State of Wisconsin

Investment Board

Agency Budget Request

2027 – 2029 Biennium

September 15, 2026

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SWIB STATE OF WISCONSIN INVESTMENT BOARD

Date: September 15, 2026

To: Kathy Blumenfeld, Secretary
Brian Pahnke, Administrator, Executive Budget & Finance
Department of Administration

Robert Lang, Director
Legislative Fiscal Bureau

From: Edwin Denson, Executive Director/Chief Investment Officer
Investment Board

Edwin Denson

Re: **2027-29 Biennial Budget Request**

Attached is SWIB's budget submission for the 2027-29 biennium. Our budget is funded entirely by charges to the funds under management (program revenue). Our submission includes a $10,445,700 increase in budget authority. Under Wis. Stats. 25.187(2)(b), the Board of Trustees establishes and monitors SWIB's operating budget each fiscal year. The annual operating budget is developed to provide the necessary resources to manage trust fund assets and enable the Board to fulfill its fiduciary duty.

Performance Goals and Achievements

SWIB's performance goals established in our 2025-27 biennial can be seen in the attached Performance Measures. The Core Fund ended December 31, 2025, with net of all fees and expenses returns of 14.40%, 7.08%, and 8.85% for the 1-, 5-, and 10-year periods, respectively. SWIB's returns for the Core Fund exceeded its performance benchmarks for all these periods. The investment objective of the Core Fund is to meet or exceed an average annual return of 6.8% over the long term. The Variable Fund had net of all fees and expenses returns of 22.03%, 11.78%, and 12.67% for the 1-, 5-, and 10-year periods, respectively, as of December 31, 2025.

The Core and Variable Funds comprise the WRS, which represented approximately $161.6 billion, or 87 percent, of the $185.3 billion in total assets managed by SWIB as of June 30, 2026. SWIB has managed one of the few fully funded public pension systems in the U.S. during a time when many public pension plans are struggling with underfunding. Investment earnings generated by SWIB comprise approximately 78% of the proceeds needed to fund the WRS, reducing the burden on public employers and employees.

SWIB's performance goal for the next biennium is to increase active return through improved investment strategies. SWIB will continue to enhance existing investment strategies to provide new opportunities for alpha generation and advance its multi-year strategic order management system initiative to improve investment trading and decision-making capabilities. SWIB will also continue to pursue opportunities to optimize existing capabilities supporting strategic asset allocation.

Budget Flexibility Leads to Net Cost Savings
With the support of the Governor and the Legislature, SWIB has used the budget flexibility granted by the Legislature to build a strong internal investment management program that is providing a significant financial benefit to the WRS. Internally managing approximately 48 percent of WRS assets helps keep SWIB's costs lower than they would be under external active management, according to CEM Benchmarking, an independent provider of objective cost benchmarking for public pension plans. In addition to cost savings, SWIB's active management has created billions in additional income for beneficiaries when compared to a simple passively constructed portfolio. Over 20 years ended June 30, 2026, SWIB's active management and diversified holdings generated $5.9 billion for the Core Fund above what SWIB would have earned by investing in a passive portfolio consisting of 60% global equities and 40% domestic bonds.

Investment Strategies and Managing Risk
SWIB's asset allocation and investment decisions are based on selecting the best opportunities to meet the long-term investment objectives of the WRS and the other trust funds under management while taking an appropriate level of risk. Having a long-term view of performance and the investment markets is crucial when considering the amount of volatility in investment markets over the past several years. As a result, SWIB is continuing to explore and implement new investment strategies to help stabilize investment returns and, in turn, contribution rates for active employees and pension adjustments for retirees. Asset allocation and investment diversification are essential components of SWIB's long-term investment strategy.

Investment in Wisconsin Businesses
When economically appropriate, SWIB continues to invest in Wisconsin businesses ranging from small, family-owned companies to billion-dollar manufacturers with worldwide sales. As of June 30, 2025, SWIB had more than $9.7 billion invested in companies headquartered in Wisconsin or with a significant presence in Wisconsin. SWIB also invests through its Wisconsin Venture Capital Portfolio, which seeks to generate strong risk-adjusted returns by investing in early-stage companies through venture capital funds and direct investments in Wisconsin and the region.

SWIB will continue to be diligent in its efforts to help keep the WRS stable and well-funded.

We look forward to working with your staff as the budget progresses. If you have any questions, please contact Jameson Greenfield, Chief Financial Officer, at 608-266-9857.

AGENCY DESCRIPTION

SWIB is a trusted and skilled investment organization contributing to the strong financial future of the beneficiaries of the funds entrusted to it. An independent state agency governed by Chapter 25 of state statutes, SWIB is responsible for managing the assets of the fully funded Wisconsin Retirement System (WRS), the State Investment Fund (SIF), and other separately managed funds. Other funds managed by SWIB include the State Life Insurance Fund, Historical Society Trust Fund, Injured Patients and Families Compensation Fund, and University of Wisconsin System Trust Funds.

As of June 30, 2026, the board managed approximately $185.3 billion in assets. The trust funds of the Wisconsin Retirement System (WRS) comprise nearly 87 percent of the funds under management at $161.6 billion in assets. The WRS is a risk-sharing defined benefit plan. It is a hybrid model in that it contains elements of a defined benefit plan and a defined contribution plan, like a 401(k). SWIB works to protect and grow the assets of the WRS for the benefit of the approximately 703,000 participants who count on the pension for a more secure financial future. The WRS consistently ranks among the 10 largest public pension funds in the U.S.

The SIF invests the commingled cash balances of the state and its agencies, local governments and the WRS. Funds are managed to protect principal, provide liquidity and enhance returns. In addition, the separately managed funds are managed to fulfill specific investment objectives financial needs.

The board is comprised of nine trustees, selected as follows:

- Five public members appointed by the Governor with the advice and consent of the Senate to staggered six-year terms. Four of these five members must possess at least ten years of investment experience.

- One member representing a local government that participates in the Local Government Investment Pool. This member is appointed by the Governor with the advice and consent of the Senate to a six-year term and must meet prescribed statutory eligibility criteria.

- Two members must be Wisconsin Retirement System participants. One member is appointed by the Teachers Retirement Board from among Wisconsin Retirement System teacher participants and the other is appointed by the Wisconsin Retirement Board from among Wisconsin Retirement System nonteacher participants, for six-year terms.

- One member is the secretary of the Department of Administration, or his or her designee.

The board has a fiduciary responsibility to invest in the best interest of the trust funds as a prudent expert.

MISSION

To be a trusted and skilled global investment organization contributing to a strong financial future for the beneficiaries of the funds entrusted to us.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Program 1: Investment of Funds

Goal: Earn a reasonable rate of investment return, with an appropriate level of risk, for each fund managed.

Objective/Activity: The board strives to exceed measurable investment goals for each fund. SWIB's overall objective for each fund it manages is to seek aggregate investment returns in excess of the applicable benchmarks over all cumulative time periods constructed with a prudent level of risk. The investment objective for the Wisconsin Retirement System trust funds is to achieve a long-term rate of return that will help the system meet pension obligations to current and future beneficiaries. Successful investment performance reduces the amount that participants contribute to the funding of system benefits and provides for increases in pension benefits. The investment objective for the State Investment Fund is to exceed its established performance benchmark while ensuring the safety of principal and liquidity. The investment objective for the Separately Managed Funds is to meet annual fund cash flow requirements, as established by their governing boards.

PERFORMANCE MEASURES

2024 AND 2025 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal CY2024	Actual CY2024	Goal CY2025	Actual CY2025
1.	Investment returns for the Wisconsin Retirement System exceed market index returns for the asset classes in which the funds are invested on a net basis.[1, 2]	Net investment returns exceed market performance benchmarks on a one-, five- and ten-year basis	Core 1 Year: Yes 5 Year: Yes 10 Year: Yes Variable: 1 Year: Yes 5 Year: No 10 Year: Yes	Net investment returns exceed market performance benchmarks on a one-, five- and ten-year basis	Core: 1 Year: Yes 5 Year: Yes 10 Year: Yes Variable: 1 Year: Yes 5 Year: No 10 Year: No
1.	Long-term investment returns for the core retirement fund meet or exceed the rate of return assumed by Wisconsin Retirement System actuary.[1, 2, 3]	Net return averages at least 6.8% annually over the long term (ten years)	5 Year: 7.24% 10 Year: 7.42%	Net return averages at least 6.8% annually over the long term (ten years)	5 Year: 7.08% 10 Year: 8.85%

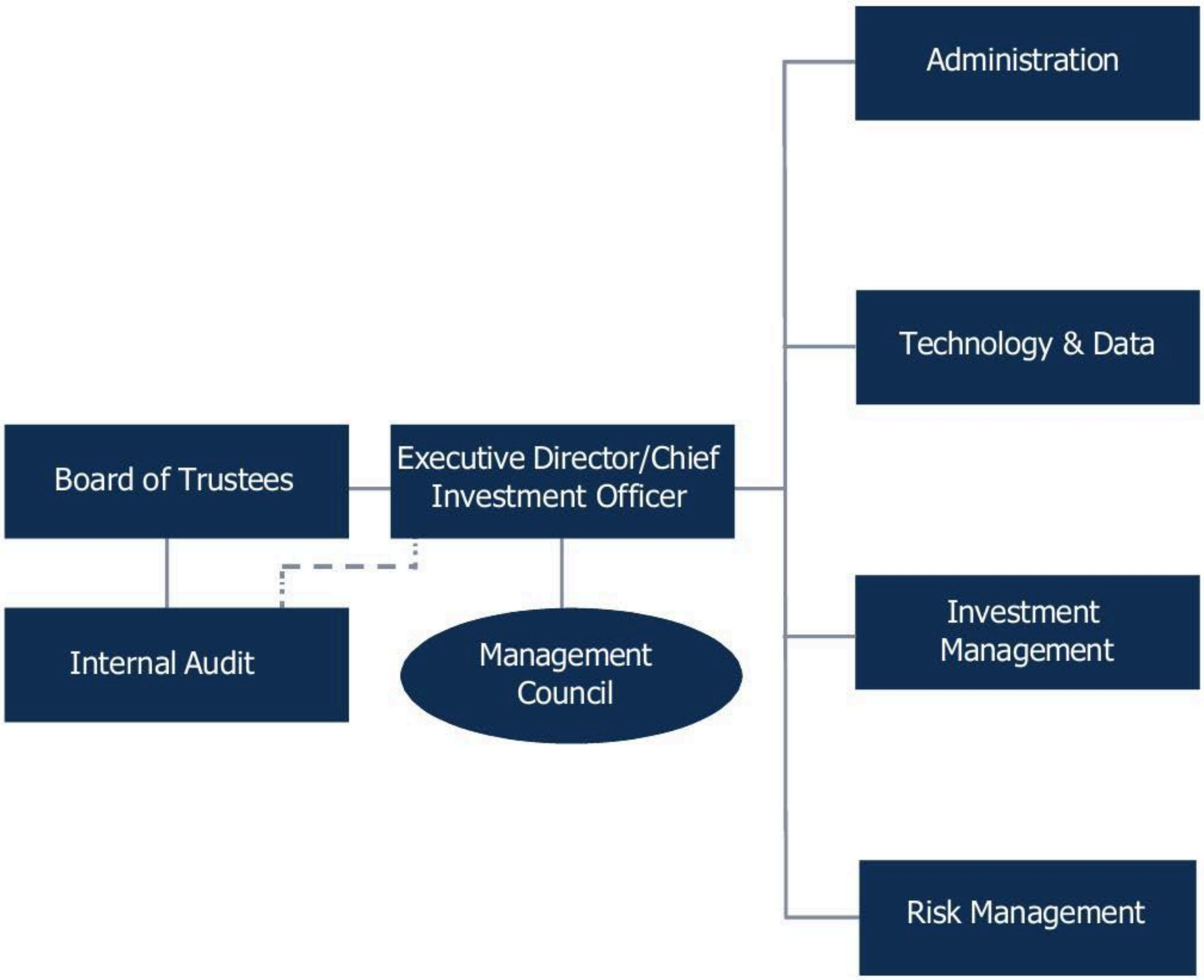
[1] Returns reported net of all fees and expenses.
[2] The Wisconsin Retirement System official investment performance and measures are reported on a calendar year basis.
[3] The assumed rate of return is established by the Employee Trust Funds Board, acting on recommendation of its independent consulting actuary.

2026, 2027, 2028, AND 2029 GOALS

Prog. No.	Performance Measure	Goal CY2026-2029
1.	Investment returns for the Wisconsin Retirement System exceed market index returns for the asset classes in which the funds are invested on a net basis.[1]	Net investment returns exceed market performance benchmarks on a one-, five- and ten-year basis
1.	Long-term investment returns for the core retirement fund meet or exceed the rate of return assumed by Wisconsin Retirement System actuary.[1, 2]	Net return averages at least 6.8% annually over the long term (five and ten years)

[1] The Wisconsin Retirement System official investment performance and measures are reported on a calendar year basis.
[2] The assumed rate of return is established by the Employee Trust Funds Board, acting on recommendation of its independent consulting actuary.

SWIB Organizational Structure
298 FTE as of June 30, 2026



Agency Total by Fund Source

		ANNUAL SUMMARY						BIENNIAL SUMMARY			
Source of Funds		Prior Year Total	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
PR	S	$98,510,759	$113,260,400	$113,260,400	$113,260,400	298.00	298.00	$226,520,800	$226,520,800	$0	0.00%
Total		$98,510,759	$113,260,400	$113,260,400	$113,260,400	298.00	298.00	$226,520,800	$226,520,800	$0	0.00%
Grand Total		$98,510,759	$113,260,400	$113,260,400	$113,260,400	298.00	298.00	$226,520,800	$226,520,800	$0	0.00%

Agency Total by Program

		ANNUAL SUMMARY					BIENNIAL SUMMARY			
Source of Funds	Prior Year Total	Adjusted Base	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE	Base Year Doubled (BYD)	Biennial Request	Change From (BYD)	Change From BYD %
01 Investment of funds										
Non Federal										
PR	**$98,510,759**	**$113,260,400**	**$113,260,400**	**$113,260,400**	**298.00**	**298.00**	**$226,520,800**	**$226,520,800**	**$0**	**0.00%**
S	$98,510,759	$113,260,400	$113,260,400	$113,260,400	298.00	298.00	$226,520,800	$226,520,800	$0	0.00%
Total - Non Federal	**$98,510,759**	**$113,260,400**	**$113,260,400**	**$113,260,400**	**298.00**	**298.00**	**$226,520,800**	**$226,520,800**	**$0**	**0.00%**
S	$98,510,759	$113,260,400	$113,260,400	$113,260,400	298.00	298.00	$226,520,800	$226,520,800	$0	0.00%
PGM 01 Total	**$98,510,759**	**$113,260,400**	**$113,260,400**	**$113,260,400**	**298.00**	**298.00**	**$226,520,800**	**$226,520,800**	**$0**	**0.00%**
PR	**$98,510,759**	**$113,260,400**	**$113,260,400**	**$113,260,400**	**298.00**	**298.00**	**$226,520,800**	**$226,520,800**	**$0**	**0.00%**
S	$98,510,759	$113,260,400	$113,260,400	$113,260,400	298.00	298.00	$226,520,800	$226,520,800	$0	0.00%
TOTAL 01	**$98,510,759**	**$113,260,400**	**$113,260,400**	**$113,260,400**	**298.00**	**298.00**	**$226,520,800**	**$226,520,800**	**$0**	**0.00%**
S	$98,510,759	$113,260,400	$113,260,400	$113,260,400	298.00	298.00	$226,520,800	$226,520,800	$0	0.00%
AGENCY TOTAL	$98,510,759	$113,260,400	$113,260,400	$113,260,400	298.00	298.00	$226,520,800	$226,520,800	$0	0.00%

Agency Total by Decision Item

Decision Item	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
2000 Adjusted Base Funding Level	$113,260,400	$113,260,400	298.00	298.00
TOTAL	**$113,260,400**	**$113,260,400**	**298.00**	**298.00**

Decision Item (DIN): 2000 - Adjusted Base Funding Level

NARRATIVE

Adjusted Base Funding Level

Decision Item by Line

Decision Item (DIN): 2000 - Adjusted Base Funding Level

Line Number	Expenditure Items	1st Year Cost	2nd Year Cost
01	Permanent Position Salaries	$92,787,300	$92,787,300
02	Turnover	$0	$0
03	Project Position Salaries	$0	$0
04	LTE/Misc. Salaries	$300,000	$300,000
05	Fringe Benefits	$20,173,100	$20,173,100
06	Supplies and Services	$0	$0
07	Permanent Property	$0	$0
08	Unallotted Reserve	$0	$0
09	Aids to Individuals & Organizations	$0	$0
10	Local Assistance	$0	$0
11	One-time Financing	$0	$0
12	Debt service	$0	$0
13		$0	$0
14		$0	$0
15		$0	$0
16		$0	$0
17	**TOTAL**	**$113,260,400**	**$113,260,400**
18	Project Positions Authorized	0.00	0.00
19	Classified Positions Authorized	0.00	0.00
20	Unclassified Positions Authorized	298.00	298.00

Decision Item by Numeric

Program: 01 - Investment of funds

Decision Item (DIN): 2000 - Adjusted Base Funding Level

Numeric	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
31 - General program operations	$113,260,400	$113,260,400	298.00	298.00
Program Sub Total	**$113,260,400**	**$113,260,400**	**298.00**	**298.00**
DIN 2000 - Adjusted Base Funding Level Total	**$113,260,400**	**$113,260,400**	**298.00**	**298.00**
Agency Total	**$113,260,400**	**$113,260,400**	**298.00**	**298.00**

Decision Item by Fund Source

Decision Item (DIN): 2000 - Adjusted Base Funding Level

Source of Funds	Type	1st Year Total	2nd Year Total	1st Year FTE	2nd Year FTE
PR	S	$113,260,400	$113,260,400	298.00	298.00
DIN 2000 - Adjusted Base Funding Level Total		**$113,260,400**	**$113,260,400**	**298.00**	**298.00**
Agency Total		**$113,260,400**	**$113,260,400**	**298.00**	**298.00**

ACT 201

Proposal under s. 16.42(4)(b): **0% change in each fiscal year**

FY: **FY28 & FY29**

Agency: **SWIB - 536**

Exclude: Federal
Debt Service

Columns A-G were prepopulated for agencies to reflect state operations adjusted base and reductions agreed to by DOA and LFB. See Appendix H for instructions on how to complete these templates.

Proposed $ and Proposed FTE columns reflect total agency proposed spending and positions for indicated fiscal year. These amounts should include standard budget adjustments (SBAs), any proposed reallocations or reductions to meet the target, and any other requests that the agency would want considered under this proposal.

Appropriations with zero dollars and zero FTEs are not loaded into the template. If you have any questions, contact your SBO analyst.

IF YOUR AGENCY PLANS TO TAKE THE SAME CUTS OVER BOTH YEARS, YOU SHOULD ONLY FILL OUT ONE GRID FOR 0% GROWTH AND ONE GRID FOR 5% REDUCTION, THEN CHANGE "FY28" TO "FY28 AND 29".

						(See Note 1)							(See Note 2)		Change from Adj Base	
	Appropriation		Fund			0% Change	**Proposed Budget 2027-29**		Item	Change from Adj Base		Remove SBAs		after Removal of SBAs	
Agency	Alpha	Numeric	Source	$	FTE	Target	Proposed $	Proposed FTE	Ref	$	FTE	$	FTE	$	FTE
536	**1k**	131	PR	$113,260,400.00	298.00	$0	$113,260,400	298.00		$0	0.00	$0	0.00	$0	0.00
Totals				**$113,260,400.00**	**298.00**	**$0**	**$113,260,400**	**298.00**		**$0**	**0.00**	**$0**	**0.00**	**$0**	**0.00**

Note 1: Reduction target must be met within state operations appropriations, but may be allocated across those appropriations and fund sources.
Note 2: Amounts should be SBAs (DINs 3001 - 3011) from agency request multiplied by -1.

Target Reduction = $0

Difference = **$0**
Should equal $0

Items - Describe proposed changes (excl. SBAs) to reach target or other priorities of agency

1
2
3

ACT 201

Proposal under s. 16.42(4)(b): **5% change in each fiscal year**

FY: **FY28 & FY29**

Agency: **SWIB - 536**

Exclude: Federal
Debt Service

Columns A-G were prepopulated for agencies to reflect state operations adjusted base and reductions agreed to by DOA and LFB. See Appendix H for instructions on how to complete these templates.

Proposed $ and Proposed FTE columns reflect total agency proposed spending and positions for indicated fiscal year. These amounts should include standard budget adjustments (SBAs), any proposed reallocations or reductions to meet the target, and any other requests that the agency would want considered under this proposal.

Appropriations with zero dollars and zero FTEs are not loaded into the template. If you have any questions, contact your SBO analyst.

IF YOUR AGENCY PLANS TO TAKE THE SAME CUTS OVER BOTH YEARS, YOU SHOULD ONLY FILL OUT ONE GRID FOR 0% GROWTH AND ONE GRID FOR 5% REDUCTION, THEN CHANGE "FY28" TO "FY28 AND 29".

	Appropriation		Fund			(See Note 1) 5% Change	Proposed Budget 2027-29		Item	Change from Adj Base		(See Note 2) Remove SBAs		Change from Adj Base after Removal of SBAs	
Agency	Alpha	Numeric	Source	$	FTE	Target	Proposed $	Proposed FTE	Ref	$	FTE	$	FTE	$	FTE
536	**1k**	131	PR	$113,260,400.00	298.00	($5,663,000)	$107,597,400	283.10		($5,663,000)	-14.90	$0	0.00	($5,663,000)	-14.90
Totals				**$113,260,400.00**	**298.00**	**($5,663,000)**	**$107,597,400**	**283.10**		**($5,663,000)**	**-14.90**	**$0**	**0.00**	**($5,663,000)**	**-14.90**

Note 1: Reduction target must be met within state operations appropriations, but may be allocated across those appropriations and fund sources.
Note 2: Amounts should be SBAs (DINs 3001 - 3011) from agency request multiplied by -1.

Target Reduction = ($5,663,000)

Difference = **$0**
Should equal $0

Items - Describe proposed changes (excl. SBAs) to reach target or other priorities of agency

1. The targeted $5.7 million reduction would equate to a staffing reduction of approximately 10-15 FTEs, depending on mix of investment management and investment services staff.
2.
3.