

RVK Portland Office  
1211 SW 5<sup>th</sup> Avenue  
Suite 900  
Portland, Oregon 97204  
[www.RVKInc.com](http://www.RVKInc.com)



November 9, 2021

# Wyoming Investment Funds Committee

Implementation of HB 244 Report by  
*RVK Investment Program Review Team*



# Table of Contents

- Foreword ..... 3
- I. Our Mandate ..... 4
- II. Perspectives ..... 5
- III. Our Project Team and Methods ..... 7
  - Our Project Team ..... 7
  - Stakeholder Interviews ..... 8
  - Peer Fund Evaluation ..... 8
- IV. Key Tradeoffs Embedded in All Public Investment Program Structures ..... 12
- V. The Current Structure – Wyoming ..... 13
- VI. Peer Fund Profiles ..... 16
  - Alaska Permanent Fund Corporation ..... 16
  - Alberta Investment Management Corporation (AIMCo) ..... 19
  - Florida State Board of Administration (SBA) ..... 22
  - Idaho Endowment Fund Investment Board ..... 25
  - New Mexico State Investment Council (NMSIC) ..... 28
  - Guardians of New Zealand Superannuation (NZ Super Fund) ..... 31
  - Oregon Investment Council (OIC or Council) ..... 34
  - State of Utah School and Institutional Trust Funds Office (SITFO) ..... 37
  - State of Wisconsin Investment Board (SWIB) ..... 40
- VII. Hypothetical Structure “Sketches” ..... 43
  - Introduction to Investment Organization Structure Sketches ..... 43
  - Structure Sketch #1 ..... 44
  - Structure Sketch #2 ..... 46
  - Structure Sketch #3 ..... 49
  - Sketch #4 - The Current Wyoming Investment Program Structure ..... 51
- Appendices ..... 53

**RVK Investment Program Review (IPR) Team**  
 Jim Voytko, President, Senior Consultant, Co-Lead IPR  
 Marcia Beard RVK Senior Consultant, Co-Lead IPR  
 Spencer Hunter, Senior Consultant, Principal  
 Eryn Bacewich, Associate Consultant

## Foreword

RVK and the Wyoming Investment Project Review Team would like to thank the individuals from the following organizations within Wyoming State government as well and throughout the global institutional investment community.

- Curt Meier, Wyoming State Treasurer
- Mark Gordon, Governor of Wyoming
- Kristi Racines, Wyoming State Auditor
- Ed Buchanan, Wyoming Secretary of State
- Jilian Balow, Wyoming Superintendent of Public Instruction
- Bob Nicholas, Wyoming House Representative
- Drew Perkins, Wyoming Senator
- Tom Chapman, Wyoming Investment Funds Committee Member
- Kenneth Lay, Wyoming Investment Funds Committee Member
- Don Opatrny, Wyoming Investment Funds Committee Member
- Russell Read, Wyoming Investment Funds Committee Member
- Dick Grannis, Wyoming Investment Funds Committee Member
- Patrick Fleming, Chief Investment Officer
- Sam Masoudi, Chief Investment Officer, Wyoming Retirement System
- Dawn Williams, Wyoming Deputy State Treasurer
- Betsy Anderson, General Counsel and Deputy Chief of Staff, Wyoming Governor's Office
- Lisa Jerde Spillman, General Counsel, Wyoming State Treasurer's Office
- Matt Sackett, Senior Policy Advisor, Wyoming State Treasurer's Office
- Don Richards, Wyoming Legislative Services Office Budget and Fiscal Administrator
- Chris Anton, Manager of Investments, Idaho Endowment Fund Investment Board
- Steve Moise, State Investment Officer, New Mexico State Investment Council
- Matt Whineray, CEO, New Zealand Superannuation Fund
- Rishab Sethi, Manager of External Investments and Partnerships, New Zealand Superannuation Fund
- Angela Rodell, CEO, Alaska Permanent Fund Corporation
- Peter Madsen, CIO and Director, Utah School and Institutional Trust Funds Office

The information and perspectives in this report are deemed to be accurate, but given the short timeframe required could not all be independently verified. Please also note that nothing in this report should be considered legal advice. All legal issues that touch upon the subjects discussed in this report should be confirmed by appropriate counsel.

# I. Our Mandate

In April 2021, the Wyoming Legislature passed HB 244, a statute directing the Wyoming Investment Funds Committee (IFC) to conduct research and make recommendations on alternative governance and organizational structures for the management of its sovereign wealth funds and other permanent and nonpermanent funds.

Under the current governance and investment program structure, the IFC acts as the advisory body to the State Lands Investment Board which makes all final investment decisions for these assets. HB 244 directs the IFC to recommend changes in the current governance and investment program structure to the Legislature. (See **Appendix A** for the specific language of this statute.)

To support their deliberation and the final report, the IFC retained RVK, Inc.<sup>1</sup>, to conduct research and offer perspectives on institutional fund governance and investment program structures, particularly as relevant to Wyoming's funds and their purposes.

RVK was not tasked with making a specific recommendation regarding the governance and organizational structure that Wyoming should adopt, but rather was charged to create a broad landscape of perspectives that the IFC should consider in their deliberations as well as illustrate, through research on a group of selected peer funds, the range of structures utilized for organizations investing public funds. Our mandate, as we see it, was to inform and help frame in a productive manner, the IFC's deliberations, decisions and final report to the Legislature.

This report reflects that mandate. It is a focused summary of our background research as well as perspectives informed by our firm's direct experience with governance and investment programs covering more than 200 institutions. It is divided into five major sections as follows:

**Perspectives** – where our purpose is to offer thoughts intended to provide context and considerations for the IFC's deliberations regarding governance and organizational structure in an investment organization.

**The RVK Project Team and Methods** – where our purpose is to provide background on the professionals who conducted this research and the methods we employed.

**Key Tradeoffs in Governance and Organizational Structure** – where our purpose is to provide perspectives on the trade-offs between competing objectives in creating a governance and organizational structure for the management of public funds.

**A Review of the Current Structure in Wyoming and the Structures of Selected Peer-Like Investment Organizations** – where our purpose is to illustrate the wide range of governance and organizational structures employed by other public asset owners, which in turn illustrate the choices they made—deliberately or inadvertently—that determined those structures.

**A Sampling of Hypothetical Structures That Illustrate Key Tradeoffs** – where our purpose is not to recommend a specific structure but rather to provide a range of structures that in highly tangible ways fall along the spectrum created by those tradeoffs.

---

<sup>1</sup> One of the largest fully independent and employee-owned investment consulting firms in the US, RVK (formerly R.V. Kuhns & Associates, Inc.) provides world-class investment advice to institutional investors, as reported by *Pensions & Investments Special Report – Consultants*. We consult to defined benefit and defined contribution pension plans, endowments and foundations, insurance companies, and other special purpose funds.

## II. Perspectives

Typically, a final project report done by our team would begin with an executive summary, describing our work and delivering the bottom line—recommendation(s) to our client. Given that our mandate here is to support our client in their effort to create and communicate that “bottom line,” we have taken a different approach. What follows below are a series of perspectives we offer to the IFC that reflect both the specific research we conducted but also the many decades of cumulative experience in institutional investing within our project team. These are RVK perspectives offered to the IFC because we feel they merit a place in informing their work. The IFC, of course, will decide which, if any, they find useful, how they choose to include them in their work, and what weight they put on them.

- There is no single investment entity whose governance and organizational structure that we believe Wyoming should simply copy. However, there are good practices among many peer institutions that merit the IFC’s and ultimately Wyoming’s consideration.
- The categorical phrase “best practices” is a term that is overused, lacking in sufficient definition, and in any case are inevitably subject to local circumstances. We take the view that a cohesive set of good/sound practices *in place* and adhered to consistently are much more advantageous than inconclusive debates over “best” practices that are not actually applied.
- Good investment program “structure” *enables* and *supports* an effective and sound investment program but cannot itself produce one. In short, great investment talent can often overcome to a material degree a poor investment program structure, but a good program structure is useless without the ongoing engagement of highly capable human talent.
- There is no guarantee that structural change *alone* will improve long-term investment results and risk control, but good structure should make these desirable outcomes more likely—perhaps far more likely—to be achieved.
- Sound investment programs—sound in pursuit of return within acceptable risk and fiduciary fealty—are far more determined by the application of the best human talent available to investment decisions, through the best investment decision-making process that can be devised.
- There are a multitude of trade-offs present in the selection of a structure for investment of public assets, and that each trade-off made has the potential for both positive outcomes as well as negative ones.
- The “structure” of the investment program—the heart of the study IFC must produce—should be judged in our opinion by the extent to which it supports (1) the acquisition and retention of the best human capital possible for Wyoming, (2) fosters the application of that talent to Wyoming’s assets through the best investment decision-making process possible, and (3) does both with a continuity required for successful long-term investing but not commonly found in political structures.
- Apart from structure, investment talent and the decision-making processes applied, there can be exogenous factors that powerfully influence the investment strategies and outcomes of an investment program. We observe this to be the case for Wyoming’s permanent funds where the constitutional emphasis on the definitions and distribution of “income” create additional barriers to achievement of desired long-term outcomes.

- It is unhelpful to use vague terminology in this important discussion. It is critical to the success of the IFC's discussion the legislature has mandated to be as specific as possible—what exactly does it mean to have a measure of independence (investment decisions, budget, personnel, compensation, etc.), independent from exactly what (elected officials, their staffs, outside constituencies, etc.), and in what specific ways should a measure of independence be executed should be the framework of this discussion.
- Any investment entity that Wyoming or any other public asset owner might structure as their investment management organization created with a meaningful measure of independence in investment decision-making cannot be successful if it adopts an “advisory” mentality in executing its responsibilities. Its own structure and operating mentality must be aligned with an *investment management* organization, not an advisory body.
- It is quite likely that if Wyoming should materially alter the structure of its investment program, a dependable estimation of the effect on investment outcomes may not begin to be evident for at least a decade or possibly longer.

## III. Our Project Team and Methods

### Our Project Team

The project team at RVK for this assignment was led by RVK's Investment Program Review (IPR) Team and supported by the general consulting team at RVK that has long supported the Wyoming State Loan and Investment Board. Team members and brief biographies are listed below.

#### **Jim Voytko – President, Director of Research, Senior Consultant, Principal**

Located in our Portland office, Jim serves as President, Director of Research, and as a Senior Consultant with RVK. He joined the firm in 2004 and has over 40 years of industry experience. As a Senior Consultant, Jim has worked with both public and corporate pension plans, foundations and endowments, and insurance funds.

#### **Marcia Beard – Senior Consultant, Principal**

Marcia is a Senior Consultant with RVK and is located in our Portland office. She joined the firm in 1996 and has over 40 years of experience in the investment consulting and asset management industry.

#### **Joshua Kevan, CFA – Senior Consultant, Principal**

Joshua (Josh) Kevan is a Senior Consultant with RVK. He joined RVK in 2000 and leads our Boise office. As a Senior Consultant, Josh advises a diverse mix of clients that include defined benefit plans, defined contribution plans, endowments and foundations, insurance companies, and other special purpose funds.

#### **Spencer Hunter – Senior Consultant, Principal**

Spencer joined RVK in 2008 and is located in our Portland office. In 2014, he was promoted to Consultant; in 2017, he was named Department Manager of our Associate Consultant/Investment Associate group; and in 2019, he was promoted to Senior Consultant.

#### **Eryn Bacewich – Associate Consultant**

Eryn joined RVK in 2014 and is located in our Portland office. She has held various roles at RVK, including Senior Investment Analyst, Investment Associate, and now Associate Consultant.

#### **Jake Derrah – Associate Consultant**

Jake joined RVK in 2013 as an Investment Analyst located in our Portland office. He was promoted to Investment Associate in 2016 and to Associate Consultant in 2020.

## Stakeholder Interviews

Stakeholder interviews were conducted during July and August 2021. The purpose of conducting one-on-one interviews with key individuals was to gain a robust understanding of the current governance, investment decision-making, and oversight structure, as well as to inform the relevance of other models to the circumstances present in Wyoming. Stakeholder interviews were conducted with the following:

- Members of the Investment Funds Committee
  - State Treasurer Curt Meier
  - Representative Bob Nicholas
  - Tom Chapman
  - Kenneth Lay
  - Don Opatrny
  - Russell Read
  - Dick Grannis
  - Chief Investment Officer Patrick Fleming
  - Chief Investment Officer (Retirement System) Sam Masoudi
- Members of the State Loan & Investment Board
  - Governor Mark Gordon
  - State Auditor Kristi Racines
  - Secretary of State Ed Buchanan
  - Superintendent of Public Instruction Jillian Balow
- Deputy State Treasurer Dawn Williams
- Legislative Services Office Budget and Fiscal Administrator Don Richards

## Peer Fund Evaluation

RVK discussed with the IFC subcommittee throughout June 2021 a potential slate of appropriate peer funds for further analysis to inform this study. In discussing the selection of peer funds, the following attributes were identified as a preferable set of characteristics for the peer data set:

- Diverse enough to capture a range of investment program and governance structure
- Small enough to allow a deep and comprehensive analysis of the structure of each, how it operates, and how authority is distributed within
- Relevant and applicable to the funds managed by the Wyoming STO
  - Some degree of independence deployed while retaining sovereign status
  - Public asset owner
  - Relevant size
  - Multiple fund types
- Consistent with the statute
  - Specific alternatives identified include (but not limited to) public state corp., state-owned investment management company, state-created investment council, and quasi-governmental entity

Out of this discussion, RVK and the IFC subcommittee established the following list of peer funds for deeper analysis:

- Alberta Investment Management Company (AIMCO)
- Alaska Permanent Fund Corporation
- Florida State Board of Administration
- Idaho Endowment Fund Investment Board
- New Mexico State Investment Council
- New Zealand Superannuation Fund
- Oregon Investment Council
- Utah School and Institutional Trust Funds Office
- State of Wisconsin Investment Board

RVK conducted extensive data collection for each of the peer funds using publicly available information, focusing on the following:

- Organizational structure: board level (size, composition, selection process, term structure), investment office level (placement of front, middle, and back-office personnel)
- Relevant constitutional and statutory references of the funds that describe their composition, responsibilities, and authorities
- Operating and investment cost structures and details
- Investment process: which governing body has decision-making authority over risk tolerance, investment policy approval, strategic asset allocation, asset class structure and investment manager selection, distribution policy, monitoring policies
- Operational structures: leadership of investment office, number of full-time employees, autonomy over personnel decisions, autonomy over budget, source of funding
- Other fund details: AUM, fund type, distribution policy and constraints

RVK then conducted interviews with senior representatives of the peer funds, including those noted below. The purpose of the interviews was to go beyond the data that is publicly available to either clarify, or in many cases discover, how reality in operation may be functionally different than what is described in publicly available information. They were tremendously insightful and helpful for our understanding of structure in place at each. Interviews included:

- Chris Anton, Manager of Investments, Idaho Endowment Fund Investment Board
- Steve Moise, State Investment Officer, New Mexico State Investment Council
- Rishab Sethi, Manager of External Investments and Partnerships, New Zealand Superannuation Fund
- Angela Rodell, CEO, Alaska Permanent Fund Corporation
- Peter Madsen, CIO, Utah School and Institutional Trust Funds Office

Discussions with the peer fund representatives included, but were not limited to, the following topics:

- Organizational structure and placement within the government
- Investment decision-making structure and hierarchy
- Delegation of responsibilities
- Involvement of elected officials in investment decisions
- Control over budget
- Control over human resources
- Construction of investment office, middle and back office (including staffing levels)
- Oversight and reporting requirements

- Historical context around current construction

Throughout the course of the project, RVK reviewed an extensive set of documents and online resources relevant to current and prospective structure of the funds—their mission, governance, operating protocols, reporting requirements, as well as limitations and restrictions. Documents and sources included:

- Wyoming Constitution
- Wyoming Statutes
- 2020 Wyoming Treasurer’s Annual Report
- Wyoming Office of State Lands FY 2021 Annual Report
- <https://apfc.org/>
- Alaska Statutes Chapter 37, Section 13
- APFC Board of Trustees Charters and Governance Policies
- APFC By Laws
- APFC 2020 Annual Report
- APFC Investment Policy
- <https://www.aimco.ca/>
- AIMCo 2020 Annual Report
- AIMCo Mandate and Roles Document
- Alberta Heritage Savings Trust Fund Statement of Investment Policy and Goals
- Alberta Heritage Savings Trust Fund Act
- June 30, 2021 State Board of Administration Performance Report to the Trustees
- Florida Retirement System Investment Policy
- Florida Statutes
- <https://legislature.idaho.gov/statutesrules/idstat/Title57/T57CH7/>
- <https://www.idl.idaho.gov/about-us/land-board/>
- <https://efib.idaho.gov/>
- 2021 EFIB Annual Report
- <https://www.sic.state.nm.us/>
- New Mexico Statutes
- New Mexico State Investment Council 60<sup>th</sup> Anniversary Report 2018
- New Mexico State Investment Council Investment Committee Charter
- New Mexico State Investment Council 2020 CAFR
- <https://www.nzsuperfund.nz/>
- 2019 WTW Report – Review of the Guardians of New Zealand Superannuation
- 2020 NZ Superfund Annual Report
- NZ Superannuation and Retirement Income Act of 2001
- NZ Superfund Investment and Risk Management Policies
- <https://sos.oregon.gov/blue-book/Pages/facts/finance-state.aspx>
- Statement of Investment Objective and Policy Framework for the Oregon Public Employees Retirement Fund
- Statement of Funds Governance
- The Oregon Public Employees Retirement System History, Third Edition
- Oregon Revised Statutes
- <https://sitfo.utah.gov>
- SITFO 2020 Financial Statements
- Utah Code Title 53D Chapter 1, Part 6, Section 60
- Utah H.B. 286 and H.B. 265

- Recommendations on Investment Oversight of the Permanent State School Fund (report commissioned by the Utah State Board of Education in 2013)
- State of Wisconsin Investment Board 2020 Annual Report
- Wisconsin Retirement System Investment Policy
- SWIB Investment Committee – Wisconsin Retirement System Investment Guidelines
- Wisconsin Statutes
- State of Wisconsin Investment Board Investment Performance Report, June 30, 2021
- 2011 Wisconsin Act 32
- State of Wisconsin Agency Budget Request 2021-2023 Biennium.

## IV. Key Tradeoffs Embedded in All Public Investment Program Structures

### Accountability Versus Fiduciary Independence

The core tradeoff in creating a governance and organization structure for the investment management of public assets is *the balance struck between fiduciary independence and the accountability of the investment decision-makers to the ultimate asset owners (in this case, the citizens of Wyoming)*. We say “core” tradeoff here because this tradeoff is practically manifested in multiple ways as we discuss below.

*The case for fiduciary independence is strong.* It is rooted in fiduciary law and practice. It is widely considered a sound practice to place specific individuals in charge of the investment of public assets, individuals whose focus is solely on the fund mission and methods employed, reflecting only fiduciary duty and nothing else. The insulation of investment decisions from political agendas that can vary, sometimes dramatically so, from election to election allows a strict and unvarying focus on the fund’s mission and the prudent pursuit of return within acceptable levels of risk. Independence from the electoral cycle and the arrival and departure of elected officials enables the creation and steady pursuit of long-term investment strategies, a virtually indispensable element of successful institutional investment, especially the investment of perpetual funds. It not only insulates the investment program from periodic electoral change, but also the potential cycles where those elected have little or no meaningful investment expertise. It also enables the acquisition and long-term retention of investment expertise, a vital but always scarce ingredient in successful institutional investing.<sup>2</sup>

*The case for accountability is strong.* Public assets are those owned by their beneficiaries, which in most cases are the citizens that elect their representatives in government. While the courts may provide remedies for harm done by incompetent or corrupt fiduciaries vested with significant, if not total, authority to invest those assets, this is an “after the harm has been done” means of creating a strong and proactive sense of accountability. The individuals who have by far the strongest standing for providing effective oversight and structural accountability in the management of public funds are elected officials. Democratically elected officials and the appointees/employees they control directly have an authority and measure of responsibility rooted in their electoral mandate. State-owned assets, such as those at issue in the study mandated by HB 244, are both large and critical to the Wyoming’s long-term financial health. This fact and the democratic mandate that elected officials possess make the case for their involvement to assure accountability compelling.

The various structural options for investment governance and organization that the IFC may consider lie on a spectrum, which at one end strongly emphasizes fiduciary independence and deployment of expertise, while at the opposite end of that spectrum lies a heavy emphasis on direct electoral accountability.



<sup>2</sup> Very little research has been conducted on the effect on funds returns by fiduciary bodies that include to varying degrees elected officials. For that reason, we see the results as tentative at best, but the few studies conducted thus far have associated greater involvement of elected officials in investment decisions with lower fund returns.

## V. The Current Structure – Wyoming

### Organizational / Legal Structure

The Wyoming Constitution establishes the State Board of Land Commissioners (SBLC) in Article 18, Section 3. The SBLC is comprised of 5 elected officials—The Governor, Secretary of State, State Treasurer, State Auditor, and Superintendent of Public Instruction.

As directed by the Wyoming State Legislature, the same 5 elected officials also comprise the State Loan and Investment Board (SLIB) and are charged with management of the permanent land funds in accordance with the state's investment policy.

Both boards are supported by their administrative arm, the Wyoming Office of State Lands and Investments (OSLI); however, investment of state funds is a duty of the State Treasurer in Wyoming statutes and is administered within the Treasurer's Office. All investment office staff are employees of the State Treasurer's Office. SLIB is also supported in its work by the Investment Funds Committee (IFC). IFC is an advisory committee that meets quarterly or more often as needed to review investment performance and other relevant investment developments, preview all investment recommendations from the investment office, and provide input to the SLIB. The IFC is created in Statute 9-4-720 and consists of 7 voting members—the State Treasurer and 6 members appointed by an independent selection panel, and 5 non-voting ex-officio members—1 each appointed by the Governor, Senate, and House of Representatives plus the Chief Investment Officers of the Treasurer's Office and Wyoming Retirement System. The statute also establishes the State Treasurer as the chair of the IFC and requires all administrative support for the committee to be supplied through the Treasurer's Office.

The investment office is located entirely within the State Treasurer's Office but does not comprise the entire staff within the office. Generally, investment office staff and operational costs are funded from investments while non-investment office staff are funded from the general fund, although there appears to be a fair amount of crossover between investment and non-investment related functions for those not clearly identified as investment staff.

We perceive the trade-off between accountability and fiduciary independence as it relates to the organizational / legal structure to be significantly weighted towards accountability in the current Wyoming model as final decisions on investment related matters rest exclusively with elected officials. We would also note that although Wyoming does not employ a "sole fiduciary" model where a single elected office holder is the final authority on investment matters, it comes very close to this model with the significant position of authority and influence that rests in a single elected office holder. The State Treasurer under the current model serves as 1 of the 5 elected officials that comprises SLIB, serves as the chair of SLIB's advisory committee—the IFC—and is also the employer of the entire investment office.

The IFC has introduced a degree of fiduciary independence and expertise into the structure as Wyoming statutes require that the 6 members appointed by the nominating panel have significant investment knowledge and experience, and the IFC is charged with making recommendations to the SLIB on asset allocation, risk levels, investment policy, and manager selection. Utilization of the expertise has the potential to be muted however by the advisory-only nature of the IFC, as well as the role that the State Treasurer serves as both IFC chair and employer of the investment office staff.

## **Investment Process Structure**

The stated risk tolerance of the permanent funds is a function of both the legislative and executive branches of Wyoming's government. The legislature has historically expressed its risk tolerance in statute using specific asset class limitations. For example, equities were prohibited before the late 1990s and for most of the past 20 years limited to either 55% or 70% of assets. The income-only distribution model and inviolate nature of the permanent funds also has influence on risk tolerance as losses realized from riskier investments can be problematic. More recently, the expression of risk through equity limits has been replaced by a "maximum risk" reference portfolio of 70% global equities / 30% fixed income. Within the statutory limits, SLIB establishes the risk preference through approval of the strategic asset allocation policy for each fund, which is reviewed and updated annually. SLIB also makes final decisions on external manager selections with the input of the IFC, the Treasurer's Office investment staff, and its investment consultant.

## **Operational Structure**

### *Leadership of the Investment Office*

The investment office is led by the State Treasurer. Wyoming Statute 9-4-715 also calls for the Treasurer to employ, in consultation with the investment committee, a Chief Investment Officer (CIO). The CIO leads the investment office within the Treasurer's Office and appears to fulfill many of the functions that are, at some peer funds, the purview of an executive director or CEO such as stakeholder/client relationship management.

### *Investment Front Office*

The investment front office staff currently consists of 7.5 full-time employees (we have split 1 position between the front and middle office as the risk officer is not solely dedicated to that role). Front office staff include the CIO, 3 senior investment officers, 2 senior analysts, and 1.5 analysts. There are also vacancies for an additional senior investment officer and an investment officer. The investment office also manages a handful of strategies internally, including government fixed income, hedge fund partnerships (manager/partnership selection), and more recently active domestic equities.

### *Investment Middle and Back Office*

Middle office functions are primarily handled by the general counsel within the treasurer's office who handles legal matters and serves as the chief compliance officer. Additionally, one of the investment analysts also serves as the risk officer.

As it relates to the investment back-office it can be difficult to pinpoint an exact head count, as the Treasurer's office is responsible for more than the investment portfolios. Many employees appear to support investments to some degree but not exclusively. There does appear to be some natural division as it relates to how the positions are funded—with some positions (presumably investment related) funded from the earnings of the portfolios, while others (presumably not investment related) are funded from the general fund. Utilizing the source of funding to identify investment related back-office staff, there are 11 investment back-office employees, and for purposes of this analysis we are also including the Treasurer's senior policy analyst who provides much of the administrative support to the IFC for a total FTE of 12. These break down further into 1 financial accounting administrator, 4 employees in administrative accounting, 6 in investment accounting, and 1 program development coordinator.

### *Autonomy over Budget and Human Resources*

There appears to be very little in the way of autonomy over the budget and human resources management within the investment office. The Treasurer's office is charged with developing a biennial budget proposal that goes through multiple other agencies for input, is reviewed and approved by the Governor, and then ultimately approved by the legislature. The implementation of incentive compensation based on performance results has helped to increase the overall potential compensation levels for front office investment staff.

As it relates to the trade-off between accountability and fiduciary independence, the operational structure appears significantly more weighted towards accountability, as budget and human resources are primarily managed through governmental process. The positioning of the investment office within the office of one of the state's elected office holders also seems to introduce a degree of potential for instability into the operational structure of the investment office as the future leadership of the office is by law uncertain and subject to change with each election cycle.

### **Other Details**

#### *Treatment of Income*

Although not the primary emphasis of this report, we believe it is difficult and potentially problematic to engage in a review of potential avenues to improve investment results without any mention of the "income only" distribution model that also influences investment decisions in Wyoming. The Wyoming Act of Admission, Constitution, and Statutes all contain various references to "income" or "interest" as the only sources of distribution which has tended to place undue emphasis on the generation of income over maximizing the long-term total returns of the permanent funds. To the extent that it is applicable, we will endeavor throughout this report to provide perspective on how similarly situated peer organizations have dealt with this issue.

#### *Asset Size and Other Funds Overseen*

	<b>Market Value as of June 30, 2021 (\$)</b>
<b>Permanent Mineral Trust Fund</b>	\$9.3 B
<b>Permanent Land Fund</b>	\$0.2 B
<b>University Permanent Land Fund</b>	\$0.03 B
<b>Hathaway Scholarship Fund</b>	\$0.7 B
<b>Common School Permanent Land Fund</b>	\$4.6 B
<b>Higher Education Fund</b>	\$0.1 B
<b>Workers' Compensation Fund</b>	\$2.7 B
<b>Pool A Fund</b>	\$0.3 B
<b>Legislative Stabilization Reserve Account</b>	\$1.6 B
<b>State Agency Pool</b>	\$5.4 B
<b>Total</b>	\$24.8 B

## VI. Peer Fund Profiles

A synopsis of each peer fund is included here. **Appendix B** of this report also contains in tabular format of additional data collected on each peer organization.

### Alaska Permanent Fund Corporation

The Alaska Permanent Fund Corporation (APFC) was created in 1980 by the Alaska Legislature as a quasi-independent state entity charged with prudently investing the Alaska Permanent Fund. The Permanent Fund was created in 1976 to set aside a portion of the state's revenue from a non-renewable source (oil) to establish a long-term portfolio of financial assets to support current and future generations in Alaska.

#### Organizational / Legal Structure

The APFC was created in Alaska state law (Statute 37.13) as a public corporation and government instrumentality within the Department of Revenue. The APFC was created intentionally separate from the State Treasury, with an independent board, for the stated purpose of helping to shield the investments of the Permanent Fund from political influence. The statute that establishes the APFC provides general guidance on the Fund's investment goals, but clearly establishes the APFC Board of Directors as the Fiduciary responsible with full authority over the Fund's investments.

The APFC is governed by a 6-member Board of Directors. Although no Board members are elected officials, 2 of the positions are held by members of the Governor's cabinet and 4 are independent public members. 1 of the directors must be the Commissioner of Revenue, while another must be a head of a principal department of state government. The second commissioner seat is currently filled by the Commissioner of Natural Resources. The 4 independent board members are appointed by the Governor and cannot be government employees or holders of elected office. They are intended to be selected for "recognized competence and wide experience in finance, investments, or other business management related fields," although we do note that according to biographies of current board members, 2 of 4 current independent members appear to have political histories and little discernable investment backgrounds. The independent members serve 4-year terms that are staggered such that only 1 term expires each year.

The chair of the board is elected annually by the members of the board. The board also utilizes a 3-member Investment Advisory Group that is designed to help the board understand and make decisions around more complex investment topics.

The investment office is located within and overseen by the Board of the APFC and is led by its Chief Executive Officer.

As it relates to the trade-off between accountability and fiduciary independence, we perceive the organizational / legal structure of the APFC to be moderately weighted more to independence and expertise than a direct accountability via the direct involvement of elected officials. Factors that prevent this from being more heavily weighted towards independence include the significant influence that the office of the Governor appears to have in appointing 2 cabinet members and all independent members and what appears to be politically oriented backgrounds of half of the current independent members.

## **Investment Process Structure**

As it relates to investment decision-making, the Board establishes the risk preference through its approval of the investment policy and strategic asset allocation. The Board's Governance Policy requires the Board once every 5 years to review the investment policy and approve the long-term or strategic asset allocation.

Implementation of the strategic asset allocation, which includes internal management as well as the selection of external asset managers, is delegated by the Board to the investment office as overseen by the CEO.

The Board has established a comprehensive set of Charters and Governance Policies that describe in detail the responsibilities of the Board, Audit Committee, Governance Committee, Board Chair, Vice Chair, Investment Advisory Group, and CEO.

There is a significant degree of reporting and monitoring required for oversight, including quarterly reports to the legislative budget and Audit Committee.

## **Operational Structure**

### *Leadership of the Investment Office*

The APFC investment office is led by its CEO, who oversees an organization currently totaling approximately 59 full time employees across investment front, middle, and back-office functions. The CEO reports to the APFC Board.

### *Investment Front Office*

The front office is led by the CIO and includes 25 full-time employees. The CIO has 5 primary direct reports including a Director of Real Estate Investments, Director of Alternative / Private Market Investments, Director of Fixed Income Investments, Director of Public Equity Investments, and a Director of Asset Allocation.

### *Investment Middle and Back Office*

The middle office is comprised of 7 employees across risk, compliance, legal, and trade operations. The Aladdin system is utilized as the primary risk system and is also utilized for trade order management.

The investment back-office consists of 27 employees across Finance, IT, HR, Business Operations, and the CEO.

### *Autonomy over Budget and Human Resources*

Despite the intentionally independent nature of the APFC, there appears to be surprisingly little autonomy over budget approval and human resources management, as budgets must go through a lengthy process and multiple layers of state government for approval. This appears to run somewhat counter to the state law that establishes the APFC, as AS 37.13.100 reads as follows:

*The board may employ and determine the salary of an executive director. The executive director may, with the approval of the board, select and employ additional staff as necessary. An employee of the corporation, including the executive director, may not be a member of the board. The executive director and the other employees of the board are in the exempt service under AS 39.25.*

Although no other entity outside of the Board of the APFC is noted in statute, in practice budgets must be approved by the legislature and the Governor. This appears to possibly be related to the nature of “income” from the Permanent Funds, and the inability under Alaska’s Constitution to delegate the appropriation of income.

**Other Details**

*Treatment of Income*

The Alaska Constitution states in Article IX, Section 15 that:

*At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments and bonuses received by the State shall be placed in a permanent fund, **the principal of which shall be used only for those income-producing investments specifically designated by law** as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the general fund unless otherwise provided by law.*

The APFC divides the total fund into two parts—the Principal, which is considered “non-spendable” and the Earnings Reserve Account, which is considered “spendable.” The Earnings Reserve Account is invested identically to the Principal.

The Earnings Reserve Account is further established in Statute and is available for appropriation. Decisions about the use of the Earnings Reserve are made each year by the legislature and the Governor, although distributions in practice also appear to be driven by a spending policy that calls for distribution of 5% of the average market value of the first 5 of the past 6 fiscal years.

*Asset Size and Other Funds Overseen*

In addition to the permanent fund, the Permanent Fund Corporation also manages the Alaska Mental Health Trust. Total assets under management as of 6/30/2021 were as follows:

	<b>Market Value as of June 30, 2021 (\$)</b>
<b>Alaska Permanent Fund</b>	\$81.1 B
<b>Alaska Mental Health Trust</b>	\$0.7 B
<b>Total</b>	\$81.8 B

## Alberta Investment Management Corporation (AIMCo)

Established in 2008 by an act of the Legislative Assembly of Alberta, AIMCo is a Canadian crown corporation with the goal of providing investment management services to many large pools of institutional capital located in the Province. AIMCo manages the assets for approximately 30 “clients,” totaling well over \$100B in AUM.

AIMCo clients fall into two broad categories, “Balanced Funds” and “Government and Specialty Funds,” with the total number of clients split somewhat evenly between the two. The Balanced Funds include pension plans, endowments, and long-term disability portfolios. Government and Specialty Funds include a mix of cash management programs, specialty endowments, and a variety of insurance related pools of capital.

Each client is responsible for their own investment policy, return/spending goals, as well as the associated cash flows in and out of the portfolio. AIMCo works with each entity to implement an investment strategy to meet the stated objectives.

### Organizational / Legal Structure

The Alberta Investment Management Corporation Act established much of the governance and organizational guidelines currently in place at AIMCo. The Board of Directors is charged with the strategic direction of AIMCo and consists of individuals with significant investment, accounting, law, and/or corporate leadership experience. The Board is also independent from AIMCo management.

AIMCo is somewhat unique in the requirements of the Board, both from an experience and diversity standpoint. AIMCo Directors in the aggregate are required to have experience in the following areas:

- Highly sophisticated risk management and related decision-making experience.
- Highly sophisticated investment decision-making experience.
- Direct investment or operating experience in large, capital-intensive infrastructure, real estate or private equity investments or assets.
- Significant executive leadership, including proven experience developing vision and strategy, achieving operational effectiveness, and fostering an ethical and performance-based culture.

In addition, AIMCo has specified that at least 5 of 11 Director positions are to be held by women. The recruitment process for Directors is well documented in various AIMCo policies and consistently references best practices for governance of public agencies, as well as investment management firms.

By statute, AIMCo is “an agent of the Crown in the right of Alberta,” and as such, the Government extends immunity benefits to AIMCo, while also taking on responsibility for its obligations. AIMCo operates at “arm’s length” from the Province and operates with its own employees.

### Investment Process Structure

As previously mentioned, each client is responsible for their own investment policy and associated return objective; AIMCo works with each client to create a portfolio structure with these items in mind. Once certain parameters are established and codified via an investment management agreement, AIMCo acts much like a traditional asset manager. Deviations from target, tactical rebalancing, manager selection/termination, and other management duties are allowable, assuming they align with each clients’

policy and/or investment management agreement.

AIMCo has a robust investment staff, led by a seasoned CIO, long-tenured asset class heads, as well as dedicated risk and operational staff. The CIO is tasked with the management of the overall program, but is aided by the Executive Committee, Management Investment Committee, and Tactical Asset Allocation Committee.

Most investment implementation decisions can be made by AIMCo itself, without approval of clients or the AIMCo Board of Directors. Certain investments—mostly private markets of a certain size—would need Board approval, but those appear to be somewhat rare.

## **Operational Structure**

### *Leadership of the Investment Office*

AIMCo operates with a dedicated CIO, reporting to the AIMCo CEO, and indirectly to the Board's Investment Committee.

### *Investment Front Office*

The investment front office staff consists of asset class heads, associates, and analysts. AIMCo is a large—and growing—organization and exact details surrounding employees are unavailable.

### *Investment Middle and Back Office*

Both middle and back-office support are largely handled by internal professionals, but supplemented by external vendors. Legal, compliance, and HR are well-established departments with senior leadership. Back-office and operational duties are shared between a handful of external vendors, internal AIMCo professionals, as well as Government of Alberta Audit and Finance divisions.

### *Autonomy over Budget and Human Resources*

As AIMCo is a Provincial Agency, it must submit an annual budget and operational plan. Beyond the budget, it does not appear any outside entity influences budgetary or human resource issues.

The Board of Directors and its "Human Resources and Compensation Committee" establish a plan for organizational structure, compensation policies, recruitment, etc. While the CEO is ultimately responsible for the oversight of operational matters—including personnel—it is clear that the Board is to be an active advisor in such matters.

While AIMCo does operate with a fair degree of latitude as a corporation, it is still accountable for its decisions to the Government of Alberta and its Minister. The Minister may request additional reporting from AIMCo at any time.

## Other Details

### *Asset Size and Funds Overseen*

Total assets under management as of 6/30/2021 were as follows:

	<b>Market Value as of June 30, 2020 (\$)</b>
<b>Balanced Funds</b>	\$101.9 B
<b>Government &amp; Specialty Funds</b>	\$16.8 B
<b>Total</b>	\$118.6 B

## Florida State Board of Administration (SBA)

### Organizational / Legal Structure

Established in 1943 by the Florida Constitution, SBA is the independent investment management organization responsible for investing over 30 different pools of assets for the State of Florida, totaling over \$250 billion in AUM. Among the various investment pools the SBA manages, the Florida Retirement System Pension (FRS) is the largest representing more than 80% of assets. For the purpose of this report, we will focus on the Board's responsibilities as it relates to FRS.

The SBA Board is comprised of three of the state's senior elected officials—the Governor, Chief Financial Officer, and Attorney General. By law, the Board holds ultimate oversight of the SBA, but significant authority is delegated to staff to develop and implement the investment strategy as well as direct day-to-day operations. The investment office is a wholly independent organization with no explicit appropriation of public funds to support operations. Instead, all staff and operational costs are funded from fees collected from the various pools overseen through a 2.25 basis point management fee charged to most funds the SBA manages.

We perceive the trade-off between accountability and fiduciary independence as it relates to the organizational / legal structure to be more weighted towards accountability as ultimate decision-making related to investment strategy and budget rests firmly with the Board, all of whom are elected officials with no specific investment knowledge or experience requirements.

An element of expertise is present through the statutorily required nine-member Investment Advisory Committee (IAC) which provides oversight of investment staff and advises the trustees on investment policy and strategy. As codified in Florida Statutes Title XIV, 215.444, the Board appoints members to four-year terms and all appointees "must possess special knowledge, experience, and familiarity with portfolio management, institutional investments, and fiduciary responsibilities." However, utilization of the IAC's expertise may be potentially muted by its advisory only nature.

Another factor that leans more towards the expertise side of the trade-off is the significant ability of the ED/CIO and investment staff to influence both investment strategy and implementation. The ED/CIO has authority to hire/terminate investment managers and contract with external providers to assist in the execution of the investment staff's fiduciary responsibilities to the Board.

### Investment Process Structure

As previously mentioned, the Board holds ultimate oversight of the SBA and must approve the FRS Investment Policy Statement (IPS), including the selection of asset allocation targets, asset class target ranges, and return objective. However, the ED/CIO and investment staff are responsible for implementing the Board's approved investment strategy and managing day-to-day operations. Per the IPS, the ED/CIO is empowered to deviate from the approved target within approved asset class ranges in pursuit of incremental investment returns, engage in tactical rebalancing, and make manager selection/termination decisions.

The ED/CIO is supported by a robust investment staff to aid in the investment decision-making for SBA funds. Investment staff includes several asset class officers, portfolio managers, and analysts as well as dedicated risk and operational staff.

Most investment implementation decisions are made by SBA investment staff without approval by the Board or IAC so long as the results of such decisions keep the portfolio within the bounds of the current IPS (asset class target ranges, asset class guidelines, etc.). The ED/CIO may recommend IPS changes

to the Board, but any recommendations are first reviewed by the IAC—the results of which are then presented alongside the ED/CIO's recommendation to the Board.

## **Operational Structure**

### *Leadership of the Investment Office*

SBA is led by the ED/CIO with support from the Deputy Executive Director, Deputy Chief Investment Officer, and Chief Operating/Financial Officer. The ED/CIO reports directly to the Board with additional oversight from the IAC.

### *Investment Front Office*

The investment front office staff consists of individual asset class officers, portfolio managers, and analysts. SBA is a large—and growing—organization and exact details surround employees are unavailable.

### *Investment Middle and Back Office*

Middle and back-office functions are largely fulfilled by internal professionals, but supplemented by external vendors. Legal, compliance, and HR are established departments with senior leadership. Middle and back-office staff appear to be completely independent from the Florida state government and operate solely in support of SBA's front office staff.

### *Autonomy over Budget and Human Resources*

The SBA is uniquely positioned to determine its own budget and human resource decisions as the Board of Trustees is led by 3 high ranking state elected officials with final authority to set SBA's annual budget. The ED/CIO is charged with developing a budget to be presented to and approved by the Board annually. The approved budget must then be forwarded to the Legislature, but the Legislature does not have authority to make revisions.

The ED/CIO is responsible for all personnel related decisions, including adding/removing/reclassifying internal positions as well as setting compensation for each member of the SBA investment staff. Through the annual budget approval process, the ED/CIO can request additional funds for salary increases and create new full-time positions.

As it relates to the trade-off between accountability and expertise, the operational structures appear to be more weighted towards fiduciary independence, as the ED/CIO has full autonomy to make organizational and personnel decisions so long as he/she operates within the budget approved by the Board.

## Other Details

### *Asset Size and Other Funds Overseen*

As of 6/30/2021, the SBA oversaw approximately \$200 billion in pension assets and nearly \$51 billion in other funds as shown below:

	<b>Market Value as of June 30, 2021 (\$)</b>
<b>FRS Pension Plan</b>	\$199.7 B
<b>Florida PRIME</b>	\$16.5 B
<b>FRS Investment Plan</b>	\$14.8 B
<b>Florida Hurricane Catastrophe Fund</b>	\$12.5 B
<b>Lawton Chiles Endowment</b>	\$1.0 B
<b>Other Funds</b>	\$5.8 B
<b>Total</b>	\$250.5 B

## Idaho Endowment Fund Investment Board

At statehood in 1890, Idaho was granted 3.7 M acres of land to support state institutions, primarily public education, provided that it be managed as a Trust, in perpetuity, for the benefit of the beneficiaries.

Income derived from the sale of land, timber sales, land rentals, cottage site rentals, grazing rentals, and mineral extraction from these endowment lands is perpetually appropriated and set apart for the support and maintenance of the Public School Fund and 8 other individual funds, all of which are pooled for investment purposes.

For purposes of this analysis, our emphasis is primarily on these permanent funds.

### Organizational / Legal Structure

The Idaho State Board of Land Commissioners (“The Land Board”) is comprised of 5 elected officials—The Governor, Secretary of State, Attorney General, Superintendent of Public Instruction, and State Controller.

The Land Board oversees the work of the Department of State Lands in administering the state’s land assets, as well as the work of the Endowment Fund Investment Board (EFIB) in managing the portfolio of financial assets that have been derived from the land assets.

EFIB serves as the agency responsible for the management of the investment assets, much as the department of lands is responsible for management of land assets. The structure of the EFIB is codified in Idaho Statutes (Chapter 57 – Title 7). It is a 9-member board comprised of a mix of elected officials and public members. Specifically, membership is comprised of 1 representative from education (mission representative), 1 Senator, 1 House Representative, and 6 public members that are “knowledgeable and experienced in financial matters and the placement and management of investment assets.” The public members of the board are prohibited by statute from holding an office, position, or employment in a political party. All members are appointed by the Governor and subject to Senate confirmation. Four-year terms are staggered to encourage continuity on the Board and to limit the ability of a change in administration to cause significant immediate change to the investment board. The chair of the board is elected by the board. Although technically one of the legislative representatives could be chair of the Board, there appears to be a long history of selecting the chair from among the independent members.

The investment office consists of 4 total employees, led by the Manager of Investments. All are employees of EFIB.

We perceive the trade-off between accountability and fiduciary independence as it relates to the organizational / legal structure to be modestly more weighted towards fiduciary independence given that final decision-making authority over all investment related decisions (financial assets portfolio only) reside with a board that is comprised 2/3 in favor of independent members of the public with some measure of investment expertise, serving staggered terms. The ability of the board to elect its own chairperson, with a long history of the chair coming from the public membership of the board also speaks to the engagement of expertise, as does the fact that the investment office resides in a separate agency governed by the investment board.

Factors that lean more towards the accountability aspect of the trade-off include the presence of legislative representatives on the board, and the significant role that the executive branch of government

plays in the nomination of board members along with its significant influence over agency budgets.

## **Investment Process Structure**

With regard to Idaho's land and permanent fund assets, primary investment decisions occur on two levels:

- 1) Allocation of the total portfolio, primarily the division between the land assets and the financial assets, including reinvestment decisions when land assets are sold.
- 2) Allocation within the financial assets.

For purposes of this report, we will focus on the investment decision-making associated with the financial assets (investment portfolio). However, we believe it is worth noting the thoughtfulness of the approach employed here to emphasize the "total portfolio" first and foremost, inclusive of land and financial assets. The division of responsibility to manage each sub-portfolio with an eye towards the employment of expertise within the Department of Lands and the EFIB, with higher level oversight retained by the Land Board, also strikes us as a thoughtful overall structure.

Investment decisions for the financial assets reside almost exclusively with the EFIB, with final decision-making authority over the investment policy, risk tolerance, strategic asset allocation, and manager selection. The board meets quarterly or more often as needed to conduct its business. The board employs a small staff of 4 and leans heavily on external vendors such as the investment consultant, external investment managers, and the custodial bank. No assets are managed internally.

## **Operational Structure**

### *Leadership of the Investment Office*

The EFIB investment office is led by the Manager of Investments, who functionally appears to provide for most leadership functions of the office such as CEO, CIO, and COO.

### *Investment Front Office*

The investment front office staff consists of 2 full-time employees, including the manager of investments as well as 1 additional investment officer.

### *Investment Middle and Back Office*

Middle office functions appear to be primarily handled by other resources within state government. Legal support is provided by the Attorney General's Office. IT support is provided by centralized state resources. There is no compliance officer appointed. Risk management is purely a function of the strategic asset allocation decision-making process and portfolio diversification.

Back-office functions are coordinated primarily by EFIB's fiscal officer (controller), with heavy reliance on external vendors, such as the custodial bank, external asset managers, and an external audit firm. The office is supported by an office manager.

### *Autonomy over Budget and Human Resources*

Budgetary and human resources decisions within the EFIB structure appear to feature very little in the way of autonomy, and functions similarly to many public agencies.

EFIB establishes a proposed budget for the upcoming fiscal year, which is then presented to the legislature via the Joint Finance and Appropriations Committee, and then ultimately to the desk of the Governor for final approval and reconciliation. Any increase in the budget to fund and support the acquisition and retention of human talent and tools is subject to this process.

Although the EFIB is allowed to formulate its own proposed budget, there appears to be limited autonomy in practice due to the multiple layers of political review and approval in place. This appears to have led to a structure that leans heavily towards reliance on external vendors where management fees are “continuously approved” rather than subject to annual approval as the operating budget is.

As it relates to the trade-off between accountability and fiduciary independence, the operational structure appears significantly more weighted towards accountability, as budget and human resources are primarily controlled by governmental process. This appears to have led to a “small staff” model that is more dependent on external vendors. EFIB also appears to have embraced a mission-appropriate, yet relatively simple, portfolio comprised primarily of public equities and fixed income.

## Other Details

### *Treatment of Income*

In 1998, the Idaho legislature made substantial changes to the endowment program, expanding the investment parameters significantly beyond what had been historically limited to only high-quality fixed income, and to include all assets that a prudent investor could consider. Responsibility to determine the payouts to beneficiaries was placed with the Board of Land Commissioners rather than simply paying out all income. These changes required requested amendments to the Idaho Admissions Act as well as a Constitutional Amendment that was on the November 1998 ballot in Idaho. These changes, along with statutory amendments added to Chapter 57 – Title 7 of Idaho code have effectively allowed the endowment funds to be managed with a mission-appropriate asset allocation structure.

### *Asset Size and Other Funds Overseen*

In addition to the permanent endowment funds, the EFIB also serves as the investment execution arm of the State Insurance Fund (worker’s compensation). Total assets under management as of 6/30/2021 were as follows:

	<b>Market Value as of June 30, 2021 (\$)</b>
<b>Land Grant Endowment Fund</b>	\$2.5 B
<b>State Insurance Fund</b>	\$1.0 B
<b>Total</b>	\$3.5 B

## New Mexico State Investment Council (NMSIC)

NMSIC's history dates back 60 years, but its origins stem from New Mexico's entry into statehood more than a century ago.

The Land Grant Permanent Fund was created with the public lands given by the United States to the Territory of New Mexico in accordance with the Ferguson Act of 1893, as well as the additional lands deeded to the state by the Enabling Act of 1910, in anticipation of New Mexico's impending statehood in 1912. These lands, and their associated minerals and other natural resources were designated to provide a benefit to New Mexico schools, universities, and to a lesser degree, a handful of other state beneficiaries.

It was with the creation of the State Investment Council in 1957 and the subsequent passage of a constitutional amendment in 1958 that the task of managing the constitutionally protected LGPF was transferred from the legislature to the State Investment Council, formally creating a permanent trust, as well as fiduciary responsibilities for SIC members.

In 1973, lawmakers established the Severance Tax Permanent Fund to save any severance tax revenue not required for annual bond maintenance. Three years later, the Fund's status became a constitutionally-protected entity. In 1983, an additional constitutional amendment removed any legislative authority to draw directly from the fund's corpus.

The Tobacco Settlement Permanent Fund was created in 2000 as part of the Master Settlement Agreement between New Mexico, other states, and big tobacco companies.

In 2006 and 2007, the legislature appropriated funds to the Water Trust Fund and granted it constitutional protection from additional legislative draws.

NMSIC assumed management of the State's "rainy day fund," also known as the Tax Stabilization Reserve in 2019. The Fund can be drawn down to meet the state's fiscal needs in a crisis.

In February 2020, the Early Childhood Education and Care Fund was created.

### Organizational / Legal Structure

As stated above, the State Investment Council was created in 1957. In 2010, the legislature approved statutory improvements in the Council's administrative structure, changing what had been a primarily executive agency, into a balanced governing entity. These changes removed critical investment decisions from the hands of one or two individuals, placing them with the Council as a whole.

NMSIC's purpose is to optimize the earnings of the permanent funds that contribute to the state's operating budget while preserving the real value of the funds for future generations of New Mexicans.

The SIC is chaired by the Governor of the State of New Mexico and is composed of 11 members:

- Governor
- State Treasurer
- Commissioner of Public Lands
- 4 public members appointed by the Legislative Council

- 4 members appointed by the Governor, including the Cabinet Secretary of the Department of Finance and Administration (DFA) and 1 of whom must be the chief financial officer of a state institution of higher learning

Public members are appointed with the advice and consent of the New Mexico State Senate and must subsequently be confirmed by that body.

The 11-member SIC and its Committees are fiduciaries. Public members serve a 5-year term and are required to have 10 years of qualified professional experience in investment, finance, and/or governance.

Among legislative appointees, no more than 2 members may be from the same political party.

The public member/CFO of a state institution of higher learning serves at the pleasure of the Governor and must be confirmed by the State Senate.

### **Investment Process Structure**

NMSIC is the primary body charged with overseeing investment activities relating to the permanent funds. NMSIC is responsible for the strategic direction of the investment of the permanent funds including the approval of asset allocation, the investment policy statement, asset class structures, benchmarks, investment mandates recommended by investment staff and the Council Investment Committee, annual investment plan, and establishment and maintenance of all policies and guidelines by which the State Investment Office implements and operates. NMSIC relies on their Investment Committee, Governance Committee, Audit Committee, the State Investment Office staff, and external contractors such as investment consultants, investment managers, and the custodial bank.

### **Operational Structure**

#### *Leadership of the State Investment Office*

The State Investment Office is led by the State Investment Officer, who provides the leadership functions similar to an executive director or chief executive officer. The SIO reports to NMSIC and oversees an organization of 24 full-time employees across investment, accounting, legal, IT, and administrative functions.

#### *State Investment Office Investment Staff*

Investment staff consists of 10 full-time employees, including the Deputy State Investment Officer who functionally is a chief investment officer. Current investment staff also includes an investment strategist, 4 asset class directors, and 4 investment analysts (1 investment analyst position is vacant).

#### *State Investment Office – Middle Office (Legal, Risk, and Compliance)*

Middle office functions of legal and compliance are handled by 3 internal professionals including a chief legal counsel, a deputy legal counsel and compliance officer, and a paralegal and administrative assistant.

#### *State Investment Office – Back Office (Accounting, IT, and Administrative)*

The accounting staff of 5 includes a chief financial officer, administrative accountant, investment

accounting manager, investment accounting analyst and a financial coordinator.

Internal State Investment Staff includes a director position which is focused on communications, legislative contact, and client relations.

The internal investment technology staff include 2 network administrators.

The State Investment Officer is supported administratively by an executive assistant and an administrative assistant.

*Autonomy over Budget and Human Resources*

Although the State Investment Officer some ability to establish the organizational structure and job descriptions within the investment office, there appears to be little to no autonomy over budget and compensation. As the Governor serves as the chair of the SIC, and has authority over the SIC budget, we perceive the balance between fiduciary and independence and accountability to be heavily weighted towards accountability.

**Other Details**

*Asset Size & Other Funds Overseen*

Total assets under management as of 6/30/2021 were as follows:

	<b>Market Value as of June 30, 2021 (\$)</b>
<b>Land Grant Permanent Fund</b>	\$23.8 B
<b>Severance Tax Permanent Fund</b>	\$6.0 B
<b>Tobacco Settlement Permanent Fund</b>	\$0.3 B
<b>Water Trust Fund</b>	\$0.04 B
<b>Tax Stabilization Reserve</b>	\$1.8 B
<b>Rural Libraries Fund</b>	\$0.003 B
<b>Early Childhood Education &amp; Care Fund</b>	\$0.3 B
<b>External Clients Fund</b>	\$1.7 B
<b>Total</b>	\$34.2 B

## Guardians of New Zealand Superannuation (NZ Super Fund)

The NZ Super Fund was established by the New Zealand Superannuation and Retirement Income Act of 2001. The act was passed in response to the challenge of New Zealand's aging population and concerns over the ability of future taxpayers to fund the national pension payments when projections indicate a future with significantly more retirees and a proportionally smaller working age population to support the pension system. The act established the NZ Super Fund, a pool of assets on the Government (Crown) balance sheet and established the Guardians of New Zealand Superannuation (Guardians) as a Crown entity charged with managing the Fund.

### Organizational / Legal Structure

The Guardians are an autonomous Crown entity. Under the 2001 act that established the Guardians, they are charged with investing the Fund on a prudent, commercial basis and consistent with investment management best practices.

A Crown entity is further described as follows according to materials available from the NZ Superfund:

*A Crown entity is an organisation that forms part of New Zealand's state sector, as established under the Crown Entities Act 2004, a unique umbrella governance and accountability statute. Crown entities are legal entities in their own right. A decision to assign a government activity or function to a Crown entity indicates that the function should be carried out at 'arm's-length' from the Government. The Crown entity's board directs the entity's day-to-day operations. A monitoring department is responsible to a portfolio Minister for monitoring Crown entities within that portfolio on the Minister's behalf. In the Guardians' case the monitoring department is the New Zealand Treasury and the portfolio Minister is the Minister of Finance.*

The Guardians are governed by a 5-to-7-member board of directors. Board members are appointed by the Governor-General of New Zealand on the recommendation of the Minister of Finance. New Zealand has implemented a unique "double-arm's length" selection process in that the Minister of Finance's recommendations are guided by an independent nominating committee. Board members are all independent of the Government of New Zealand and are chosen for their experience, training, and expertise in investment management, as well as for their mix of complementary skills. The board appears to function much as a corporate board of directors would typically function and are compensated for their service on the board (currently \$49,000 NZD per year, with \$98,000 NZD for the chair and \$61,250 NZD for the deputy chair). Non-residents of NZ can and currently do serve as board members. Board members serve staggered 5-year terms in order to limit the amount of board turnover at a single point in time, and are allowed to serve up to 2 consecutive terms.

The investment office of the Guardians is wholly contained within the Guardians, and is led by its Chief Executive Officer, with day-to-day operations delegated to the CEO and their staff.

As it relates to the trade-off between accountability and fiduciary independence, we perceive the organizational / legal structure of the Guardians to be much more weighted to independence and expertise than accountability via the direct involvement of elected officials.

## **Investment Process Structure**

As it relates to investment decision-making, the Board is primarily responsible for establishing the risk preference and investment policy. Although the Minister of Finance can give directions to the Guardians regarding the Government's expectations as to the Fund's performance, including risk and return expectations, the Minister cannot give any directions that are inconsistent with the foundational mandate of the Guardians to invest on a prudent, commercial manner consistent with best practices.

The board establishes the investment risk preference at two primary levels—first via the establishment of a reference portfolio and second via the establishment of the active risk budget.

The reference portfolio is established as a portfolio of passive, low cost, publicly traded assets that the Board views as an appropriate basic mix to meet the Fund's long-term objectives. The reference portfolio serves as the primary fund benchmark, and as the center point off which active risk taking by the investment office is allowed, quantified, and monitored. The current reference portfolio is 80% equity (75 global / 5 NZ) and 20% fixed income.

The Board further defines its risk appetite through approval of the Risk Management Policy. The Risk Management Policy establishes allowable degrees of active risk taking (tracking error) relative to the reference portfolio, the degree of allowable downside risk, as well as various other risks as concentration levels, liquidity, and counterparties.

Beyond the establishment of the reference portfolio and related risk policies, the Board delegates implementation decision to the investment office. The investment office is expected to manage the portfolio consistent with the risk policies and is responsible for any choice that represents a deviation from the passive reference portfolio, including tactical allocation deviations and implementation decisions.

There is a significant degree of reporting and monitoring required for oversight, including quarterly reports to the Minister of Finance, annual reports to a Parliamentary committee, public reporting and transparency required by the Crown entities act and other legislation, and regulatory oversight by New Zealand's State Services Commissioner.

## **Operational Structure**

### *Leadership of the Investment Office*

The investment office of the Guardians is led by the CEO. There are approximately 181 employees, divided into the following divisions, each led by a General Manager (GM) that reports to the CEO.

- Portfolio Completion
- Investments
- Operations Finance and Risk
- Corporate Strategy (includes Legal)
- Human Resources

### *Investment Front Office*

The investment front office consists of both the investment team as well as the portfolio completion team, and totals approximately 66 employees. Key positions include the CIO, GM of Portfolio Completion, Head of Portfolio Investments, Head of Portfolio Completion, Head of Asset Allocation, Head of External

Investments and Partnerships, Head of NZ Direct Investments, and Head of Responsible Investment. There is extensive use of both internal and external management, with external investment managers utilized primarily for private markets, alternatives, and passive public markets.

#### *Investment Middle and Back Office*

The investment middle office consists of approximately 36 employees across Risk, Legal, and Corporate Strategy.

Back-office functions are staffed by approximately 79 employees, including the CEO, HR, Finance, Investment Operations, and IT.

Key positions across the middle and back office include a GM Operations, GM Finance and Risk, GM Corporate Strategy / General Counsel, GM Human Resources, Head of Investment Operations, 2 separate heads of IT, Head of Risk, Head of Finance, Head of Tax, Head of Legal, head of Strategic Development, head of Communications, Head of Human Resources (Ops), Head of Talent, and Head of Change Management.

#### *Autonomy over Budget and Human Resources*

We observe significant autonomy over budget and human resources management within the investment office. Total internal operating costs in FY 20 equaled approximately 9 bps of the assets in the Fund, which we observe to be approximately 5 times what we see with many of the peer funds with little autonomy. The Guardians also had approximately 12.5 bps of external operating costs in FY 20 which includes legal, financial, and tax advisors. The fund is a NZ taxpayer, and has complex tax considerations associated with foreign investments, and also appears to have significant legal costs associated with complex private market investments.

There are two noteworthy exceptions to the autonomy described above:

- 1) The expenses of the Board (The Guardians) as well as audit expense are appropriated by Parliament from general funds, and
- 2) The compensation of the CEO was previously determined by the Board but was moved in 2020 to the approval of the State Services Commissioner, which is effectively the regulator of Crown Entities. The change appears to have been motivated by the Global Pandemic, and a general push to control costs across New Zealand's Crown Entities.

#### **Other Details**

##### *Asset Size*

	<b>Market Value as of June 30, 2021 (\$)</b>
<b>New Zealand Superannuation Fund</b>	\$58.0 B (NZD)
<b>Total</b>	\$58.0 B (NZD)

## Oregon Investment Council (OIC or Council)

The OIC was established in 1968 and oversees the investment of all State of Oregon trust funds, with the Oregon Public Employees Retirement Fund being the largest at over \$90 billion, representing ~71% of total AUM.

### Organizational / Legal Structure

The Council is comprised of 6 members—5 voting members and 1 non-voting member. The Governor is responsible for appointing 4 of the 5 voting members, which are subject to confirmation by the Senate. Each appointed member must have demonstrated knowledge and experience in the field of investments or finance. The elected Oregon State Treasurer serves as the last voting member of the OIC, and the Director of the Public Employees Retirement System (PERS) is an ex officio non-voting member. Governor appointed members serve 4-year terms, however, each of the 4 appointed OIC members serve at the pleasure of the sitting Governor and may be removed from the Council at any time with or without cause. The chair of the Council is elected by the members.

The investment office is wholly contained within the Oregon State Treasury (OST), led by the Oregon State Treasurer. Day-to-day operations are delegated to the Chief Investment Officer and their staff.

We perceive the trade-off between accountability and expertise as it relates to the organizational / legal structure to be moderately more weighted towards expertise as final decision-making authority over all investment strategy decisions reside with a Council where 4/5 of the members are appointed and must demonstrate substantial experience in investments.

A factor that leans more toward the accountability side of the trade-off is the Governor's ability to remove and appoint new members to the Council with or without cause.

### Investment Process Structure

As it relates to investment decision-making, the Investment Council is “the primary governing fiduciary for the investment and management of the investment funds, and...retains ultimate responsibility for Investment Program decisions.” Pursuant to this duty, the Council determines asset allocation, risk policy, and permissible investments for each underlying pool of assets. The Council meets quarterly or more often as needed to conduct its business and is responsible for creating, maintaining, and revising the Investment Policy Statements for all of the investment pools it oversees.

Implementation of the strategic asset allocation, including internal management, is delegated by to Council to OST investment staff. The Council generally retains the authority over investment manager selection, but Staff has delegated authority to staff to make commitments up to \$150 million for new alternative investment managers and up to \$250 million for existing alternative investment managers.

The Council has established a comprehensive set of governing documents to describe in detail the responsibilities of the Council, Investment Staff, and Investment Managers.

### Operational Structure

#### *Leadership of the Investment Office*

The Oregon State Treasurer's Office is headed by the State elected Treasurer. The investment office is led by the Chief Investment Officer who report directly to the Oregon State Treasurer.

### *Investment Front Office*

The investment front office staff consists of asset class officers and analysts. Exact details surrounding employees are unavailable, but it is clear from our review of the Oregon State Treasury's 2021-2023 biennial budget that the Investment Office has grown over the last several years in tandem with the OIC's efforts to take more asset management activities in-house.

### *Investment Middle and Back Office*

Middle and back-office functions are primarily handled internally by the Treasurer's office, providing direct support to the investment division in a variety of functions, included but not limited to compliance, accounting, IT, and Legal. However, middle and back-office functions appear to be shared across the Treasurer's Office.

### *Autonomy over Budget and Human Resources*

Budgetary and human resources decisions within OST appear to have a limited degree of autonomy, and functions similarly to many public agencies.

OST's Treasurer prepares a proposed budget and staffing level recommendations for the Governor's Office and Chief Financial Office for review. The Governor then submits their Recommended Budget to the Legislative Assembly for a more granular review and approval of each state agency's proposed budget. Any increase in the budget to fund and support the acquisition and retention of human talent and tools is subject to this process and requires an explanation of the purpose and amount needed.

As it relates to the trade-off between accountability and expertise, the operational structure appears significantly more weighted toward accountability, as budget and human resources are primarily determined through governmental processes. The positioning of the investment office within the office of one of the state's elected office holders also seems to introduce a degree of potential for instability into the operational structure of the investment office as the future leadership of the office is by law uncertain and subject to change with each election cycle.

## **Other Details**

### *Asset Size and Other Funds Overseen*

As of 6/30/2021, OIC oversaw approximately \$126.7 billion in assets as shown below:

	<b>Market Value as of June 30, 2021 (\$)</b>
<b>Total OPERF Regular Account</b>	\$90.0 B
<b>Target Date Funds</b>	\$3.2 B
<b>Total OPERF Variable Account</b>	\$0.5 B
<b>State Accident Insurance Fund (SAIF)</b>	\$5.2 B
<b>Common School Fund (CSF)</b>	\$2.2 B
<b>Oregon Short Term Fund (OSTF)</b>	\$26.9 B
<b>Oregon Intermediate Term Pool (OITP)</b>	\$0.3 B
<b>Southern ORE Univ Endowment Fund</b>	\$0.003 B

<b>Western Oregon Univ Endowment Fund</b>	\$0.002 B
<b>Department of Admin Services</b>	\$0.1 B
<b>Consumer and Business Services</b>	\$0.3 B
<b>Elderly Housing Bond Sinking Fund</b>	\$0.001 B
<b>Housing</b>	\$0.02 B
<b>Oregon Lottery – Megabucks</b>	\$0.1 B
<b>Oregon Vets Bond Sinking Fund</b>	\$0.1 B
<b>ODOT</b>	\$0.7 B
<b>Oregon Local Government Intermediate Fund</b>	\$0.2 B
<b>OPUF-PUB Univ Core Bond</b>	\$0.3 B
<b>Total</b>	\$126.7 B

## State of Utah School and Institutional Trust Funds Office (SITFO)

When Utah became a state in 1896, the US Congress granted approximately 6 million acres of land to benefit public education in perpetuity.

In 2014, the Utah State Legislature created the School & Institutional Trust Funds Office (SITFO) as an independent agency within state government. SITFO has a 5-person board of trustees with the state treasurer acting as ex officio chairperson. Trustees are experienced investment professionals nominated via a robust and independent process outlined in statute.

The purpose of SITFO is to invest School and Institutional Trust Lands Administration (SITLA) revenues in a manner that supports the distribution policy in perpetuity while providing for intergenerational equity between current and future beneficiaries. Trusts are managed for the sole benefit of their respective beneficiaries.

While the 11 trusts represent different beneficiaries, they are managed with similar asset allocations because return and risk objectives are the same. There is significant benefit of scale for the smaller trusts invested alongside the permanent School Trust Fund, which accounts for 95% of combined assets. In addition to the School Trust Fund, there are 10 smaller institutional trust funds:

- Miners Hospital
- Institute for the Blind
- Reservoirs Fund
- Normal School
- University of Utah
- School of Mines
- Utah State University
- Utah State Hospital
- Deaf School Fund
- State Industrial School

The source of investable financial assets is the same across all trusts.

### Organizational / Legal Structure

SITFO has a 5-person Board of Trustees with the State Treasurer as Chairperson. The trustees are experienced investment professionals nominated via a robust and independent process including a committee comprised of investment professionals and beneficiary representative. Each Trustee must be appointed by the state treasurer on a nonpartisan basis from a list of at least 2 qualified candidates per position, nominated by the nominating committee. The state treasurer appoints members who possess a) outstanding professional qualifications pertinent to the prudent investment of trust fund money; and b) expertise in institutional investment management. Board members serve a 6-year term.

There are currently 7 staff members responsible for the day-to-day management of the trusts, and to which the Board has delegated certain decision-making authority. In addition to the investment professionals at SITFO, the Board of Trustees retain an institutional investment consulting firms to work with the Board and SITFO staff to develop and implement the agency's investment program. Additional third-party providers are utilized as part of the institutional framework necessary for managing the trusts.

## **Investment Process Structure**

The SITFO's Board of Trustees is responsible for the strategic direction of the investments of the trusts and is vested with the authority for setting investment policy including establishing the target allocation for each trust.

SITFO staff is charged with the day-to-day responsibility to manage and monitor the investments of each trust, including executing strategy through asset class structures, manager selection, and portfolio and risk management to implement the asset allocation set by the Board.

## **Operational Structure**

### *Leadership of SITFO*

The SITFO is led by the Director, Chief Investment Officer, who functions as CEO, CIO, and COO.

### *Investment Front Office*

The investment front office staff consists of three employees, including the Director, CIO, two investment analysts. The finance and operations analyst dedicates a portion of their time to investment analysis as does the assistant investment analyst.

### *Investment Middle and Back Office*

Some middle and back-office functions appear to be primarily handled by other resources within state government. Legal support is provided by the Attorney General's Office. IT support is provided by centralized state resources. A portion of the assistant investment analyst time is dedicated to establishing risk and reporting tools to support investment analysis and monitoring.

Back-office functions such as operations, administration, finance, and office management are coordinated primarily by SITFO's finance and operation officer and the finance and operations analyst, with heavy reliance on external vendors, such as the custodial bank, external asset managers, and an external audit firm.

### *Autonomy over Budget and Human Resources*

SITFO is not funded by taxpayer revenue. SITFO is an expense of the trusts.

SITFO staff recommends a budget to the trustees. The trustees approve SITFO's organizational structure as well as the budget. Once the budget has been approved by the SITFO board, it is then presented to both the Governor and the Legislature, and final approval comes from the Legislature.

The operating budget consists primarily of internal operating costs such as salaries and benefits, travel, rent, and equipment. Investment related expenses, including custody, consulting, and other investment related vendor costs are not subject to budget approval.

As it relates to the trade-off between accountability and expertise, the operational structure appears to be balanced somewhere in the middle. Although the budget is subject to review by the Governor and the Legislature, the operating expenses of SITFO (as a percentage of assets) appear to currently run well above other States where we observe a much heavier influence of a governmental budget approval process. In addition, certain external operating expenses are not subject to an appropriation process.

## Other Details

### Asset Size & Other Funds Overseen

In addition to the permanent school trust fund, SITFO manages 10 other, smaller institutional trust funds. Total assets under management as of 6/30/2021 were as follows:

	<b>Market Value as of June 30, 2021 (\$)</b>
<b>School Fund</b>	\$2.9 B
<b>Other Trust Funds</b>	\$0.2 B
<b>Total</b>	\$3.0 B

## State of Wisconsin Investment Board (SWIB)

### Organizational / Legal Structure

Established in 1951, SWIB is an independent state agency charged with managing the Wisconsin Retirement System (WRS), State Investment Fund (SIF), and a number of other pools of state funds. For the purposes of this report, we will focus on the Board's responsibilities as it relates to WRS as retirement system assets represent nearly 90% of funds overseen by the Board.

The SWIB Board is comprised of 9 members—the Secretary of Administration; 1 member appointed by the governor who is a representative of a local government that participants in the local government pooled-investment fund; 5 additional governor appointees, 4 of whom must have at least 10 years of experience in investments; and 2 retirement system members. One retirement member must be a teacher participant appointed by the teacher retirement board, while the other must be a participant other than a teacher that is appointed by the retirement board. All members carry voting authority. All appointed Board members serve staggered 6-year terms to encourage continuity on the Board and limit turnover at any given point in time.

The investment office is a wholly independent organization with no explicit appropriation of public funds to support operations. Instead, all staff and operational costs are funded from investments.

We perceive the trade-off between accountability and fiduciary independence as it relates to the organizational / legal structure to be more weighted towards independence as SWIB maintains autonomy over its operational budget and final decision-making authority over all investment related decisions reside with a Board where 2/3 of the members are appointed and must demonstrate substantial experience in investments.

A factor that leans more towards the accountability of the trade-off is the significant role of the executive branch in nominating board members. However, this is somewhat mitigated by the fact that members are appointed to staggered 6-year terms.

### Investment Process Structure

Authority over investment strategy decisions reside with the Board of Trustees. The Board meets quarterly or more often as needed to conduct its business and is responsible for creating, maintaining, and revising the Investment Policy Statements for the WRS, SIF, and Separately Managed Funds. As part of this duty, the Board determines asset allocation, active risk target and range, and permissible investments for each underlying pool of assets. The board employs a staff of 236 investment, operational, and administrative staff and has delegated authority to investment staff to make investments on their behalf in implementing their approved strategy.

### Operational Structure

#### *Leadership of the Investment Office*

SWIB staff is led by the Executive Director/Chief Investment Officer ("ED/CIO"). The ED/CIO, supported by a Management Council comprised of other senior leaders from investment management and investment services, is responsible for overseeing the operational and administrative tasks performed by SWIB staff. The ED/CIO, supported by the Investment Committee, also leads the investment office. As a

result of this structure, the ED/CIO must split their time between administrative/operational and investment related issues.

#### *Investment Front Office*

The front office is led by a staff-run Investment Committee, which is chaired by the Executive Director/CIO and supported by nine additional voting members and three non-voting members drawn from the investment management staff. SWIB is committed to internal active management with more than 50% of WRS assets managed in-house by SWIB staff spanning the full spectrum of both public and private markets. The primary goal behind the use of internal management is to maximize cost savings for the Plan and its beneficiaries. As a result, SWIB's front office is substantially larger than many other public agencies with over 80 full time employees as of the end of Q2 2020.

#### *Investment Middle and Back Office*

SWIB's front office investment staff are supported by a team of operational and administrative staff, including, but not limited to, internal legal, compliance, accounting/auditing, and IT support. Middle and back-office functions appear to be completely independent from the Wisconsin state government and operate solely in support of SWIB's front office staff.

#### *Autonomy over Budget and Human Resources*

SWIB appears to have a significantly higher degree of autonomy over budget and human resource decisions than many other public agencies RVK has observed. The 2011 Wisconsin Act 32 provided SWIB with the authority to independently determine an appropriate staffing level and operating budget.

On a biennial basis, the Board develops an operating budget to determine what resources are needed to manage the assets it oversees to fulfill its fiduciary duties. This independence does not, however, come without transparency requirements. SWIB must report operating expenditures and changes to the number of full-time equivalent positions on a quarterly basis to the Department of Administration, the Co-Chairpersons of the Joint Committee on Finance, and the Co-Chairpersons of the joint Committee on Audit. In addition, each fiscal year SWIB officials must provide updates related to budget changes, position authorization changes, and review fund performance at the first quarterly meeting of the Joint Committee on Finance.

As it relates to the trade-off between accountability and fiduciary independence, the operational structure appears significantly more weighted towards fiduciary independence, as budget and human resources are primarily controlled independent of governmental intervention. This has allowed SWIB the flexibility to add internal resources where the Board has deemed necessary to fulfill all facets of its fiduciary duty to Plan fiduciaries. This has also given SWIB the ability to hire staff to manage and research investments outside of traditional investments and develop considerable internal management capabilities.

## Other Details

### *Asset Size and Other Funds Overseen*

As of 6/30/2021, SWIB oversaw approximately \$140 billion in retirement plan assets and nearly \$18 billion in other funds as shown below:

	<b>Market Value as of June 30, 2021 (\$)</b>
<b>Total WRS</b>	\$140.2 B
<b>SIF</b>	\$15.4 B
<b>Separately Managed Funds</b>	\$2.4 B
<b>Total</b>	\$157.9 B

## VII. Hypothetical Structure “Sketches”

### Introduction to Investment Organization Structure Sketches

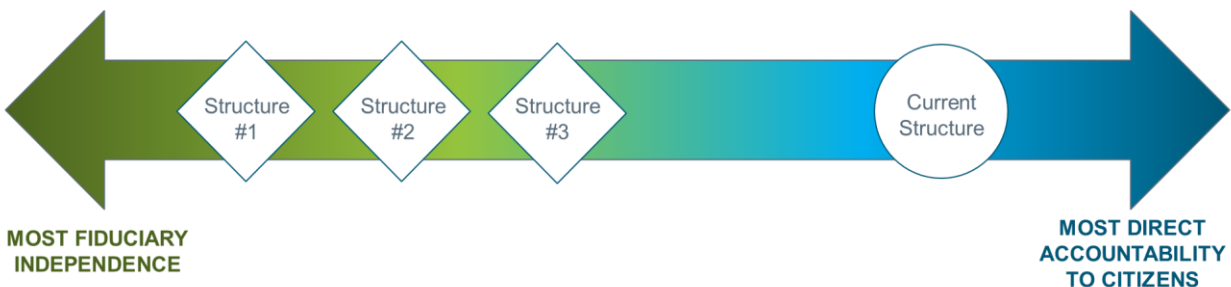
Before reviewing these organizational sketches, it is important to understand what they are, and what they are not. These are not recommendations for how Wyoming *should* structure its investment program and the organization implementing it. They are aids to assist the IFC in understanding the practical implementation of investment program structures that lie along the key tradeoff spectrum discussed earlier in this report and visually depicted in the graphic below; that is, the tradeoff between:

- (A) independence and the delegation of investment decision-making and the resources needed to execute it from elected officials, the individuals who report to them and the political processes of state government generally

*versus*

- (B) the degree of oversight and direct involvement in investment decision-making and the resources needed to execute it by elected officials and the individuals who report to them.

The RVK Project Team concluded from the intense research conducted for the creation of this report that there are a relatively small number of “building blocks” in the construction of any investment program that practically express in tangible terms the tradeoff chosen between the two objectives noted and above, and thus determine where it lies along this spectrum. The purpose of the hypothetical “Structure Sketches” shown below is to use those building blocks to show how an organization’s key structural attributes can be combined to express the desired tradeoff and thus have it fall at the desired spot along this spectrum. Each structure sketch is detailed below, and a side-by-side summary is included as **Appendix C**.



## Structure Sketch #1

### Legal Structure

- An independent entity with the powers of a corporation under Wyoming law, except as revised by statute.

### State Oversight

- General oversight of the Wyoming Investment Office (WYIO) shall be provided by the State Funds Oversight Board composed solely by the Governor, the Treasurer and three other statewide elected officials. The SFOB reviews the performance of the WYIO. It conducts a comprehensive annual review of the performance of the WYIO and the funds it manages. It may, at its discretion, require periodic reports from the WYIO and call special meetings to conduct interim reviews. It periodically reviews the administrative budget and the budget threshold.

### Legislative Oversight

- Committee oversight as the Legislature so determines.

### The WYIO Board

- 9 members. All are independent. Independence is defined as not holding elective office or working for an elected official or WY state government. Nor can a member be a lobbyist or representative for any organization, or any private business wholly or partially owned or managed by an elected official.
- The Board shall elect a Chair from among its members. The Chair shall serve as for a 2-year term, but the number of terms is limited only by the overall limit of 8 years of service on the Board.
- 7 of the 9 Board members must reside in WY or be property owners within the state.
- All WYIO board members will be paid a salary equal to 20% of the Governor's salary.
- They must meet a minimum of 6 times annually. Attendance by the members at a minimum of 6 meetings annually is a requirement of remaining on the board. Failure to meet this requirement is de facto cause for dismissal by the Governor.
- They are appointed for 4-year staggered terms by the Governor from a list of candidates submitted by the independent selection panel.
- They can be removed only for cause by the Governor with a corresponding majority vote of the WYIO board itself.
- All WYIO Board members and senior officers are subject to all applicable ethics requirements imposed by the state. In addition, the Board shall be required to prepare and implement a formal Board and personal code of conduct and issue an annual report on the conduct of the Board and senior officers.

- Board members are term limited to 8 years—2 full terms—of service.

### **Budget, Personnel, and Compensation**

- All funding for the WYIO and its investment activities shall be drawn exclusively from the funds under its purview. No funding for the WYIO shall be drawn from the General Fund.
- The WYIO shall prepare a budget and submit it to the SFOB and the Legislature. Provided that the administrative expense of the WYIO does not exceed [XX] bps of the funds it manages; the total budget shall not be subject to approval by the Executive or Legislative branches of WY state government.
- Administrative expense includes all direct expenses of the WYIO for internal staff and administration but excludes costs associated with investment management, custody bank, consulting and investment related legal expenses.
- If the proposed budget exceeds this threshold, the total budget—but not its composition—shall be subject to standard Executive and Legislative branch review.
- If the proposed budget is lower than this threshold, there is no “banking” of the difference for future budgets.
- After the first 3 years of experience and every three years afterward, the bps budget limit will be studied by the WYIO and any recommendations for change submitted to the Governor and the Legislature along with supporting rationale.
- The WYIO shall have the authority to hire an executive director and determine their authority.
- The WYIO shall have the authority to hire a Chief Investment Officer and determine their authority, including any investment decisions delegated to them.
- The WYIO Board, at its discretion, may delegate personnel management decisions to the Executive Director and the CIO.
- The WYIO Board shall have the authority within the budget to expend it as it best sees fit to fulfill its mission. Thus, all decisions involving administrative efforts and associated expenditures—personnel, organization staffing, compensation, acquisition of the tools, and data—lie with the Board.
- Expenses associated with investments and the implementation of the Board’s investment strategy for the funds it manages are not subject to any specific limit.
- Within 120 days of the conclusion of each fiscal year, the WYIO shall report to the SFOB and the Legislature the internal budget expenditures for that year.
- One year prior to each review of the budget threshold, the WYIO Board shall conduct a study of its total expenditures—the administrative budget as well as investment related expenses—and compare them to a broad group of similar funds. The Board shall submit this study to the SFOB, the Governor and the Legislature.

## Structure Sketch #2

### Legal Structure

- An independent entity, not part of the Executive Branch, with powers and authority established by founding statute.

### State Oversight

- General oversight of the Wyoming Investment Office (WYIO) shall be provided by the State Funds Oversight Board composed solely by the Governor, the Treasurer and three other statewide elected officials. The SFOB reviews the performance of the WYIO. It conducts a comprehensive annual review of the performance of the WYIO and the funds it manages. It may, at its discretion, require periodic reports from the WYIO and call special meetings to conduct interim reviews. It periodically reviews and approves the administrative budget and the budget threshold.

### Legislative Oversight

- Committee oversight as the Legislature so determines.

### The WYIO Board

- 9 members. 8 voting members are independent. Independence is defined as not holding elective office or working for an elected official or WY state government. Nor can a member be a lobbyist or representative for any organization or any private business wholly or partially owned or managed by an elected official.
- All nominated independent members are subject to confirmation by the Legislature
- The Treasurer shall have a permanent, non-voting role on the Board.
- The Board shall elect a Chair from among its independent members. The Chair shall serve as for a 2-year term, but the number of terms is limited only by the overall limit of 8 years of service on the Board.
- 6 of the 8 independent Board members must reside in WY or be property owners within the state.
- All independent WYIO board members will be paid a salary equal to 20% of the Governor's salary.
- They must meet a minimum of 6 times annually. Attendance by the members at a minimum of 6 meetings annually is a requirement of remaining on the board. Failure to meet this requirement is de facto cause for dismissal by the Governor.
- They are appointed for 4-year staggered terms by the Governor from a list of candidates submitted by the independent selection panel.

- They can be removed only for cause by the Governor with a corresponding majority vote of the WYIO board itself.
- All WYIO Board members and senior officers are subject to all applicable ethics requirements imposed by the state. In addition, the Board shall be required to prepare and implement a formal Board and personal code of conduct and issue an annual report on the conduct of the Board and senior officers.
- Board members are term limited to 8 years—2 full terms—of service.

### **Budget, Personnel, and Compensation**

- All funding for the WYIO and its investment activities shall be drawn exclusively from the funds under its purview. No funding for the WYIO shall be drawn from the General Fund.
- The WYIO shall prepare a budget and submit it to the SFOB and the Legislature. Provided that the administrative expense of the WYIO does not exceed [XX] bps of the funds it manages; the total budget shall not be subject to approval by the Executive or Legislative branches of WY state government.
- Administrative expense includes all direct expenses of the WYIO for internal staff and administration but excludes costs associated with investment management, custody bank, consulting and investment related legal expenses.
- If the proposed budget exceeds this threshold, the total budget—but not its composition—shall be subject to standard Executive and Legislative branch review.
- If the proposed budget is lower than this threshold, there is no “banking” of the difference for future budgets.
- After the first 3 years of experience and every three years afterward, the bps budget limit will be studied by the WYIO and any recommendations for change submitted to the Governor and the Legislature along with supporting rationale.
- The WYIO Board shall have the authority to hire an executive director and determine their authority.
- The WYIO Board shall have the authority to hire a Chief Investment Officer and determine their authority, including any investment decisions delegated to them.
- The WYIO Board shall have the authority within the budget to expend it as it best sees fit to fulfill its mission. Thus, all decisions involving administrative efforts and associated expenditures—personnel, organization staffing, compensation, acquisition of the tools, and data—lie with the Board.
- The WYIO Board, at its discretion, may delegate personnel management decisions to the Executive Director and the CIO.
- Expenses associated with investments and the implementation of the Board’s investment strategy

for the funds it manages are not subject to any specific limit.

- Within 120 days of the conclusion of each fiscal year, the WYIO shall report to the SFOB and the Legislature the internal budget expenditures for that year.
- One year prior to each review of the budget threshold, the WYIO Board shall conduct a study of its total expenditures—the administrative budget as well as investment related expenses—and compare them to a broad group of similar funds. The Board shall submit this study to the SFOB and the Legislature.

## Structure Sketch #3

### Legal Structure

- An independent entity, not part of the Executive Branch, with powers and authority established by founding statute.

### State Oversight

- General oversight of the Wyoming Investment Office (WYIO) shall be provided by the State Funds Oversight Board composed solely by the Governor, the Treasurer and three other statewide elected officials. The SFOB reviews the performance of the WYIO. It conducts a comprehensive annual review of the performance of the WYIO and the funds it manages. It may, at its discretion, require periodic reports from the WYIO and call special meetings to conduct interim reviews. It periodically reviews and approves the WYIO Investment Policy and Strategic Asset Allocation as well as the administrative budget and the budget threshold. It may also, at its discretionary, set risk limitations for the overall portfolio.

### Legislative Oversight

- Committee oversight as the Legislature so determines.

### The WYIO Board

- 9 members. 8 voting members are independent. Independence is defined as not holding elective office or working for an elected official or WY state government. Nor can a member be a lobbyist or representative for any organization or any private business wholly or partially owned or managed by an elected official.
- All nominated independent members are subject to confirmation by the Legislature
- The Treasurer shall have a permanent voting role on the Board.
- The Board shall elect a Chair from among its independent members. The Chair shall serve as for a 2-year term, but the number of terms is limited only by the overall limit of 8 years of service on the Board.
- 6 of the 8 independent Board members must reside in WY or be property owners within the state.
- All independent WYIO board members will be paid a salary equal to 20% of the Governor's salary.
- They must meet a minimum of 6 times annually. Attendance by the members at a minimum of 6 meetings annually is a requirement of remaining on the board. Failure to meet this requirement is de facto cause for dismissal by the Governor.
- They are appointed for 4-year staggered terms by the Governor from a list of candidates submitted to him/her by the independent selection panel.

- They can be removed only for cause by the Governor with a corresponding majority vote of the WYIO board itself.
- All WYIO Board members and senior officers are subject to all applicable ethics requirements imposed by the state. In addition, the Board shall be required to prepare and implement a formal Board and personal code of conduct and issue an annual report on the conduct of the Board and senior officers.
- Board members are term limited to 8 years—2 full terms—of service.

### **Budget, Personnel, and Compensation**

- All funding for the WYIO and its investment activities shall be drawn exclusively from the funds under its purview. No funding for the WYIO shall be drawn from the General Fund.
- The WYIO shall prepare a total budget request for administrative expenses and submit it to the SFOB and the Legislature. Administrative expense includes all direct expenses of the WYIO for internal staff and administration but excludes costs associated with investment management, custody bank, consulting and investment related legal expenses.
- The WYIO administrative budget total shall be subject to the standard budget approval process with one exception: the budget total shall be subject to review but not its composition.
- The WYIO Board shall have the authority to hire an executive director and determine their authority. The Board, at its discretion, may delegate personnel management decisions to the Executive Director and the CIO.
- The WYIO Board shall have the authority to hire a Chief Investment Officer and determine their authority, including any investment decisions delegated to them.
- The WYIO Board, at its discretion, may delegate personnel management decisions to the Executive Director and the CIO.
- The WYIO Board shall have the authority within the total administrative budget to expend it as it best sees fit to fulfill its mission. Thus, all decisions involving administrative efforts and associated expenditures—personnel, organization staffing, compensation, acquisition of the tools, and data—lie with the Board.
- Expenses associated with investments and the implementation of the Board's investment strategy for the funds it manages are not subject to any specific limit.
- Within 120 days of the conclusion of each fiscal year, the WYIO shall report to the SFOB and the Legislature the internal budget expenditures for that year.
- Every third year, the WYIO Board shall conduct a study of its total expenditures—the administrative budget as well as investment related expenses—and compare them to a broad group of similar funds. The Board shall submit this study to the SFOB and the Legislature.

## Sketch #4 - The Current Wyoming Investment Program Structure

### Legal Structure

- A separate Board established in Statute within the State Board of Land Commissioners.

### State Oversight

- The State Loan and Investment Board (SLIB). Responsible for approval of investment policy, strategic asset allocation, investment manager selection, and investment performance review.

### Legislative Oversight

- Select Committee on Capital Finance and Investments and the Joint Finance and Appropriations Committee.

### Investment Funds Committee

- 12 members. 6 are independent.
- State Treasurer is the permanent Chair
- 7 voting members include the State Treasurer and the 6 independent members
- 6 independent members are appointed by selection panel. 3-year terms and eligible for re-appointment. Subject to confirmation of Senate. May be removed by selection panel or the Governor for malfeasance or misconduct in office.
- 5 ex-officio non-voting members include 1 each appointed by the Governor, Senate President, and Speaker of the House, plus the CIO within the State treasurer's Office and the CIO of the Retirement System.
- Independent members not compensated beyond expenses and per diem.
- Must hold at least 4 meetings annually. Special meetings may be called by the Chair.
- All committee matters decided by majority of a quorum of the voting members.
- Serves largely in a review and advisory capacity having no authority to make investment decisions. W.S. 9-4-720 (f) states:

*(f) The committee shall:*

*(i) Review state investment policies and procedures and recommend statutory, rule or policy modifications as the committee deems appropriate to maximize total net returns while protecting principal in a manner that strives for the highest possible risk adjusted total return consistent with an appropriate level of safety, liquidity and consideration of the unique circumstances for each fund;*

*(ii) Consult with the state treasurer and the board as required by law and as requested by each of those entities regarding the establishment and execution of state investment policies;*

*(iii) Monitor the investment of state funds in alternative investments;*

*(iv) Report to the legislature's select committee on capital financing and investments regarding state investment policies, procedures, authority and execution of the same upon request;*

*(v) Establish or approve investment benchmarks and determine or review whether benchmarks have been exceeded as required by W.S. 9-1-409(e) and 9-3-406(a). Ex officio nonvoting members of the committee shall not vote on any benchmark.*

*(g) The committee through the state treasurer's office may contract with consultants having special expertise to assist in the performance of its duties.*

*(h) Liability of committee members shall be governed by W.S. 1-23-107.*

#### **Budget, Personnel, and Compensation**

- Investment staff, including front, middle, and back office are employees within the State Treasurer's Office.
- Funding comes from a mix of the funds under management and the Wyoming General Fund.
- The Treasurer's office is charged with developing a biennial budget proposal that goes through multiple other agencies for input, is reviewed and approved by the Governor, and then ultimately approved by the legislature. Incentive compensation for investment staff is based on benchmarks established by the IFC and approved by the legislature.

# Appendices

ORIGINAL HOUSE  
BILL NO. HB0244

ENGROSSED

ENROLLED ACT NO. 85, HOUSE OF REPRESENTATIVES

SIXTY-SIXTH LEGISLATURE OF THE STATE OF WYOMING  
2021 GENERAL SESSION

AN ACT relating to public funds; providing for a study and report regarding alternative measures for managing the investment of state funds; making legislative findings; outlining issues to be covered in the study and report; providing for recommendations for a plan to provide for alternative measures; providing for filing of the report; providing for staffing and requiring assistance by state executive and legislative entities; providing an appropriation; providing for subsequent legislation; and providing for an effective date.

*Be It Enacted by the Legislature of the State of Wyoming:*

**Section 1.**

(a) The legislature finds there is a consensus among the state treasurer's office, the governor's office, the investment funds committee and the legislature that the investment funds committee should undertake a study to assess options for improving the investment operations relating to state funds and to address the following goals and objectives:

(i) To bring Wyoming's management of its sovereign wealth funds and other permanent and nonpermanent funds into the top tier in each field thereby ensuring the state and its citizens are receiving the best possible value from these key public resources;

(ii) To identify legal and fiduciary requirements of the state in investing various fund types and clarify best practices regarding the state's oversight role as owner or trustee of invested funds;

ENROLLED ACT NO. 85, HOUSE OF REPRESENTATIVES

SIXTY-SIXTH LEGISLATURE OF THE STATE OF WYOMING  
2021 GENERAL SESSION

(iii) Development of an investment management structure that will most likely achieve the best long-term returns for the state, taking into account:

(A) Legal and fiduciary requirements, risk tolerance, spending requirements and the volatile revenues characteristic of the state;

(B) Needs to ensure accuracy, transparency and timeliness in reporting in light of those requirements, while being as efficient as possible under those requirements.

(b) In conducting the study, the investment funds committee shall:

(i) Review alternatives for the investment management structure including, but not limited to, a public state corporation, a state owned investment management company or state created investment council or quasi-governmental entity;

(ii) Recommend an organization and management structure that it determines best meets the goals and objectives specified in subsection (a) of this section;

(iii) Include in its recommendation:

(A) An outline of the duties, makeup and responsibilities of all parties involved in the management of investments, including the state loan and investment board, and how each party would interrelate with the other parties;

ENROLLED ACT NO. 85, HOUSE OF REPRESENTATIVES

SIXTY-SIXTH LEGISLATURE OF THE STATE OF WYOMING  
2021 GENERAL SESSION

(B) An outline of the appropriate revenue and expense model adequate to support the staffing and technology needed for the recommended organization and management structure;

(C) How to best implement the recommendation in a manner which enables investment professionals and their colleagues in operations, accounting and legal compliance to function independently and consistently with accepted industry standards;

(D) How the investment management operations would be conducted in light of the state's status as the organization's only client;

(E) Other recommendations the investment funds committee determines would assist the legislature or entities managing state investments in achieving the goals and objectives specified in subsection (a) of this section or would otherwise benefit the state in its management of investments.

(c) The investment funds committee shall submit the report to the select committee on capital financing and investments not later than November 1, 2021. The select committee on capital financing and investments shall work with the investment funds committee during the preparation and review of the report required under this section. The select committee may prepare legislation regarding the study and report under this act as it determines appropriate. The select committee shall collaborate with the investment funds committee during each interim, monitor its practices and recommendations and assist as necessary to facilitate improved investment practices by the state.

ENROLLED ACT NO. 85, HOUSE OF REPRESENTATIVES

SIXTY-SIXTH LEGISLATURE OF THE STATE OF WYOMING  
2021 GENERAL SESSION

(d) There is appropriated ten thousand dollars (\$10,000.00) that would otherwise be deposited to the general fund, to the state treasurer's office for purposes of supporting the investment funds committee study and report under this act. This appropriation shall be for the period beginning with the effective date of this act and ending June 30, 2022. This appropriation shall not be transferred or expended for any other purpose and any unexpended, unobligated funds remaining from this appropriation shall revert as provided by law on June 30, 2022.

(e) The state treasurer's office shall provide the investment funds committee with support as specified in W.S. 9-4-720. The state treasurer's office and the office of state lands and investments shall provide assistance to the investment funds committee as requested in conducting the study and providing the report required by this act. The investment funds committee shall consider input provided by members of the state loan and investment board in conducting the study and preparing the report. The legislative service office shall provide assistance to the investment funds committee as requested by the committee and as approved by the management council of the legislature.

ORIGINAL HOUSE  
BILL NO. HB0244

ENGROSSED

ENROLLED ACT NO. 85, HOUSE OF REPRESENTATIVES

SIXTY-SIXTH LEGISLATURE OF THE STATE OF WYOMING  
2021 GENERAL SESSION

**Section 2.** This act is effective immediately upon completion of all acts necessary for a bill to become law as provided by Article 4, Section 8 of the Wyoming Constitution.

(END)

\_\_\_\_\_  
Speaker of the House

\_\_\_\_\_  
President of the Senate

\_\_\_\_\_  
Governor

TIME APPROVED: \_\_\_\_\_

DATE APPROVED: \_\_\_\_\_

I hereby certify that this act originated in the House.

\_\_\_\_\_  
Chief Clerk



	Organizational / Legal Structure	Investment Process Structure	Operational Structure
Wyoming State Loan and Investment Board	State Loan and Investment Board - 5 Elected Officials. State Treasurer Chairs Investment Funds Committee. All Investment Office Staff are employees of State Treasurer.	Final authority for most investment decisions rests with SLIB. IFC members are selected for their experience through an independent nominating process and make recommendations to SLIB in coordination with the investment office.	Investment Office are all employees of the State Treasurer's Office. Little autonomy over human resources and budget decisions.

Peer Comparators

Alaska Permanent Fund Corporation	Established as a public corporation and government instrumentality within the Department of Revenue. Board of 6 is comprised of 2 members of the Governor's cabinet (Commissioner of Revenue + 1 other Commissioner) and 4 public members appointed by the Governor serving staggered terms.	The Board establishes risk preference, investment policy and strategic asset allocation while the investment office is responsible for implementation decisions.	Although statutes that created the APFC describe broad Board powers to hire and compensate the CEO and staff, in practice there is very limited autonomy as budgets must be approved through an extensive process that includes multiple layers of Governmental approval.
Alberta Investment Management Corporation (AIMCo)	Canadian Crown Corporation, established by the AIMCo Act. Board is 100% comprised of non-elected public members, selected through an ongoing independent process with industry requirements for each member.	AIMCo works with each client to establish a risk tolerance and target return, then AIMCo is tasked with implementation.	Significant autonomy to establish budgets and manage human talent and tools, with Board oversight. The Minister does have some level of oversight, but appears to be monitoring in nature.
Florida State Board of Administration	State Board of Administration of Florida. All 3 Board members are elected officials.	The Board has ultimate authority to establish investment policy and strategic asset allocation while the Investment Office is responsible for implementation and execution of decisions with oversight by Investment Advisory Council.	Significant autonomy to establish budgets and manage personnel.
Idaho Endowment Fund Investment Board	Endowment Fund Investment Board (EFIB) provides investment management services to the Land Board. Created in Idaho Statute 57-7 it is an "Investment Board established in the State Board of Land Commissioners." Investment Office resides within the EFIB agency structure.	Board of Land Commissioners retains responsibility for "Total Portfolio Investment Policy" which includes both Land Assets and Financial Assets, primarily the division between the two and reinvestment decisions. EFIB retains responsibility for all investment decisions that only pertain to the financial assets.	Small staff model with significant reliance on external providers. Very little autonomy over HR and budget due to multiple layers of review by legislature and executive branch
New Mexico State Investment Council	The SIC is chaired by the Governor of the State of New Mexico and is composed of 11 members - Governor, State Treasurer, Commissioner of Public Lands, four public members appointed by the Legislative Council, Four members appointed by the Governor.	The NMSIC is the primary body charged with overseeing investment activities relating to the permanent funds. The NMSIC is responsible for the strategic direction of the investment of the permanent funds including the approval of asset allocation, the investment policy statement, asset class structures, benchmarks, investment mandates recommended by investment staff and the Council Investment Committee, annual investment plan, and establishment and maintenance of all policies and guidelines by which the State Investment Office implements and operates.	Although the State Investment Council is allowed to formulate its appropriation request, there appears to be limited autonomy in practice due to the multiple layers of political review and approval in place.
The Guardians of New Zealand Superannuation	Autonomous Crown Entity. Board is 100% comprised of non-elected public members, selected through a double arms length nominating process for their expertise.	Board establishes the reference portfolio and risk policies, while management is charged with executing within the risk policies.	Significant autonomy to establish budgets and manage human talent and tools, with Board oversight. CEO compensation was recently moved from the Guardians, back to the State Services Commission.
Oregon Investment Council	The Oregon Investment Council, established in 1968 under ORS 293.706 is responsible for investment the majority of Oregon's state trust funds. Created by Oregon Statute ORCS 293.706, the Council is comprised of 6 members, 5 voting and 1 non-voting. 4 of the members are appointed by the Governor while the remaining 2 are filled by position (elected State Treasurer and Director of Oregon PERS).	OIC retains responsibility for developing the investment policy, including the setting asset allocation, risk policy, and permissible assets. Investment Staff has been delegated authority to manage day-to-day management and implementation of investment strategy.	The investment division is housed within the State Treasurer's Office. Little autonomy over human resources and budget decisions.
Utah School and Institutional Trust Fund Office	independent agency within state government. SITFO has a five-person board of trustees with the state treasurer acting as ex officio chairperson. Trustees are experienced investment professionals nominated via a robust and independent process outlined in statute.	The SITFO's Board of Trustees is responsible for the strategic direction of the investments of the trusts and is vested with the authority for setting investment policy including establishing the target allocation for each trust.  SITFO staff is charged with the day-to-day responsibility to manage and monitor the investments of each trust, including executing strategy through asset class structures, manager selection, and portfolio and risk management to implement the asset allocation set by the Board.	SITFO is not funded by taxpayer revenue. SITFO staff recommends a budget to the trustees. The trustees approve SITFO's organizational structure as well as the budget. After the trustees approved SITFO's budget, it is reviewed by the Governor and Legislature.
State of Wisconsin Investment Board	Established as an independent state agency responsible for managing the the state's retirement systems and other pools of state funds. 9 members--the Wisconsin Secretary of Administration, 6 Governor appointees, and 2 appointees from participating retirement system boards.	Authority over investment strategy decisions reside with the Board of Trustees. This includes determining asset allocation, active risk targets and ranges, and permissible investments for each fund. The Board has delegated strategy implementation decisions to investment staff.	The Board operates with a high degree of independence from governmental appropriations. Significant autonomy over human resources and budget decisions.

Appendix B-2: Wyoming and Peer Profile Summary Details

	Wyoming	Alberta	Alaska	Florida
<b>Organizational / Legal Structure</b>				
Organizational Name	Wyoming State Loan and Investment Board (SLIB)	Alberta Investment Management Corporation (AIMCo)	Alaska Permanent Fund Corporation (APFC)	State Board of Administration of Florida (SBA)
Organizational Description	Board within the Office of State Lands and Investments	Canadian Crown Corporation	A public corporation and government instrumentality in the Dept of Revenue	Investment Management Organization created by the Florida Constitution
Primary Statutory References	Title 9, Chapter 4, Article 7	Alberta Investment Management Corporation Act	Alaska Statutes Section 37.13	Florida Statutes, Section 215.44(5)
Primary Fund Type	Permanent Funds - Severance Tax and Land Grant School	Organized as corporation to manage assets for pensions and other institutional pools of capital	Severance Tax Permanent Fund	SBA manages more than 30 funds, but the primary fund is the Florida Retirement System Pension Plan, accounting for approximately 80% of the assets managed
Board Size and Composition	5 - All Elected	11 - All appointed by Lieutenant Governor in Council	6 - mix of government and non-government employees	3 - All Elected
Board Elected Representation	None	Governor, State Treasurer, Secretary of State, State Auditor, Superintendent of Public Instruction	1 must be the commissioner of revenue, 1 other must head a principal department of state government	Governor, Chief Financial Officer and Attorney General
Board Non-Elected Representation	None	All Eleven (11)	4 - with recognized competence and wide experience in finance, investments, and other business management related fields. Cannot be government employees or hold elected office.	None
Board Selection Process	Elected by vote of citizenry	Managed by Governance Committee, guided by a Board Skills Matrix with certain requirements of each candidate. The Committee maintain an "Evergreen List" of candidates, which is continuously reviewed and edited	Appointed by Governor	Elected by vote of citizenry
Staggered Terms	No	Yes - 3 year terms with 10 year cumulative max	Yes - No more than one public member term can expire each year	No (all three are elected for four year cycle)
Board Chair	Governor	Nominated by Board and subject to approval by Minister, Council, and formally appointed by Lt. Governor	Annually elected by the board	Governor
Investment Committee	Investment Funds Committee - Advisory Only	Yes - Committee of the Board	Investment Advisory Group	Investment Advisory Council - IAC (comprised of nine members appointed by the Board of Trustees for four-year terms)
Investment Committee Chair	State Treasurer	Appointed by Board	NA	Nominated and elected by IAC
Investment Office Location	State Treasurer's Office	AIMCo	Within APFC	Within SBA
Investment Front Office	State Treasurer's Office	Within AIMCo	Within APFC	Within SBA
Investment Middle and Back Office	State Treasurer's Office	Within AIMCo	Within APFC	Within SBA

<b>Investment Process Structure</b>				
Primary Responsibility for:				
Risk Tolerance	Legislature (max risk established in statutes) and SLIB	Work with clients to determine	APFC Board	Executive Director/ CIO & Chief Risk Officer
Investment Policy	SLIB	Work with clients to determine	APFC Board	Board of Trustees as recommended by the Executive Director/ CIO
Strategic Asset Allocation	SLIB	Work with clients to determine	APFC Board	Board of Trustees as recommended by the Executive Director/ CIO
Asset Class Structure and Manager Selection	SLIB	AIMCo	Investment Office	Executive Director/ CIO
Distribution Policy	Legislature (in Statute)	Clients	Statute and Legislature	Varies by Funds/ Plans
Monitoring Mechanism	NA	Independent Board, Minister, and subject to client review	Board submits investment reports to the Legislative Budget and Audit Committee quarterly	Executive Director/ CIO

<b>Operational Structure</b>				
Investment Office Leadership	State Treasurer	CEO	CEO	Executive Director/ CIO
Segregated CEO and CIO duties?	No - CIO manages many non-investment related tasks such as stakeholder / beneficiary relationship management	Yes	Yes	No. There are deputy CIOs and Executive Directors who support Executive Director/ CIO in investment and operational duties
Total FTE	21	~500	59	210
Significant Autonomy over HR	No	Yes	No	Yes
Significant Autonomy over Budget	No	Part of Minister's annual budget and must submit annual request and operational plan for approval	No	Yes. The SBA is self supporting through "fees for services" and does not receive appropriations from the Legislature. The Trustees approve the budget annually. Approved budgets are forwarded to the Legislature.
Source of Funding	Income from investments and General Fund	Cost recovery	Revenue from investments	Fees for services. SBA provides a variety of investment services to state and local government entities in Florida
Total Estimated Operating Costs (Internal) as % of Assets	1.7 bps	13.9 bps	1.8 bps	Unknown
Total Estimated Operating Costs (External) as % of Assets	0.8 bps	2.8 bps	1.0 bps	Unknown
Total Estimated Asset Management Cost as % of Assets	31 bps	26 bps (21 bps base mgmt, 5 bps incentive in FYE 21)	100 bps (51 bps base mgmt, 49 bps incentive in FYE 21)	35 bps

<b>Front Office</b>				
Total Front Office FTE	7.5	Unknown	25	Unknown
Front Office Positions	CIO, 3 Sr Inv Officers, 2 Sr Analysts, 2 Analysts	CIO, Asset Class Directors, Investment Strategist, Associates, and Analysts	CIO, 5 Directors of Investment, 6 Sr PMs, 6 PMs, 1 RE Asset Manager + Analysts and Associates	Chief Risk and Compliance Officer, Chief Operating/ Financial Officer, Inspector General, etc
Internal Management	Yes - Government Fixed Income, Equities, Hedge Fund Manager Selection	Yes	Yes	Yes (Global Equity - 50%, Fixed Income - 64%, Cash - 100%, Real Estate - 63%)

<b>Middle Office</b>				
Total Middle Office FTE	1.5	Unknown	7	Unknown
Middle Office Positions	General Counsel serves as CCO, Risk officer is shared resource with investment front office	Trade Operations, Risk, Legal	Trade Ops, Risk, Legal	Chief Risk and Compliance Officer, Chief Operating/ Financial Officer, Inspector General, etc
Primary Risk Systems	BlackRock Aladin	FactSet (transitioning from Ortec GLASS)	Aladdin	Blackrock Aladdin, BNY Mellon Compliance Monitor System, Bloomberg Compliance System

<b>Back Office</b>				
Total Back Office FTE	12	Unknown	27	Unknown
Back Office Positions	10 Accounting, 1 Sr Policy Advisor, 1 Program Dev	Business Ops, Finance, IT, HR, CEO	Business Ops, Finance, IT, HR, CEO	Chief Audit Executive, Senior Officer Investment Programs & Governance, etc
Primary Accounting Systems	Broadridge QED	Unknown	OneSolution	Unknown

<b>Other Fund Detail</b>				
Total AUM	\$24.8 B	\$130B (CAD)	\$85 B	\$204 B
Single or Multiple Fund Types	Multiple	Multiple	Single	Multiple
Other Fund Types Managed	Workers Compensation, Stabilization Reserves, local government investment pools	Pensions, E&F, Government specialty funds, cash management, long-term disability funds	NA	Pension, Defined Contribution, PRIME Fund, Hurricane Catastrophe Fund, endowment, other trust funds
Mission Appropriate Asset Allocation	Not across all funds - has been limited by distribution model and other restrictions	Determined by each client relationship	Yes	Yes
Multi-Asset Class Diversified vs Primarily Public Financial Assets	Multi-Asset Diversified	Multi-asset class diversified	Multi-Asset Diversified	Multi-Asset Class Diversified
Corpus Inviolable?	Yes	N/A	Yes	No
Income Only Distribution?	Yes	No	Yes	No

Appendix B-2: Wyoming and Peer Profile Summary Details

	Wyoming	Idaho	New Mexico	New Zealand
<b>Organizational / Legal Structure</b>				
Organizational Name	Wyoming State Loan and Investment Board (SLIB)	Endowment Fund Investment Board (EFIB)	New Mexico State Investment Council (SIC)	The Guardians of New Zealand Superannuation
Organizational Description	Board within the Office of State Lands and Investments	Investment Board established within the State Board of Land Commissioners	State Investment Council - an "Adjunct Agency"	Autonomous Crown Entity
Primary Statutory References	Title 9, Chapter 4, Article 7	ID Statutes Chapter 57, Title 7	New Mexico Statute Chapter 6, Article 8	NZ Superannuation and Retirement Income Act of 2001
Primary Fund Type	Permanent Funds - Severance Tax and Land Grant School	Land Grant School Fund	Permanent Funds - Land Grant Permanent School Fund and Severance Tax Permanent Fund	Superannuation
Board Size and Composition	5 - All Elected	9 - Mixed of Elected and Non-Elected	11 - Mix of Elected and Non-Elected	5 to 7 - All public members chosen for their experience, training, and expertise in the management of financial investments
Board Elected Representation	Governor, State Treasurer, Secretary of State, State Auditor, Superintendent of Public Instruction	2 - 1 from Senate and 1 from House	4 - Governor, State Treasurer, Commissioner of Public Lands, Secretary	NA
Board Non-Elected Representation	None	7 - 1 from schools and 6 with investment experience	7 - 1 CFO of State Higher Ed Inst., 6 public members	5 to 7
Board Selection Process	Elected by vote of citizenry	Nominated by Governor and approved by Senate	4 appointed by legislative council with advice and consent of senate (no more than 2 from same party), 3 appointed by Governor with advice and consent from Senate (including higher ed CFO)	Appointed by Governor General on recommendation from Minister of Finance. Finance minister recommendation follows independent nominating committee.
Staggered Terms	No	Yes	Yes	Yes
Board Chair	Governor	Elected by Board	Governor	Appointed by Minister of Finance on recommendation of Nominating Committee
Investment Committee	Investment Funds Committee - Advisory Only	None	Standing Investment Committee, 3 members appointed by SIC. Occasional use of outside advisory members.	No
Investment Committee Chair	State Treasurer	NA	Selected by committee membership	NA
Investment Office Location	State Treasurer's Office	EFIB employees	State Investment Office	The Guardians
Investment Front Office	State Treasurer's Office	EFIB employees	SIO Employees	The Guardians
Investment Middle and Back Office	State Treasurer's Office	Mix of EFIB and other state entities	SIO Employees	The Guardians

Investment Process Structure

Primary Responsibility for:				
Risk Tolerance	Legislature (max risk established in statutes) and SLIB	EFIB	NMSIC	Guardians Board
Investment Policy	SLIB	EFIB	NMSIC	Guardians Board
Strategic Asset Allocation	SLIB	EFIB	NMSIC	Management
Asset Class Structure and Manager Selection	SLIB	EFIB	Investment Staff recommendation to Council Investment Committee, CIC recommends to NMSIC, NMSIC approves or not	Management
Distribution Policy	Legislature (in Statute)	Board of Land Commissioners	Legislature	NA
Monitoring Mechanism	NA	Monthly Reports to Board of Land Commissioners	State Investment Council Meets 10 x per year and State Inv Officer must provide quarterly performance reports to Legislative Finance Committee	Quarterly reporting to Minister of Finance on performance, important investments, and any other important operational activity. Significant public reporting and transparency required under the Crown Entities Act.

Operational Structure

Investment Office Leadership	State Treasurer	Manager of Investments	State Investment Officer	CEO
Segregated CEO and CIO duties?	No - CIO manages many non-investment related tasks such as stakeholder / beneficiary relationship management	No	Yes, SIO functionally serves as CEO, Deputy SIO functionally serves as CIO	Yes - Plus General Managers for Risk, HR, Legal & Corp. Strategy, IT, Portfolio Completion, and Finance & Investment Operations
Total FTE	21	4	24	181
Significant Autonomy over HR	No	No	Some. SIO has some authority to establish organization structure and job descriptions, but no authority over compensation	Yes
Significant Autonomy over Budget	No	No	No. Governor has authority over SIC budget	Yes
Source of Funding	Income from investments and General Fund	From Investments	Appropriated by Legislature From the Funds Under Mgmt	Fund expenses paid from the funds / Board and audit expenses appropriated by Parliament
Total Estimated Operating Costs (Internal) as % of Assets	1.7 bps	1.9 bps	1.5 bps	9 bps
Total Estimated Operating Costs (External) as % of Assets	0.8 bps	4.2 bps	3.21 bps	8 bps
Total Estimated Asset Management Cost as % of Assets	31 bps	38 bps	66.52 bps	18 bps
<b>Front Office</b>				
Total Front Office FTE	7.5	2	9.5	66
Front Office Positions	CIO, 3 Sr Inv Officers, 2 Sr Analysts, 2 Analysts	Manager of Investments and Investment Officer	deputy state investment officer/CIO, investment strategist (.5 FTE), asset class directors, investment analysts	Investments and Portfolio Completion Staff
Internal Management	Yes - Government Fixed Income, Equities, Hedge Fund Manager Selection	No	No	Yes
<b>Middle Office</b>				
Total Middle Office FTE	1.5	0	3.5	36
Middle Office Positions	General Counsel serves as COO, Risk officer is shared resource with investment front office	None	chief legal officer, deputy legal officer, paralegal and administrative assistant and .5 FTE for investment strategist who leads risk function	Risk, Legal, Compliance, Corporate Strategy
Primary Risk Systems	BlackRock Aladin	NA	BlackRock Aladdin	Quantifi (liquidity/counterparty), Bloomberg (internal trading/compliance)
<b>Back Office</b>				
Total Back Office FTE	12	1	11	79
Back Office Positions	10 Accounting, 1 Sr Policy Advisor, 1 Program Dev	Fiscal Officer	State Investment Officer, CFO, admin. accountant, investment acctg manager, investment acctg analyst, financial coordinator	CEO, HR, Finance, Investment Ops, IT
Primary Accounting Systems	Broadridge QED	Outsourced to Northern Trust	Share (via DFA), Parlux (Northern Trust for unitized acctg)	Northern Trust, Netsuite

Other Fund Detail

Total AUM	\$24.8 B	\$2.8 B	\$34.2 billion	\$58 B (NZD)
Single or Multiple Fund Types	Multiple	Multiple	Multiple	Single
Other Fund Types Managed	Workers Compensation, Stabilization Reserves, local government investment pools	Workers Compensation	Tobacco Settlement Permanent Fund, Water Trust Permanent Fund, State's Tax Stabilization Reserve, Rural Libraries Endowment Fund, and Early Childhood Education and Care Fund. In addition, the NMSIC manages investments for other state and local governmental clients pursuant to a Joint Power Agreement	NA
Mission Appropriate Asset Allocation	Not across all funds - has been limited by distribution model and other restrictions	Yes	Yes	Yes
Multi-Asset Class Diversified vs Primarily Public Financial Assets	Multi-Asset Diversified	Simple	Multi-Asset Class Diversified	Multi-Asset Diversified
Corpus Inviolate?	Yes	Yes	No - Amendments to Constitution	No
Income Only Distribution?	Yes	No - Amendments to ID Constitution in 1998	No - Amendments to Constitution	No

Appendix B-2: Wyoming and Peer Profile Summary Details

Organizational / Legal Structure	Wyoming	Oregon	Utah	Wisconsin
Organizational Name	Wyoming State Loan and Investment Board (SLIB)	Oregon Investment Council	Utah School and Institutional Trust Fund Office (SITFO)	State of Wisconsin Investment Board (SWIB)
Organizational Description	Board within the Office of State Lands and Investments	Quasi-Independent Investment Agency	Independent Agency	Independent State Agency
Primary Statutory References	Title 9, Chapter 4, Article 7	ORS 293.706	HB 168 (2014 GS)	Wisconsin Statute 15.76
Primary Fund Type	Permanent Funds - Severance Tax and Land Grant School	Organized to manage pension assets as well as other miscellaneous state pools of capital	SWF	Retirement (WRS)
Board Size and Composition	5 - All Elected	6 members. 5 voting, 1 non-voting	5	9 members - 0 electeds
Board Elected Representation	Governor, State Treasurer, Secretary of State, State Auditor, Superintendent of Public Instruction	1 - State Treasurer	Treasurer	0
Board Non-Elected Representation	None	4 appointed, 1 serves by position (Director of Oregon PERS)	4 investment professionals vetted by a nominating committee and appointed by the treasurer	9 - all appointed 1 - secretary of administration (or secretary's designee) 1 - appointed member of local govt (must have 10+ years financial experience) 5 - appointed independent (must have 10+ years financial experience) 2 - participants in WRS (1 participant teacher appointed by teacher retirement board, 1 participant non-teacher)
Board Selection Process	Elected by vote of citizenry	Governor appointments, to be approved by State legislature	vetted by a nominating committee and appointed by the treasurer	6 public members appointed by governor, confirmed by state senate Secretary of Admin 1 appointed by Teachers Retirement Board 1 appointed by Wisconsin Retirement Board
Staggered Terms	No	Not required by statute - Serve at the will of the Governor	Yes, Six year term.	Yes
Board Chair	Governor	Elected by council members	Treasurer	Unknown
Investment Committee	Investment Funds Committee - Advisory Only	No	None	Yes
Investment Committee Chair	State Treasurer	NA	N/A	Executive Director/CIO serves as chair of IC
Investment Office Location	State Treasurer's Office	Within Oregon State Treasury	SITFO office	ED/CIO
Investment Front Office	State Treasurer's Office	Within Oregon State Treasury	SITFO employees	ED/CIO
Investment Middle and Back Office	State Treasurer's Office	Within Oregon State Treasury	Mix of SITFO employees and other state entities	ED/CIO

Investment Process Structure

Primary Responsibility for:				
Risk Tolerance	Legislature (max risk established in statutes) and SLIB	Board	Board	Board
Investment Policy	SLIB	Board	Board	Board
Strategic Asset Allocation	SLIB	Board	Board	Board
Asset Class Structure and Manager	SLIB	Board	SITFO	ED/CIO delegates to professional investment staff
Distribution Policy	Legislature (in Statute)	Varies by Fund/Plans	statutory	NA
Monitoring Mechanism	NA	Investment Council submits report to Governor and Legislative Assembly at each odd-numbered year regular session of the Legislative Assembly	Unknown	Unknown

Operational Structure

Investment Office Leadership	State Treasurer	CIO	Director, Chief Investment Officer	ED/CIO
Segregated CEO and CIO duties?	No - CIO manages many non-investment related tasks such as stakeholder / beneficiary relationship management	Yes	No	No
Total FTE	21	66 as of 12/31/2020	7	236
Significant Autonomy over HR	No	Yes	Some. Director, CIO has input into organization structure and job descriptions (board approves organizational structure), Board approves budget which goes to the legislature via the governor's office.	Yes - ED/CIO has significant autonomy over staffing/hiring
Significant Autonomy over Budget	No	No	Board approves the budget before it goes to the governor and then to the legislature. The governor recommends a budget that may or may not be accepted.	Yes
Source of Funding	Income from investments and General Fund	From investments	Trusts	Unknown
Total Estimated Operating Costs (Internal) as % of Assets	1.7 bps	Unknown	6.2 bps	5.3 bps
Total Estimated Operating Costs (External) as % of Assets	0.8 bps	Unknown	6.1 bps	3.5 bps
Total Estimated Asset Management Cost as % of Assets	31 bps	62.1 bps	10.2 bps	36.6 bps

<i>Front Office</i>				
Total Front Office FTE	7.5	Unknown	4 + 5 + .5	86
Front Office Positions	CIO, 3 Sr Inv Officers, 2 Sr Analysts, 2 Analysts	CIO, Asset Class Officers, Analysts	CIO, Investment Officer, Investment Analyst	CIO, Officers, Analysts
Internal Management	Yes - Government Fixed Income, Equities, Hedge Fund Manager Selection	Yes	No	WRS is approx 50% internally managed

<i>Middle Office</i>				
Total Middle Office FTE	1.5	Unknown	0.5	37
Middle Office Positions	General Counsel serves as CCO, Risk officer is shared resource with investment front office	Trade Operations, Risk, Legal, Compliance	Assistant Investment Analyst	Compliance/Risk, Legal, HR, Communications
Primary Risk Systems	BlackRock Aladin	BlackRock Aladdin	NA	Unknown

<i>Back Office</i>				
Total Back Office FTE	12	Unknown	1 + .5	77
Back Office Positions	10 Accounting, 1 Sr Policy Advisor, 1 Program Dev	IT, Accounting, HR	Finance and Operations Officer, Finance and Operations Analyst	Operations, IT, Performance, Data Mgmt
Primary Accounting Systems	Broadridge QED	Unknown	Northern Trust Company	Unknown

Other Fund Detail

Total AUM	\$24.8 B	\$126.7 B	\$3.0 billion	\$157.9 B
Single or Multiple Fund Types	Multiple	Multiple	Multiple	Multiple
Other Fund Types Managed	Workers Compensation, Stabilization Reserves, local government investment pools	Pensions, Endowments, Lottery Funds, State Insurance Fund, Common School Fund, Defined Contribution Plan, Sinking Funds	School Trust Fund, Miners Hospital, Institute for the Blind, Reservoirs Fund, Normal School, University of Utah, School of Mines, Utah State University, Utah State Hospital, Deaf School Fund, State Industrial School	Retirement, State Investment Fund, Trust Funds
Mission Appropriate Asset Allocation	Not across all funds - has been limited by distribution model and other restrictions	Yes	Yes	Yes
Multi-Asset Class Diversified vs Primarily Public Financial Assets	Multi-Asset Diversified	Multi-Asset Class Diversified	Multi-Asset Class Diversified	Multi-asset class diversified
Corpus Inviolable?	Yes	No	Yes	NA
Income Only Distribution?	Yes	No	No	No

Appendix C - Structure Sketches Matrix

	Sketch #1	Sketch #2	Sketch #3	Sketch #4
<b>Legal Structure</b>	An independent entity with the powers of a corporation under Wyoming law, except as revised by statute	An independent entity, not part of the Executive Branch, with powers and authority established by founding statute	An independent entity, not part of the Executive Branch, with powers and authority established by founding statute	A Board established within the State Board of Land Commissioners
<b>State Oversight</b>				
Composition	State Funds Oversight Board (SFOB)	State Funds Oversight Board (SFOB)	State Funds Oversight Board (SFOB)	SLIB
Roles/Responsibilities	Review performance of the Investment Office Conduct comprehensive annual review of performance of the investment office and funds it manages At its discretion may require periodic reports, call special meetings and conduct interim reviews Periodic review of administrative budget and budget threshold	Review performance of the Investment Office Conduct comprehensive annual review of performance of the investment office and funds it manages At its discretion may require periodic reports, call special meetings and conduct interim reviews Periodic review of administrative budget and budget threshold	Review performance of the Investment Office Conduct comprehensive annual review of performance of the investment office and funds it manages At its discretion may require periodic reports, call special meetings and conduct interim reviews Periodic review of administrative budget and budget threshold May at its discretion establish risk limits for each fund	Investment Policy, Strategic Asset Allocation, Investment Manager Selection, and Review / Oversight of investment performance and investment activities
<b>Legislative Oversight</b>				
Composition	Committee oversight as Legislature so determines	Committee oversight as Legislature so determines	Committee oversight as Legislature so determines	Select Committee on Capital Finance and Investments and Joint Finance and Appropriations Committee
<b>Investment Office Board</b>				
Composition	Wyoming Investment Office Board (WYIO): 9 Independent Members	WYIO Board: 9 Members - 8 voting members are independent. State Treasurer is non-voting member (can only vote in the event of a tie)	WYIO Board: 9 Members - 8 are independent and State Treasurer is permanent voting member	Advisory Only Investment Funds Committee. 12 Members - 7 voting members include the State Treasurer and 6 Independents. 5 Non-voting members include the 2 statewide CIOs (Treas. Office and Retirement) and 1 each appointed by Governor, Senate President, and Speaker of the House.
Selection Process	Appointed by Governor from list of candidates submitted by Nominating Committee	Same as Sketch #1 - but also subject to confirmation by Legislature	Same as Sketch #1 - but also subject to confirmation by Legislature	6 Independent Members appointed by selection panel and subject to Senate confirmation
Board Terms	4 Years - Staggered - 2 term max	4 Years - Staggered - 2 term max	4 Years - Staggered - 2 term max	3 years
Chair	Elected by WYIO Board Members, 2 Year terms	Elected by WYIO Board from among independent members, 2 year terms	Elected by WYIO Board from among independent members, 2 year terms	State Treasurer by Statute
Residency Requirement	7 must reside or own property in Wyoming	6 of 8 independent must reside or own property in Wyoming	6 of 8 independent must reside or own property in Wyoming	No
Compensation	20% of Governor's Salary	Independent members only: 20% of Governor's salary	Independent members only: 20% of Governor's salary	Expense Reimbursement and Per Diem

	Sketch #1	Sketch #2	Sketch #3	Sketch #4
Meeting Requirements	At least 6 annually - non-attendance subject to dismissal by the Governor	At least 6 annually - non-attendance subject to dismissal by the Governor	At least 6 annually - non-attendance subject to dismissal by the Governor	At least 4 annually
Removal	Only for cause by Governor with corresponding majority vote by WYIO Board	Only for cause by Governor with corresponding majority vote by WYIO Board	Only for cause by Governor with corresponding majority vote by WYIO Board	May be removed by selection panel or Governor for malfeasance or misconduct
Ethics	All WYIO Board members and senior officers subject to all applicable ethics requirements imposed by the State. Board required to prepare and implement a formal Board and personal code of conduct policy with required annual reporting and disclosures.	All WYIO Board members and senior officers subject to all applicable ethics requirements imposed by the State. Board required to prepare and implement a formal Board and personal code of conduct policy with required annual reporting and disclosures.	All WYIO Board members and senior officers subject to all applicable ethics requirements imposed by the State. Board required to prepare and implement a formal Board and personal code of conduct policy with required annual reporting and disclosures.	Cannot have conflicts of interest as described in Wyoming statutes or have been convicted, plead guilty or no contest to a felony or been subject to disciplinary action involving moral turpitude
<b>Budget, Personnel and Compensation</b>				
Source of Funds	Exclusivley from the investment funds	Exclusivley from the investment funds	Exclusivley from the investment funds	Mix of investment funds and General Fund
Budget Process	WYIO prepares and submits to SFOB and Legislature. Provided that administrative expenses do not exceed X bps of funds under management, total budget shall not be subject to approval by Executive or Legislative branches of Govt. No "banking" of amounts below threshold for future budgets. All direct costs of the investment office for internal staffing and administration. Excludes asset management, custody, investment related consulting, and investment related investment expenses.	WYIO prepares and submits to SFOB and Legislature. Provided that administrative expenses do not exceed X bps of funds under management, total budget shall not be subject to approval by Executive or Legislative branches of Govt. No "banking" of amounts below threshold for future budgets. All direct costs of the investment office for internal staffing and administration. Excludes asset management, custody, investment related consulting, and investment related investment expenses.	WYIO prepares total budget request for administrative expenses and submits to SFOB and legislature. Subject to standard Wyoming agency budget approval process with one exception: only the budget total is subject to review, not its composition. All direct costs of the investment office for internal staffing and administration. Excludes asset management, custody, investment related consulting, and investment related investment expenses.	Treasurer's Office prepares biennial budget - subject to review and approval by the Governor and Legislature Direct costs of the Treasurer's Office for internal staffing and administration. Includes non asset management external costs such as custody, consulting, and external audit and legal.
Composition of Administrative Expenses	Total budget only, not its composition subject to executive and legislative review and approval	Total budget only, not its composition subject to executive and legislative review and approval	NA	NA
Approval Procees if over budget threshold	Every 3 years, WYIO must bps budget limit shall be studied by the WYIO and any recommendations for changes submitted to Governor and Legislature along with supporting rationale.	Every 3 years, WYIO must bps budget limit shall be studied by the WYIO and any recommendations for changes submitted to Governor and Legislature along with supporting rationale.	NA	NA
Review of Budget Threshold	Hired by and authority determined by the WYIO Board	Hired by and authority determined by the WYIO Board	Hired by and authority determined by the WYIO Board	NA
Executive Director	Hired by and authority determined by the WYIO Board	Hired by and authority determined by the WYIO Board	Hired by and authority determined by the WYIO Board	NA
Chief Investment officer	Delegated at discretion of WYIO Board to ED and CIO. WYIO Board may expend as it best sees fit within its budget to meet its mission.	Delegated at discretion of WYIO Board to ED and CIO. WYIO Board may expend as it best sees fit within its budget to meet its mission.	Delegated at discretion of WYIO Board to ED and CIO. WYIO Board may expend as it best sees fit within its budget to meet its mission.	Hired by State Treasurer
Personnel Management Investment Related Expenses	Not subject to any specific limit	Not subject to any specific limit	Not subject to any specific limit	State Treasurer
Expense Reporting	Within 120 days of each FYE - WYIO must report internal expenses to the SFOB and legislature for that year	Within 120 days of each FYE - WYIO must report internal expenses to the SFOB and legislature for that year	Within 120 days of each FYE - WYIO must report internal expenses to the SFOB and legislature for that year	Not subject to any specific limit Annual Report of the State Treasurer's Office

Peer Expense Analysis

**Sketch #1**

One year prior to each 3 year budget threshold review - WYIOB must conduct study of its expenses (administrative and investment related) and compare to a broad group of similar funds. Report to be submitted to the SFOB, Governor, and Legislature.

**Sketch #2**

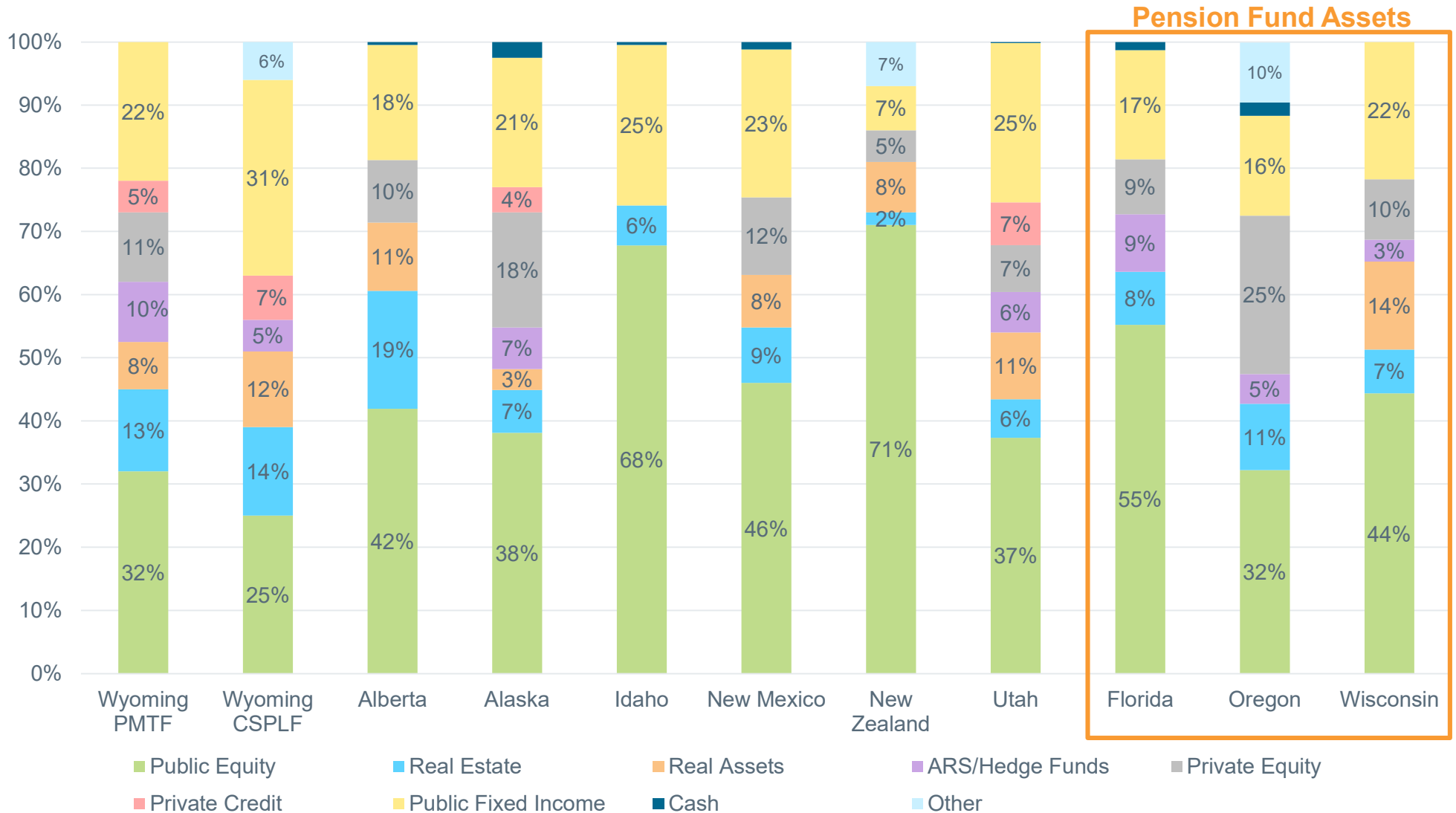
One year prior to each 3 year budget threshold review - WYIOB must conduct study of its expenses (administrative and investment related) and compare to a broad group of similar funds. Report to be submitted to the SFOB, Governor, and Legislature.

**Sketch #3**

Every 3 years - WYIOB must conduct study of its expenses (administrative and investment related) and compare to a broad group of similar funds. Report to be submitted to the SFOB, Governor, and Legislature.

**Sketch #4**

## Asset Allocation as of June 30, 2021



Asset allocations shown for Wyoming consists of long-term target allocation.

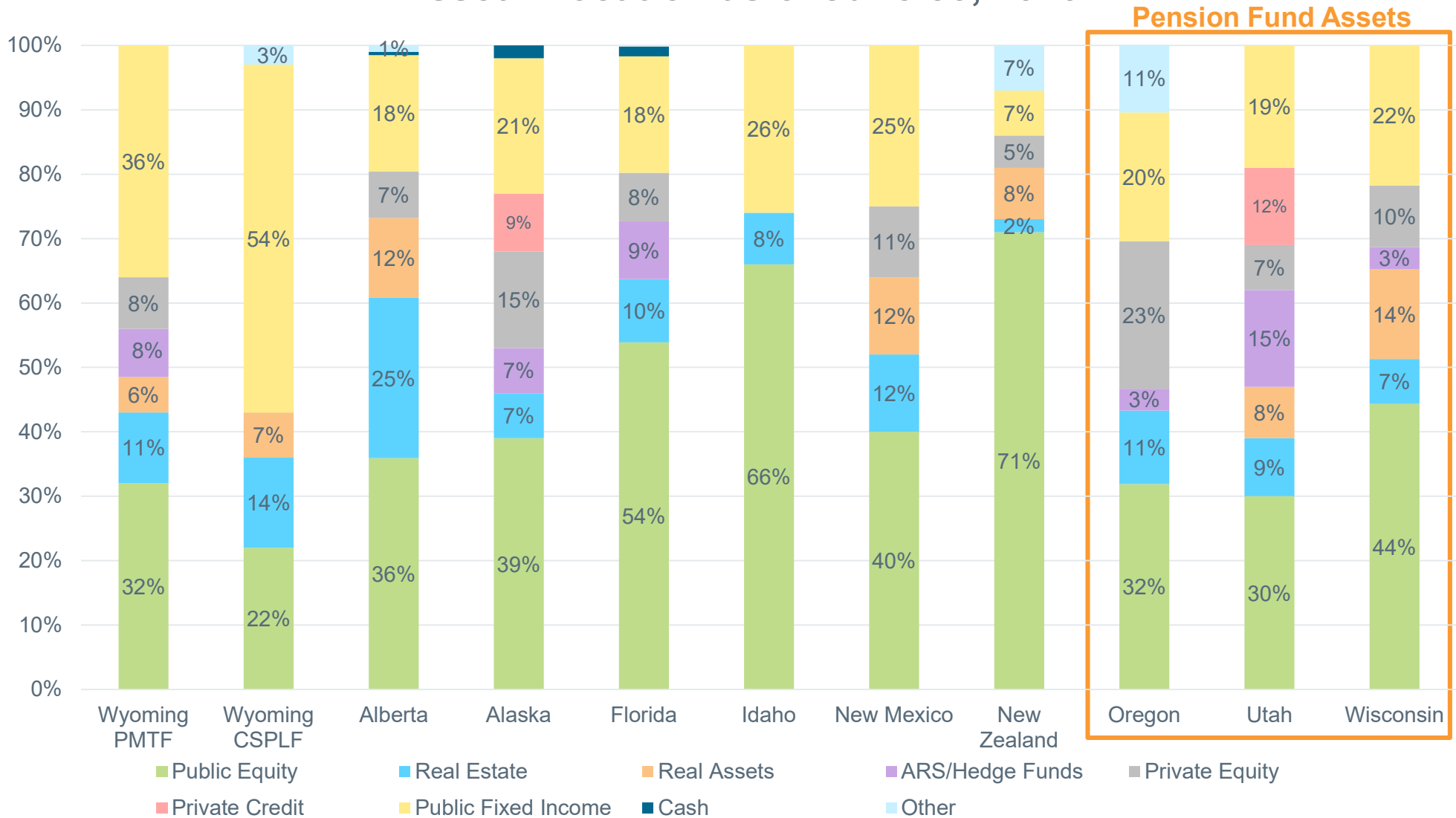
Asset allocation shown for Florida, Oregon, and Wisconsin consists of pension fund assets.

Allocation to "Other" for Wyoming consists of Preferred Stock.

Allocation to "Other" for New Zealand consists of "other public assets and other private assets."

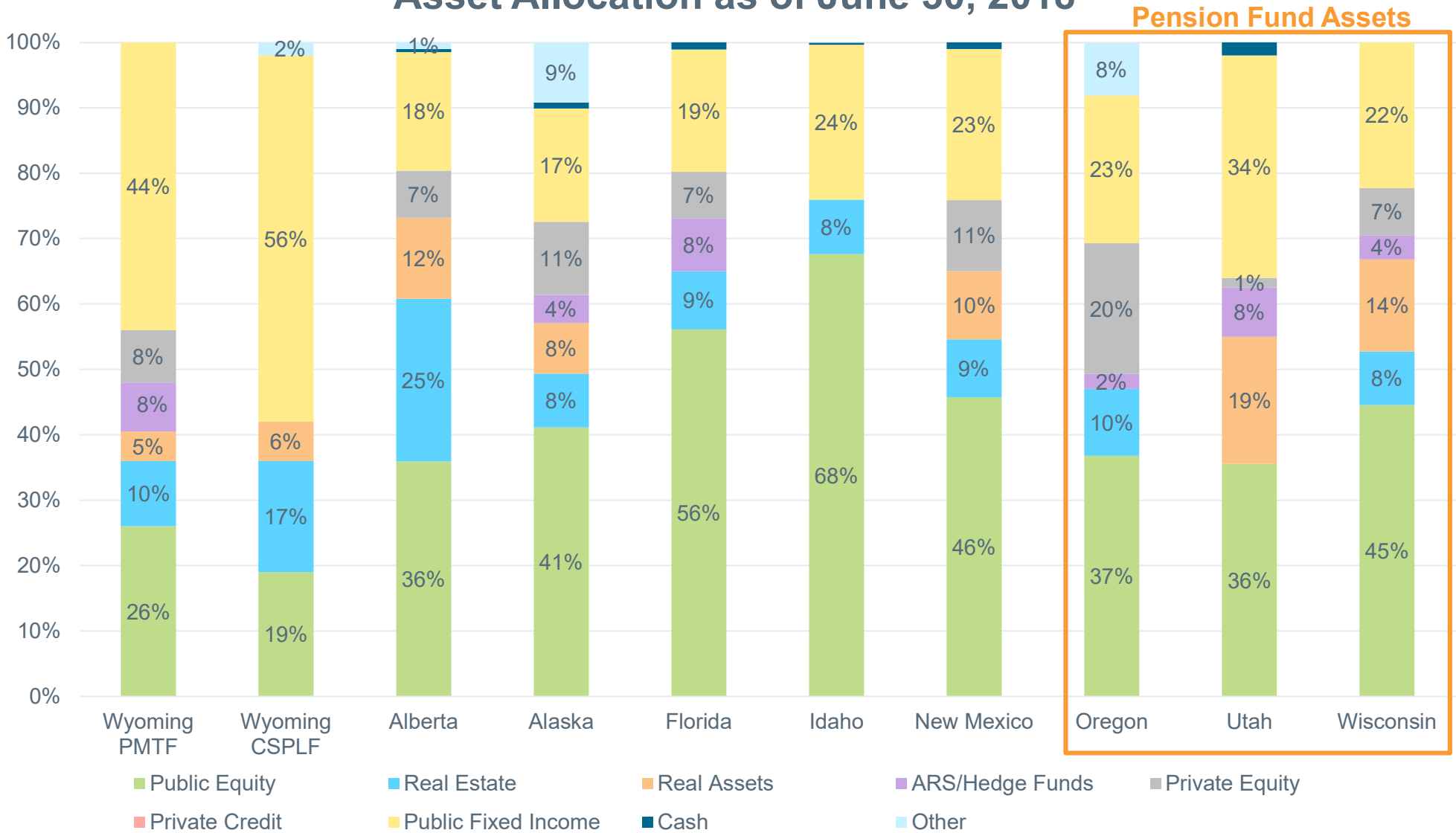
Allocation to "Other" for Oregon consists of unspecified alternative investments.

## Asset Allocation as of June 30, 2020



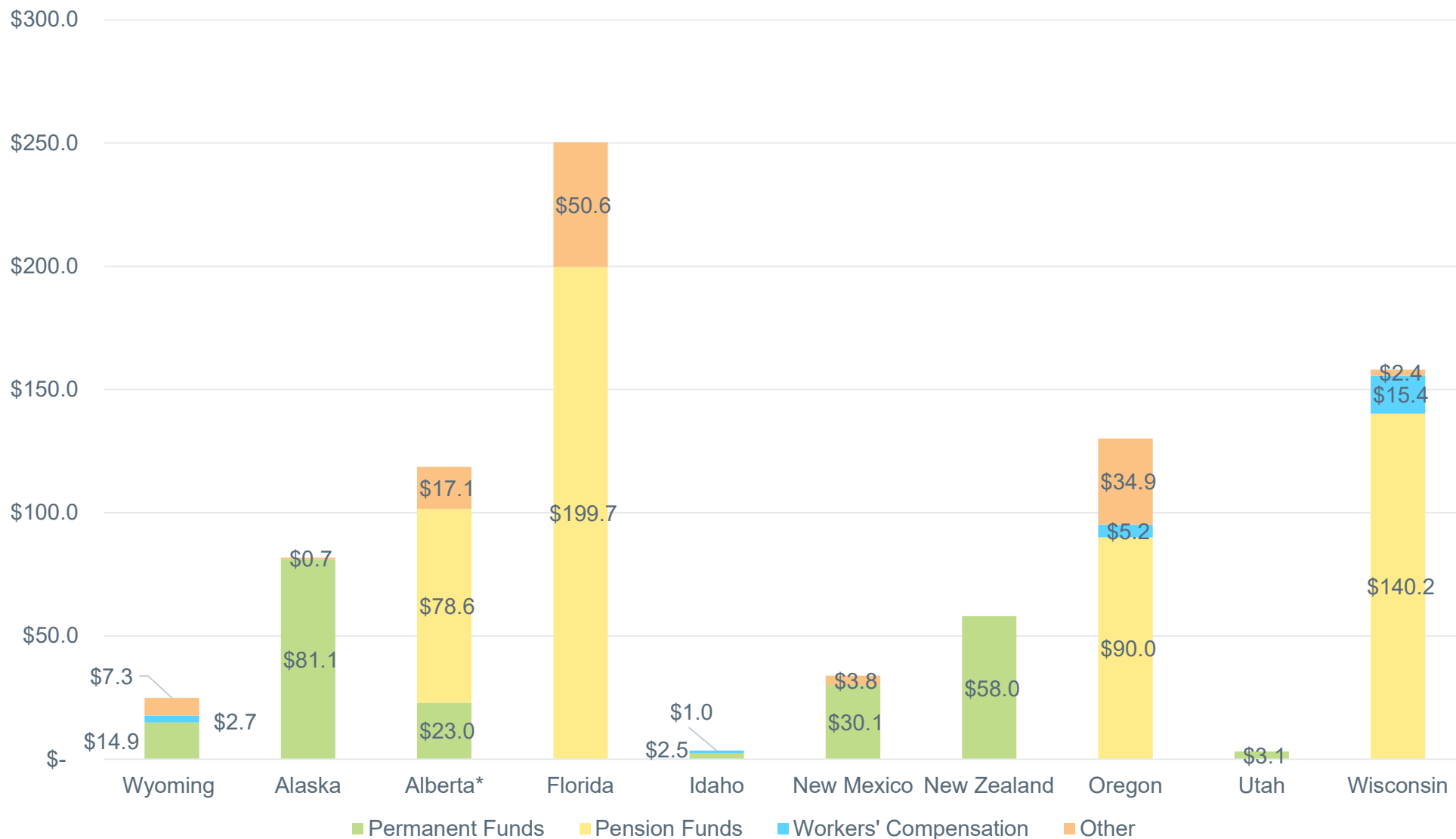
Asset allocations shown for Wyoming consists of long-term target allocation.  
 Asset allocation shown for Florida, Oregon, and Wisconsin consists of pension fund assets.  
 Allocation to "Other" for Wyoming consists of Preferred Stock.  
 Allocation to "Other" for New Zealand consists of "other public assets and other private assets."  
 Allocation to "Other" for Oregon consists of unspecified alternative investments.

## Asset Allocation as of June 30, 2018



Asset allocations shown for Wyoming consists of long-term target allocation.  
 Asset allocation shown for Florida, Oregon, and Wisconsin consists of pension fund assets.  
 Allocation to "Other" for Wyoming consists of Preferred Stock.  
 Allocation to "Other" for Oregon consists of unspecified alternative investments.

## Assets Under Management (\$B) as of June 30, 2021

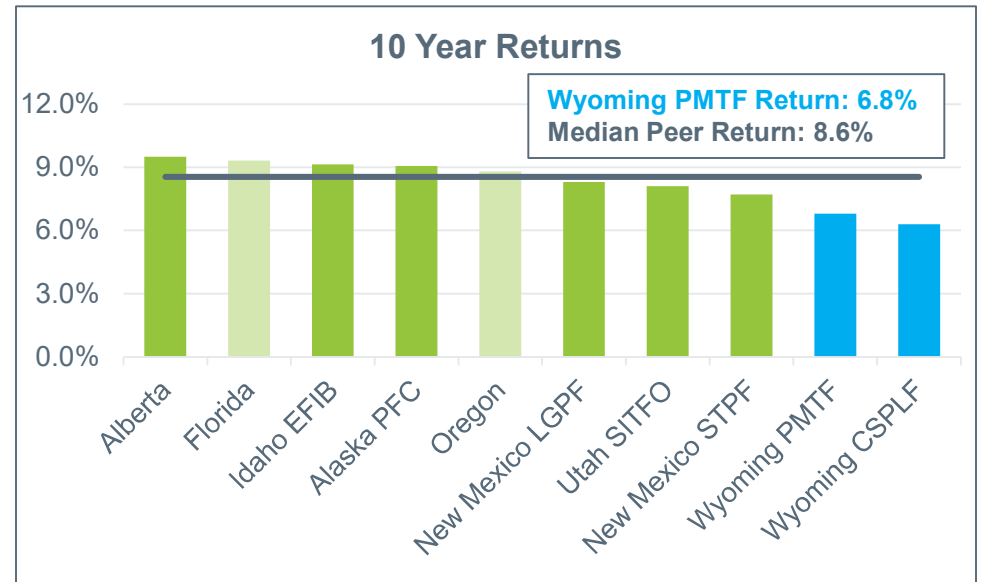
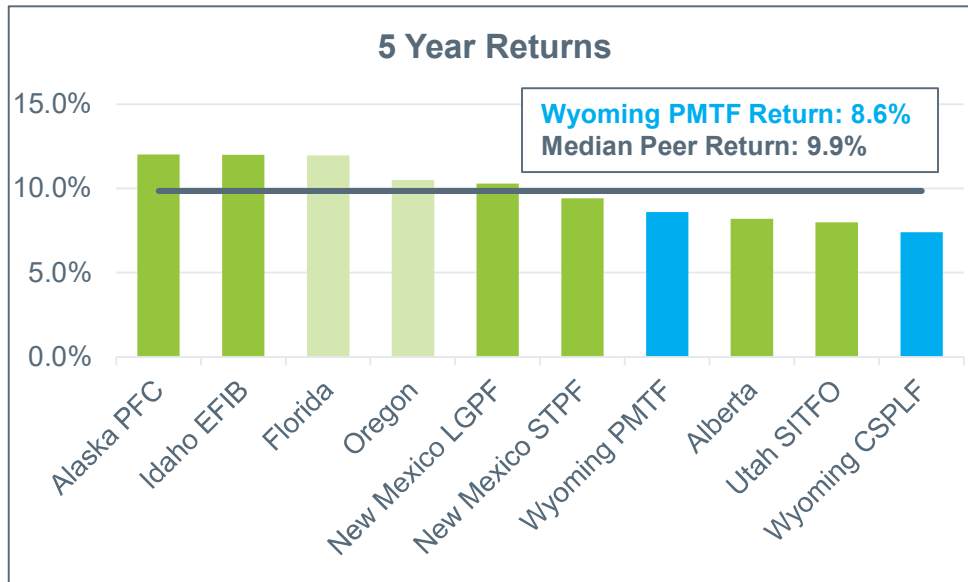
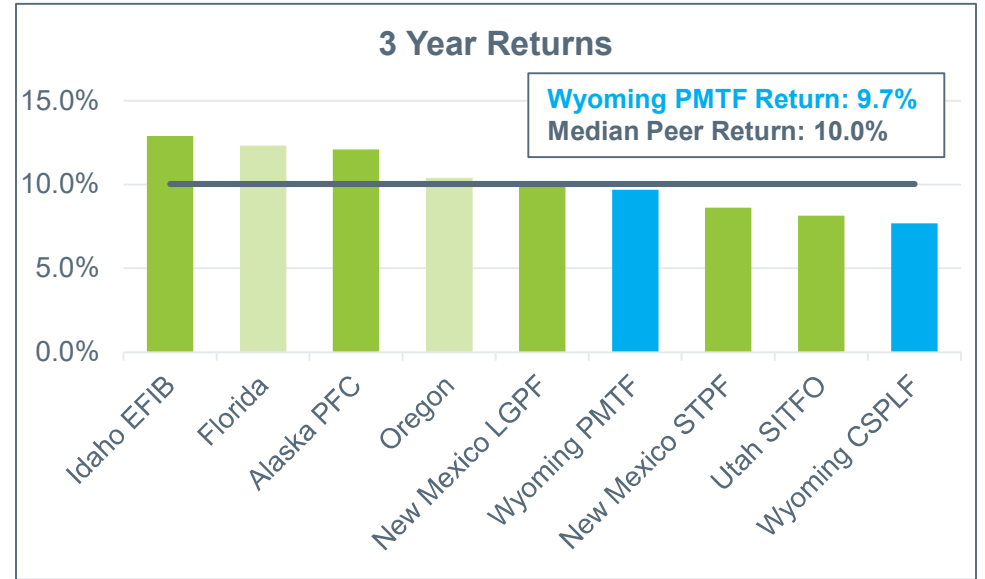
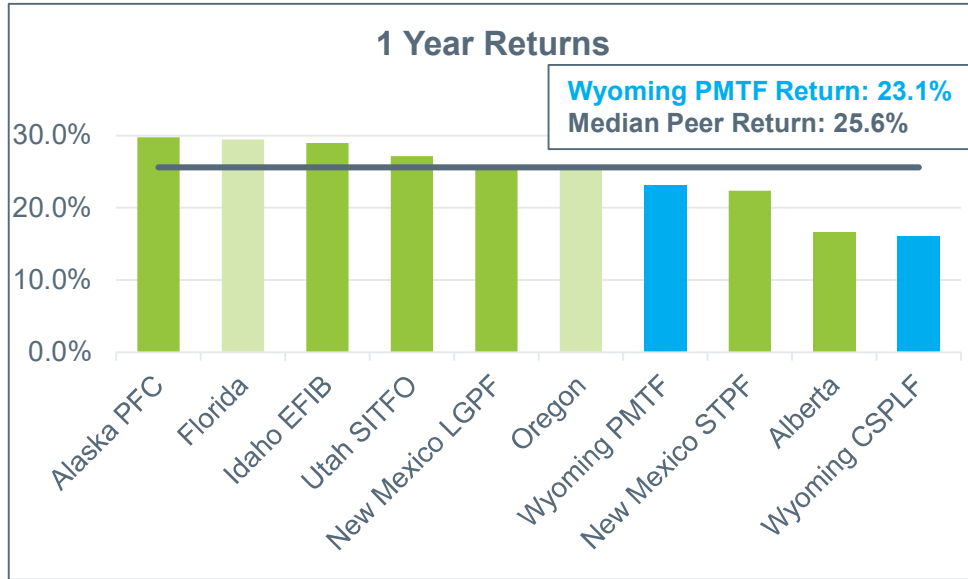


Alberta AUM shown is as of December 31, 2020.

## Use of Internal Asset Management

1. No Internal Management	2. Modest Use of Internal Management (primarily limited to the simplest asset categories such as US government bonds)	3. Material Use of Internal Management
<p>Idaho EFIB</p> <p>New Mexico SIC</p> <p>Utah SITFO</p>	<p>Wyoming STO</p>	<p>AIMCo</p> <p>Alaska PFC</p> <p>Florida SBA</p> <p>New Zealand</p> <p>Oregon</p> <p>Wisconsin</p>

## Historical Fund Performance



All data is as of June 30, 2021 and is net of fees.  
Lighter shaded bars represent pension fund performance.  
Alberta performance is measured in CAD \$.

PORTLAND

BOISE

CHICAGO

NEW YORK

