



**Tuesday, June 6, 2023  
Public Markets Committee Meeting**

**1:00 P.M.**

**Virtual Meeting**

The link to view the meeting virtually can be found at [www.sib.wa.gov/meetings.html](http://www.sib.wa.gov/meetings.html)

**OR**

Members of the public may view the virtual meeting in person at the Washington State Investment Board Olympia Office located at 2100 Evergreen Park Drive SW, Olympia, WA 98502

**1. Call to Order/Roll Call (1:00p)**

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**2. Adoption of the Minutes (1:00-1:05)**

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A. Adoption of the March 13, 2023, Minutes

**3. Education Sessions (1:05-2:35)**

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A. Approaches to Non-U.S. Exposure in Public Equities (1:05-2:05)

B. LIBOR to SOFR Transition (2:05-2:35)

**4. Other Items (2:35-2:40)**

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**5. Adjourn (2:40p)**

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**2023 WASHINGTON STATE INVESTMENT BOARD  
Public Markets Committee Meeting Minutes  
June 6, 2023**

The Public Markets Committee met in open public session via Microsoft Teams video conferencing available to participants and members of the public at <https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting?rtc=1>, Meeting ID: 278 454 083 292, Passcode: Xak2se; Dial-In Number 1-360-726-3322, Phone Conference ID: 446 783 126#.

Members Present: Yona Makowski, Chair  
Sara Ketleson  
Greg Markley  
Treasurer Mike Pellicciotti  
Bill Longbrake  
David Nierenberg  
Mary Pugh  
George Zinn

Members Absent: Representative Tim Ormsby

Other Members Present:

Others Present: Allyson Tucker, Chief Executive Officer  
Chris Hanak, Chief Investment Officer  
Phil Paroian, Senior Investment Officer – Public Equity  
Rhonda McNavish, Asst. Senior Investment Officer – Public Equity  
Ada Chen, Investment Officer – Public Equity  
Li Gao, Senior Investment Officer – Risk Management and Asset Allocation  
Fred Gjerstad, Assistant Senior Investment Officer – Risk Management and Asset Allocation  
Ashana Wenzel, Administrative Assistant  
Anisa Mathson, Administrative Assistant  
  
Tor Jernudd, Assistant Attorney General  
Jesse Yoder, Assistant Attorney General

**CALL TO ORDER**

Chair Makowski called the meeting to order at 1:00 p.m. and took roll call.

**ADOPTION OF MINUTES**

**Chair Makowski moved to adopt the March 13, 2023, minutes. Sara Ketleson seconded, and the motion carried unanimously.**

**EDUCATION SESSIONS**

**Approaches To Non-U.S. Exposure in Public Equities**

Ms. McNavish explained that there are five approaches for WSIB's external public equity managers to gain non-U.S. exposure, with local ordinary shares representing the broadest opportunity set. The other four approaches are investing in U.S.-domiciled multi-national companies, investing in depository receipts, commingled funds, and derivatives. Ms. McNavish and Ms. Chen discussed the five approaches,

including the pros and cons of each, and concluded that investment guidelines are useful tools for risk control, however, constraints will reduce the opportunity set, and that no approach offers complete protection from geo-political and settlement risks.

Discussion ensued regarding manager's flexibility to follow their own proprietary models or whether there are restrictions placed on ADRs, GDRs, and derivatives. Staff responded that no restrictions are placed on ADRs and GDRs, however, restrictions do apply to derivatives. Staff also discussed the Comingled Trust Fund's non-U.S. exposure to derivatives, which is minimal.

Ms. Tucker and Ms. McNavish discussed the indirect exposure to Russia/Ukraine and Ms. Tucker noted that the WSIB consciously chose not to open the Russian market to be able to purchase local ordinary shares.

Discussion ensued regarding recent quarterly performance of total non-U.S. equity compared to public equity as a whole, diversification as a core investment belief of the WSIB, public equity's active global managers decision where to allocate capital, and mitigation of the delisting risk of ADRs and GDRs.

#### **London Interbank Offered Rate (LIBOR) to Secured Overnight Financing Rate (SOFR) Transition**

Mr. Gjerstad discussed the history and demise of LIBOR and how the Alternative Reference Rate Committee (ARRC) identified SOFR as its recommended alternative to U.S. dollar LIBOR in 2017. He explained SOFR is a broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities and discussed SOFR's many benefits. The last U.S. dollar LIBOR rate will be published on June 30, 2023. Mr. Gjerstad said WSIB portfolios is expected to experience minimal impact related with this transition.

Discussion ensued regarding the amount of assets in WSIB cash portfolios that are tied to SOFR.

#### **OTHER ITEMS**

There was no further business to come before the Public Markets Committee, and the meeting adjourned at 2:04 p.m.