



**Tuesday, June 4, 2024
Public Markets Committee**

1:00 P.M.

Virtual Meeting

The link to view the meeting virtually can be found at 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)

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

A. Adoption of the March 12, 2024, minutes

3. Public Equity Education Session (1:05-2:05)

A. Managing Cash Flows in the CTF Public Equity Portfolio

4. Other Items (2:05-2:10)

5. Adjourn (2:10)

**2024 WASHINGTON STATE INVESTMENT BOARD
Public Markets Committee Meeting Minutes
June 4, 2024**

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: 260 739 052 646 Passcode: GNVajt; Dial-In Number 1-360-726-3322, Phone Conference ID: 535 165 541#

Members Present: Sara Ketelsen, Acting Chair
Representative Mia Gregerson
Treasurer Mike Pellicciotti
Tracy Stanley
David Nierenberg
Mary Pugh

Members Absent: Liz Lewis, Chair
George Zinn

Other Members Present: Tracy Guerin

Others Present: Allyson Tucker, Chief Executive Officer
Chris Hanak, Chief Investment Officer
Phil Paroian, Senior Investment Officer – Public Equity
Chris Biggs, Assistant Senior Investment Officer – Public Equity
Ben Lachmann, Assistant Senior Investment Officer – Public Equity
Ashana Wenzel, Administrative Assistant

Tor Jernudd, Assistant Attorney General

CALL TO ORDER

Chair Ketelsen called the meeting to order at 1:01 p.m. and took roll call.

ADOPTION OF MINUTES

**Chair Ketelsen moved to adopt the March 12, 2024, minutes.
Tracy Stanley seconded, and the motion carried unanimously.**

PUBLIC EQUITY EDUCATION SESSION

Managing Cash Flows in the CTF Public Equity Portfolio

**Presenters: Chris Biggs, Assistant Senior Investment Officer – Public Equity
Ben Lachmann, Assistant Senior Investment Officer – Public Equity**

Ben Lachmann shared an overview of how the Public Equity team manages cash flows in and out of the public equity portfolio in the Commingled Trust Fund (CTF), addressing portfolio construction, risk management, and techniques and tools used to adjust strategy allocations in order to improve potential risk adjusted returns. An overview of the CTF public equity program's current investment mandates was provided to illustrate the potential sources of funds in a rebalance. The portfolio is grouped into three main categories: passive, active global, and active emerging markets. He continued by describing the different factors that influence rebalancing decisions, including geographic positioning, style and risk exposures, and liquidity considerations.

Chris Biggs began by highlighting the public equity team's manager-level considerations and how relationships with the WSIB's external partners are always evolving. He then reviewed execution considerations and how staff attempts to balance the needs of the portfolio with the expected transaction costs of the rebalance or cash raise, and then summarized the Public Equity team's portfolio optimization tool, which helps generate target weights for active strategies based on multiple risk factors. The tool allows the team to run scenarios by adjusting risk factors like tracking error, downside capture, liquidity, and more. Regarding the example shared, staff's decision-making rationale was explained.

Discussion ensued regarding how the team decides what portion of the public portfolio is invested in emerging and frontier markets versus more developed markets and the focus of volatility and return expectations on active managers using the optimization tool. The team's expectation is that all active managers will outperform over very long-term horizons; portfolios are constructed so there is diversification and balance and to produce risk-adjusted returns.

OTHER ITEMS

There was no further business to come before the Committee, and the meeting adjourned at 1:41 p.m.