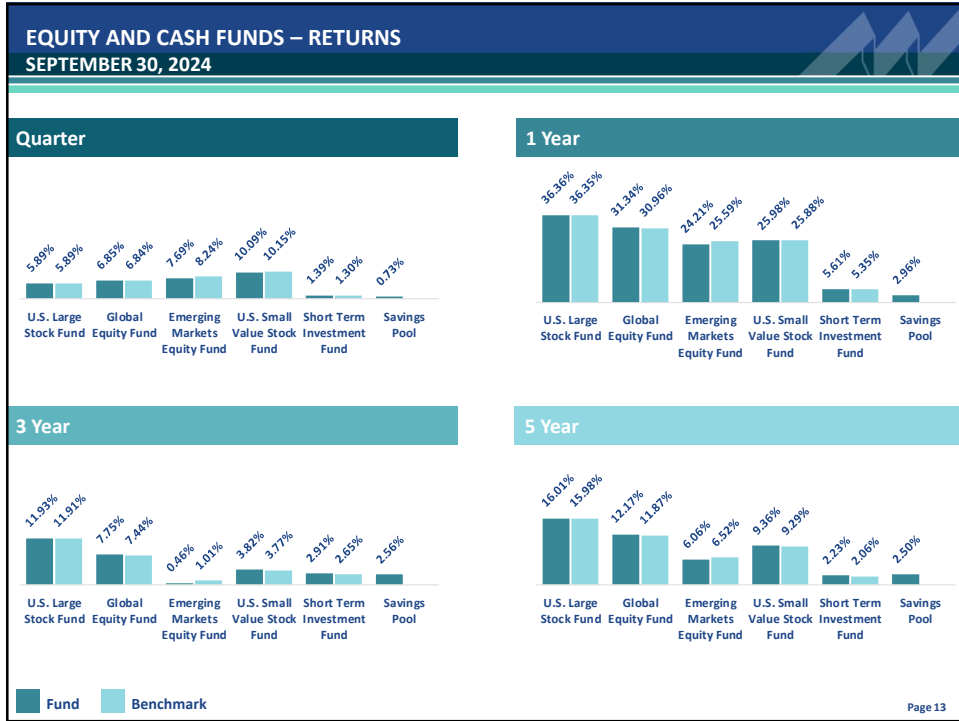
DEFERRED COMPENSATION FUND				
SEPTEMBER 30, 2024				
	% of Assets	Option	Market Value	Quarterly Change
56.72%	2.86%	Socially Responsible Equity	\$214,314,940	\$10,494,288
	1.01%	Retirement Maturity Strategy	75,415,201	3,497,825
	1.26%	Retirement Strategy 2010	94,154,500	3,297,611
	3.23%	Retirement Strategy 2015	241,976,957	9,583,604
	6.10%	Retirement Strategy 2020	456,612,867	15,042,267
	9.90%	Retirement Strategy 2025	741,339,336	31,452,854
	9.86%	Retirement Strategy 2030	738,581,525	43,409,050
	8.14%	Retirement Strategy 2035	609,737,957	48,835,485
	5.56%	Retirement Strategy 2040	416,588,449	33,439,124
	4.40%	Retirement Strategy 2045	329,623,174	30,790,454
	3.07%	Retirement Strategy 2050	230,265,285	22,590,136
	2.23%	Retirement Strategy 2055	167,359,725	19,057,377
	1.41%	Retirement Strategy 2060	105,659,632	11,225,948
	0.55%	Retirement Strategy 2065	41,059,501	6,216,393
	16.25%	U.S. Large Stock	1,217,422,324	67,117,236
4.08%	U.S. Small Value Stock	305,676,399	26,478,698	
3.80%	Global Equity	284,983,874	16,633,280	
1.14%	Emerging Markets Equity	85,589,696	5,958,142	
3.57%	WSIB Bond Market	267,334,915	16,367,378	
11.57%	WSIB Savings Pool	866,780,819	(7,667,396)	
		<b>Total</b>	<b>\$7,490,477,076</b>	<b>\$413,819,754</b>

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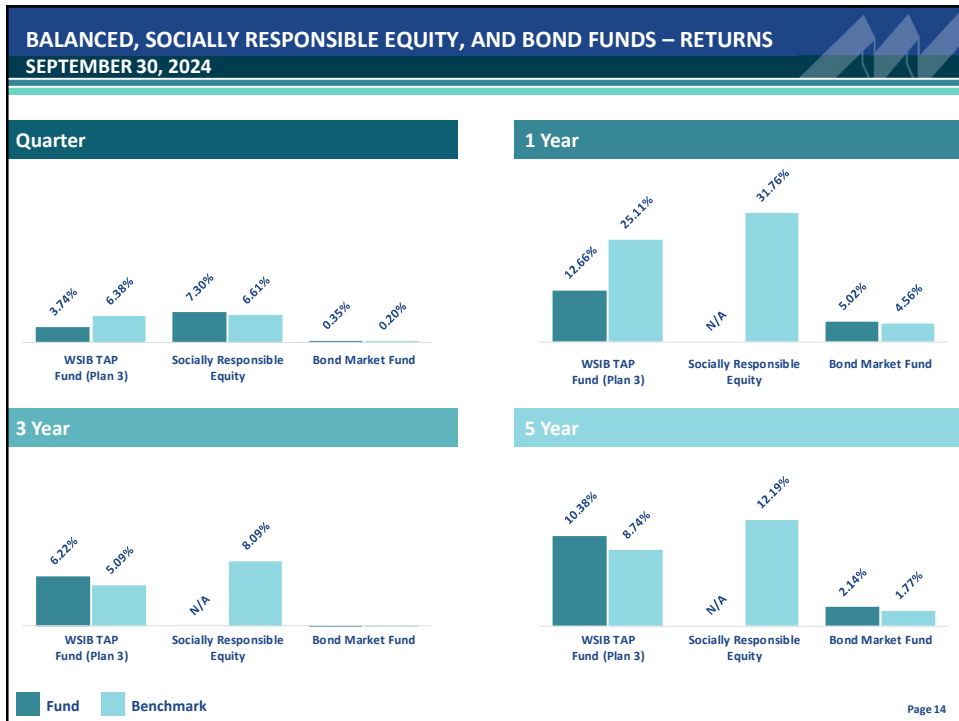


## PLAN MARKET DISCUSSION

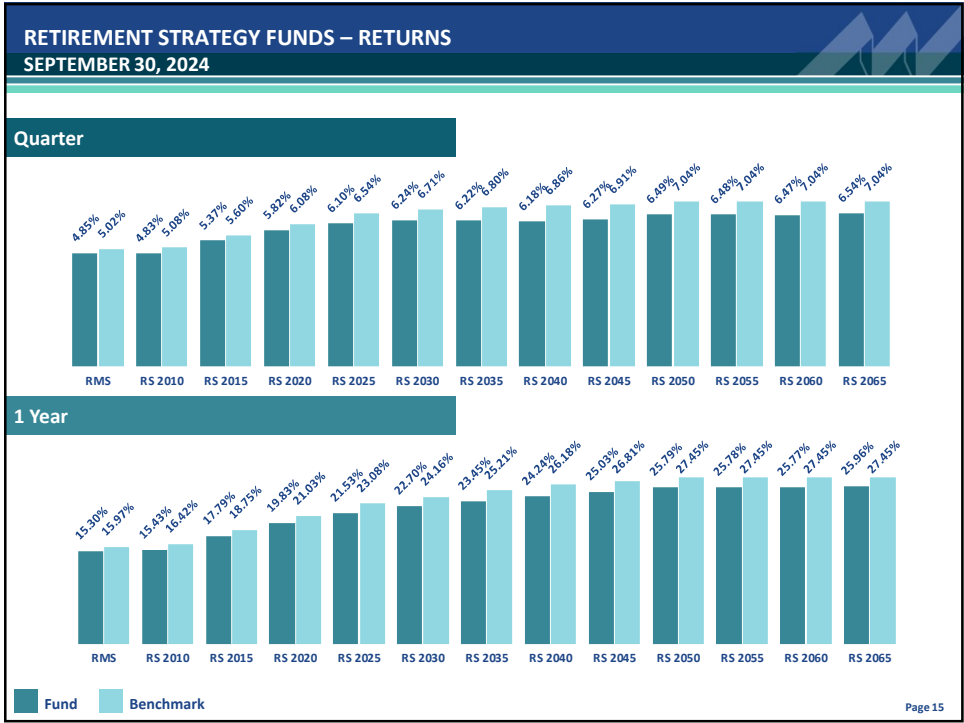
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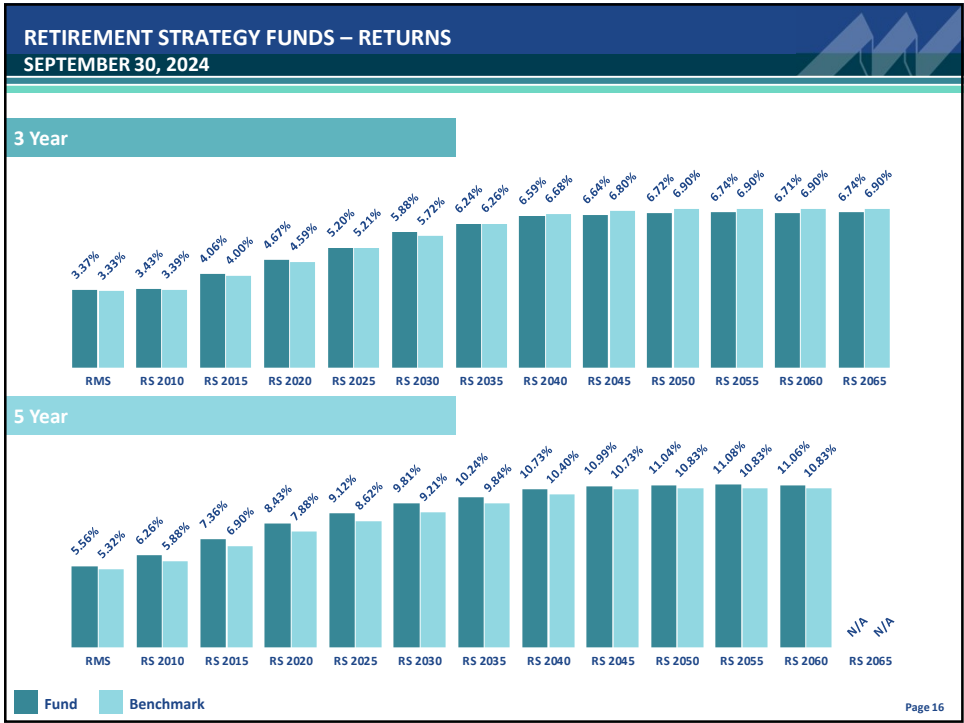
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