



Presentation to the LCPR February 2023

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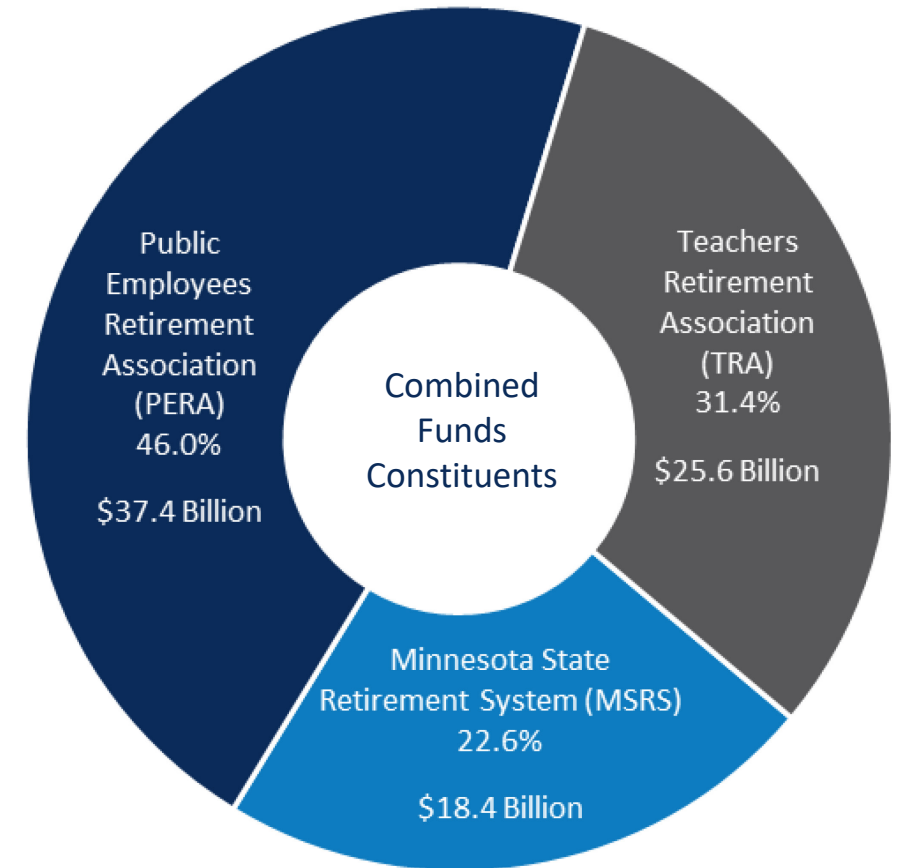
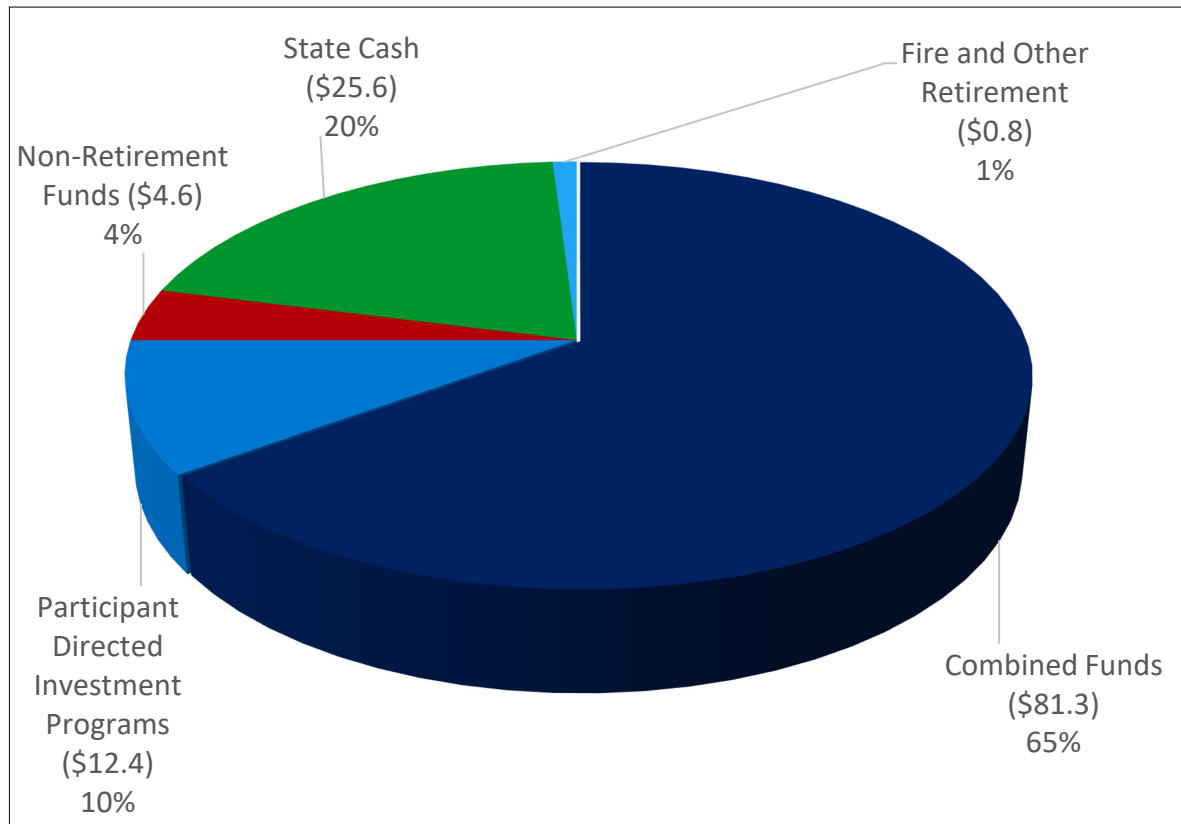


“The SBI is a long-term investor whose primary mission is to maintain the viability of the retirement systems it supports”

The State Board of Investment

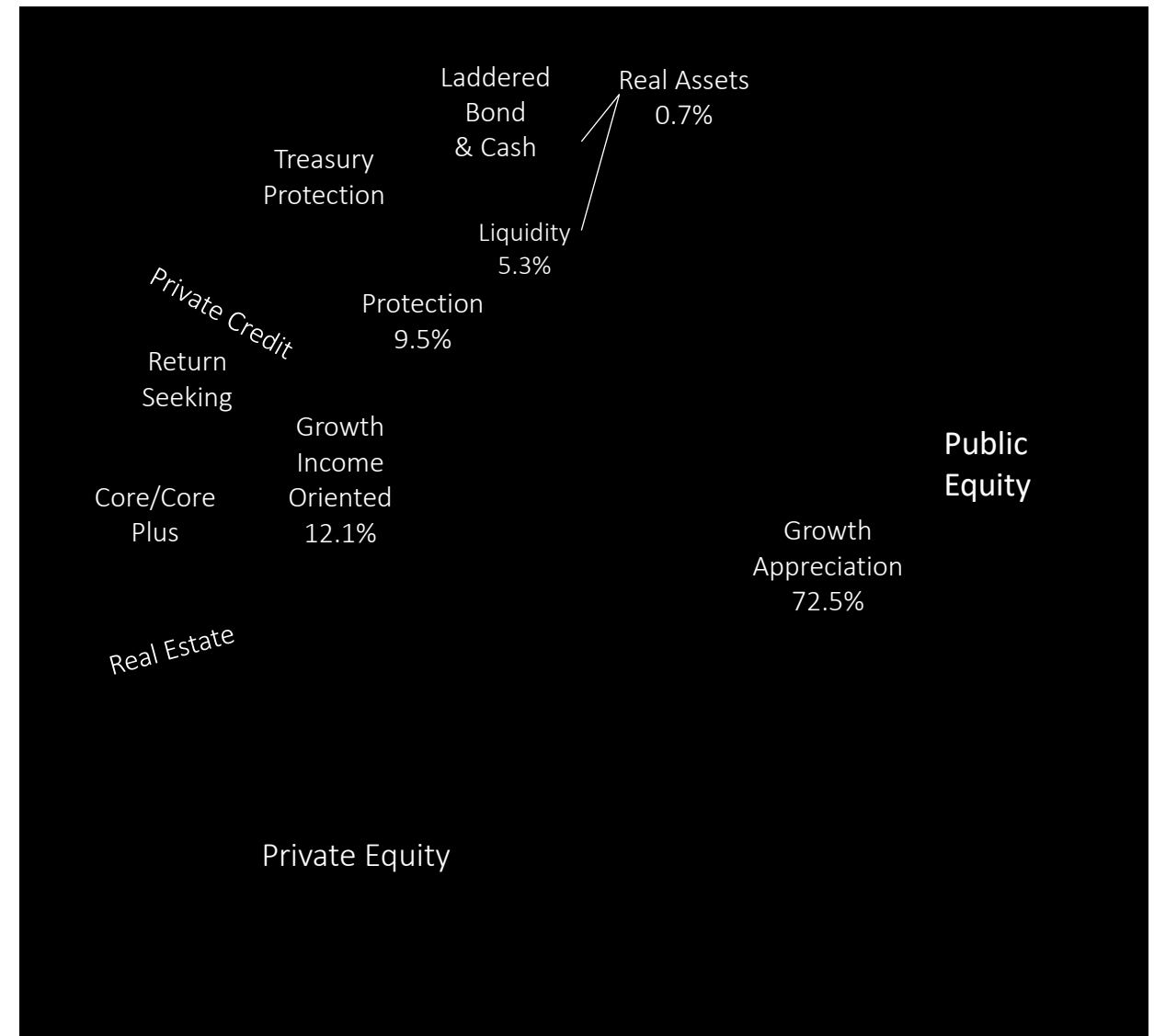
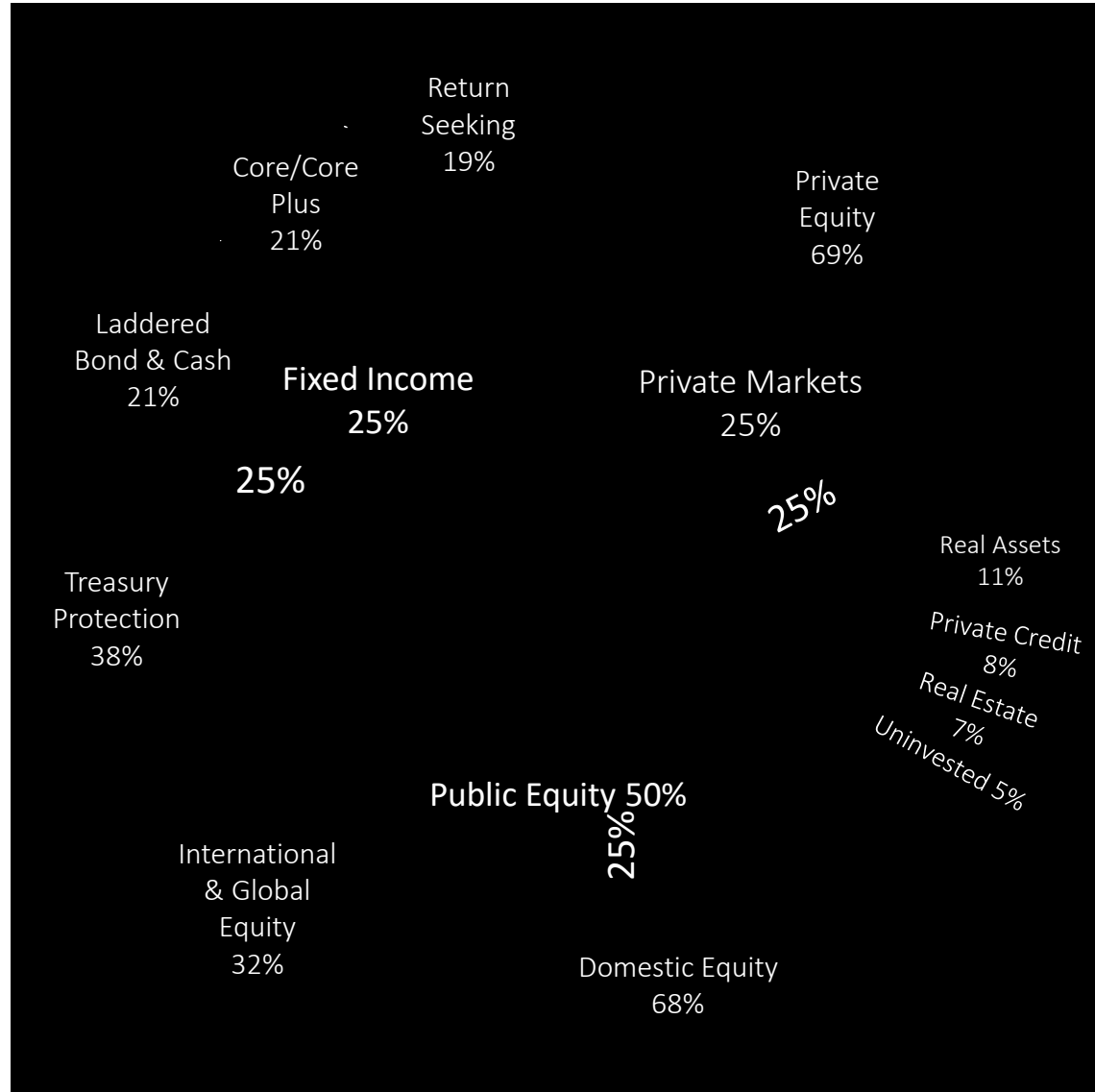
Asset and Constituents

- Total assets as of June 30, 2022: \$124.8 billion
- Assets include retirement plans, trust accounts, and state cash accounts



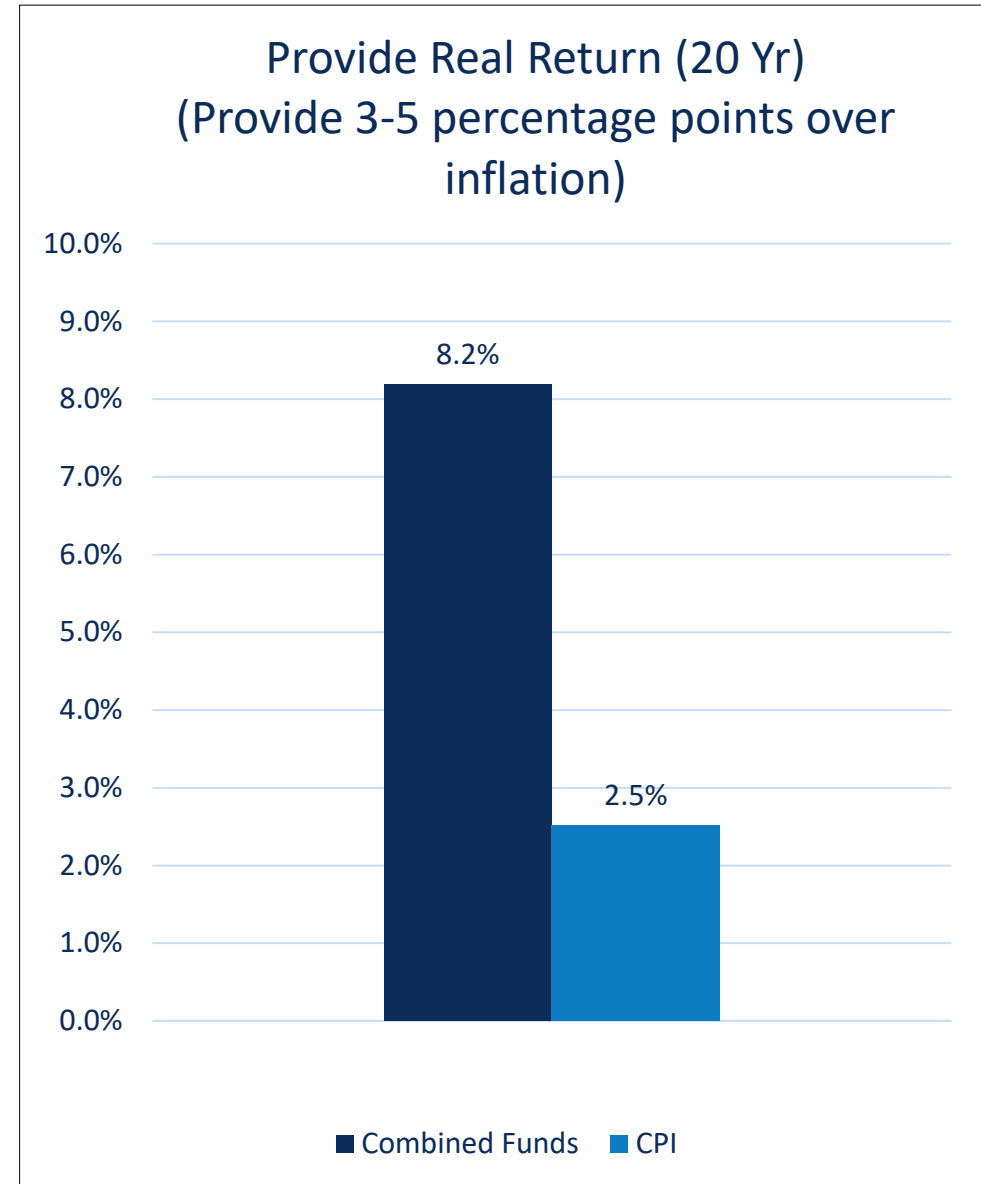
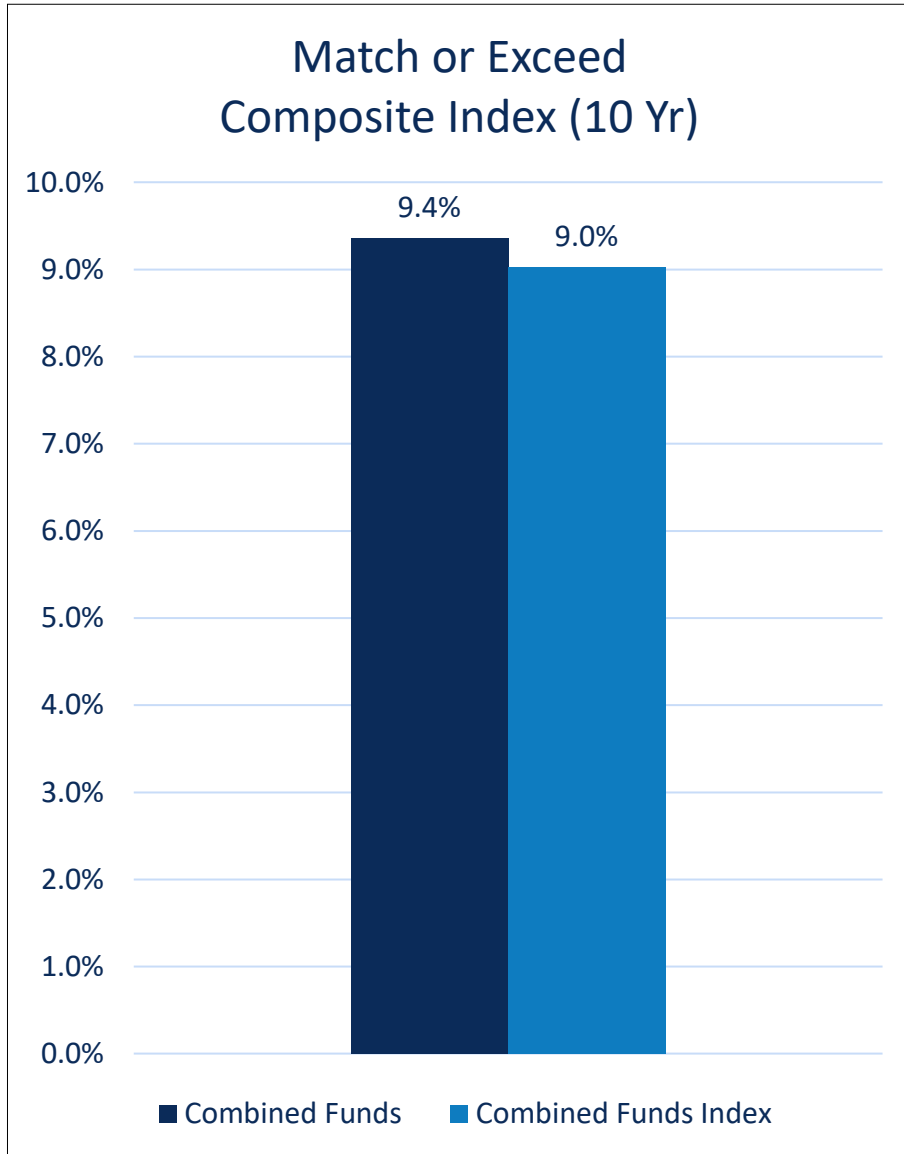
Combined Funds

Asset Allocation – By Asset Class and Role (June 30, 2022)



Combined Funds Performance

Long-Term Investment Objectives as of June 30, 2022

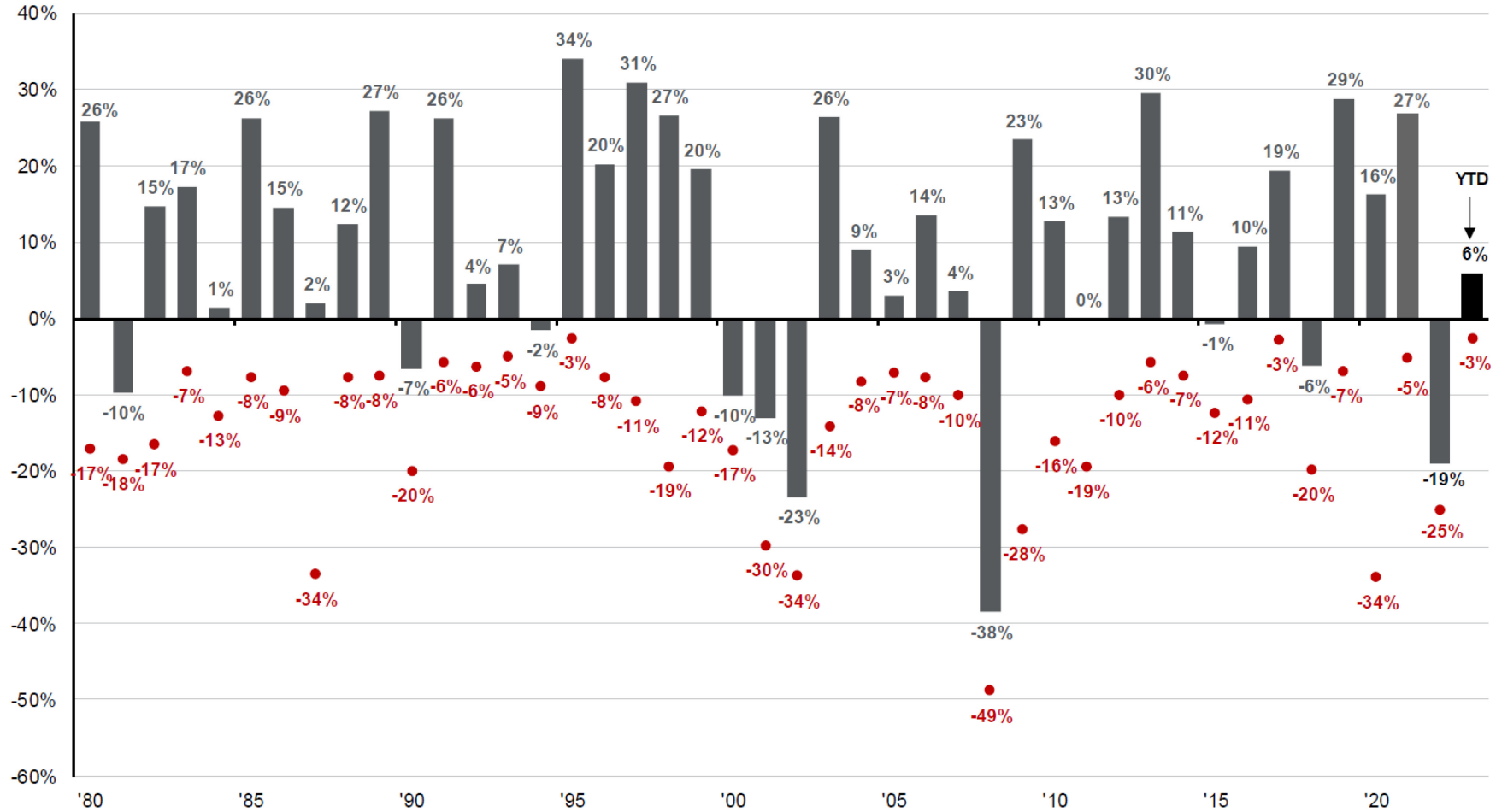


Equity Markets Experience Significant Volatility

S&P Annualized Returns and Intra-year Declines

S&P intra-year declines vs. calendar year returns

Despite average intra-year drops of 14.3%, annual returns were positive in 32 of 43 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2022, over which time period the average annual return was 8.7%.

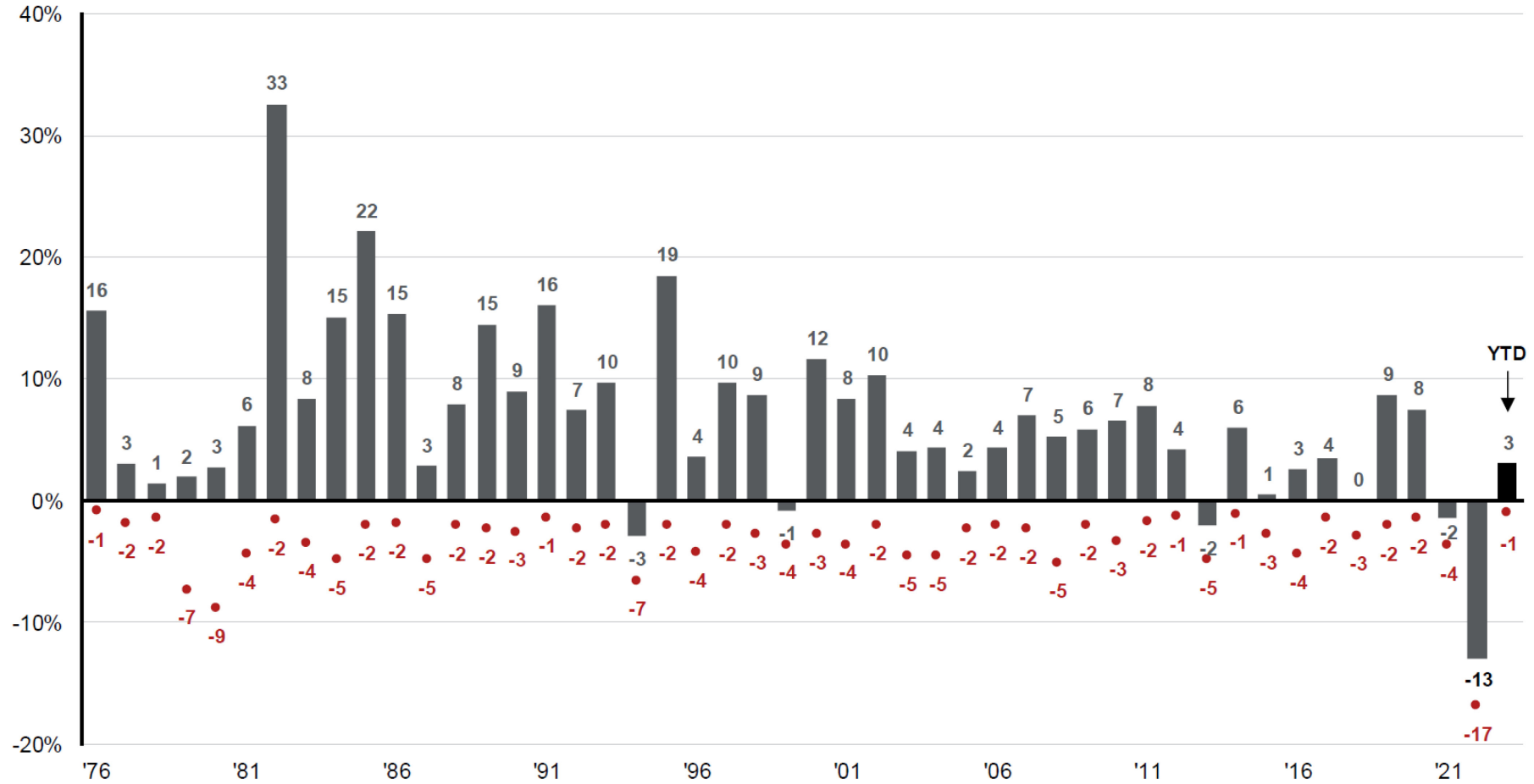
Guide to the Markets – U.S. Data are as of January 31, 2023.

...And Fixed Income Markets Are Not Immune

Bloomberg U.S. Agg. Annualized Returns and Intra-year Declines

Bloomberg U.S. Aggregate intra-year declines vs. calendar year returns

Despite average intra-year drops of 3.3%, annual returns positive in 42 of 47 years



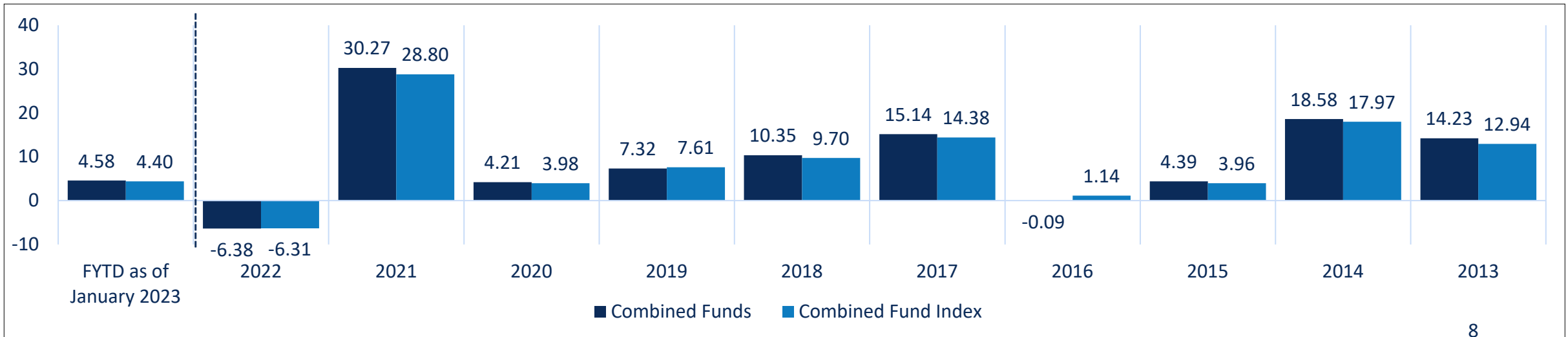
Source: Bloomberg, FactSet, J.P. Morgan Asset Management.
 Returns are based on total return. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1976 to 2022, over which time period the average annual return was 6.6%. Returns from 1976 to 1989 are calculated on a monthly basis; daily data are used afterwards.
 Guide to the Markets – U.S. Data are as of January 31, 2023.



*Source: J.P. Morgan Asset Management

SBI Annualized and Fiscal Year Performance

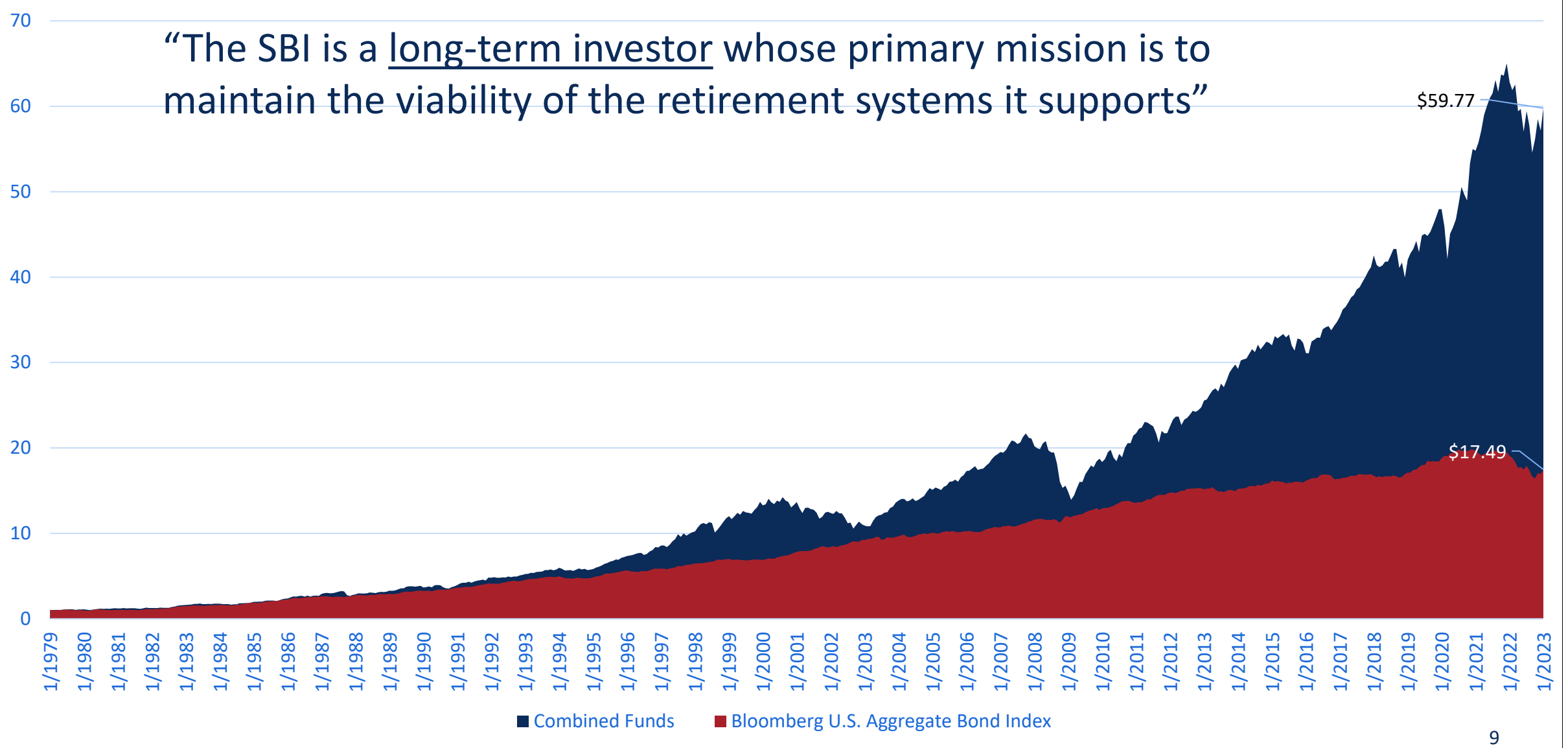
as of June 30, 2022



Growth of a Dollar

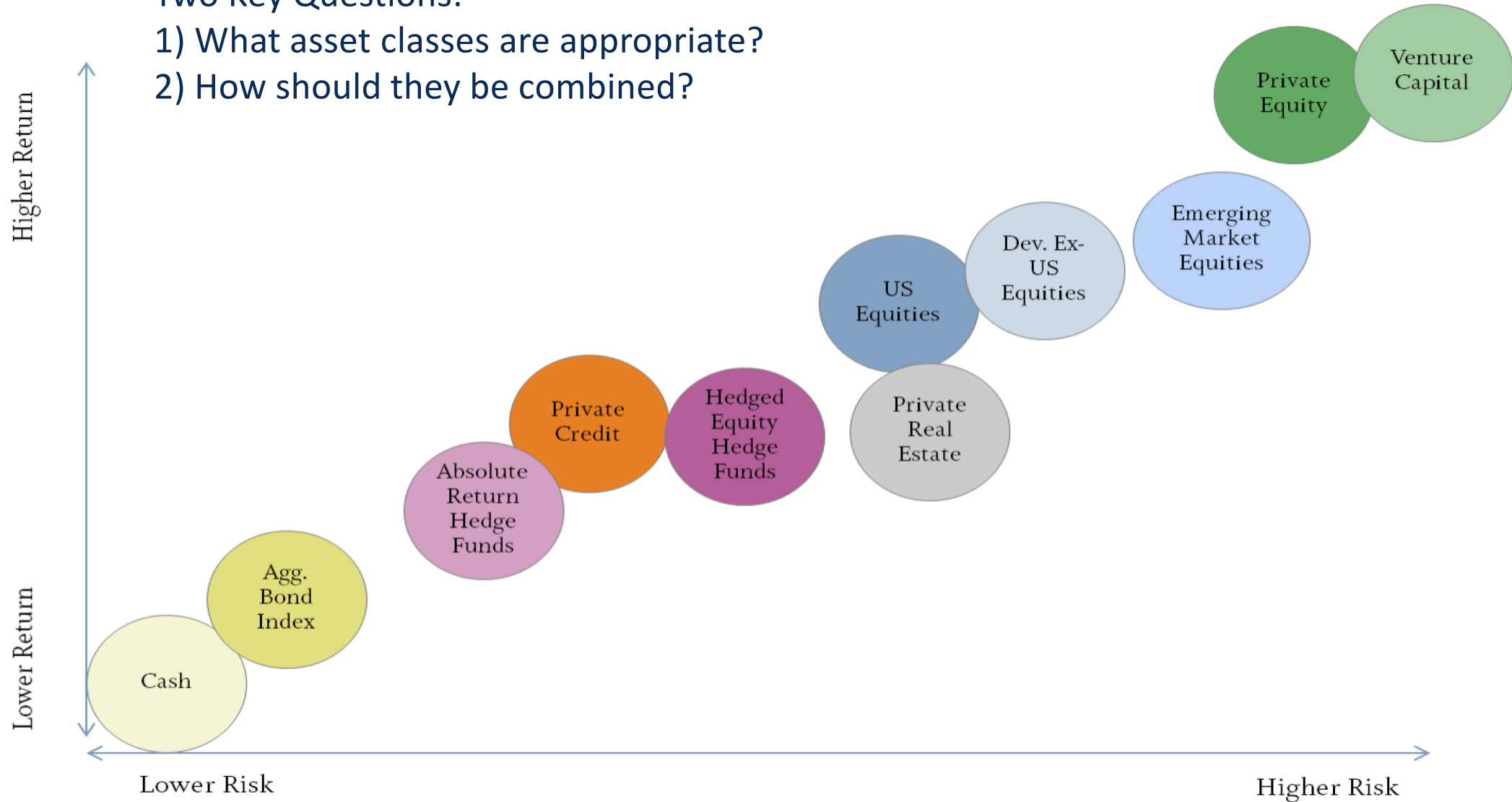
Combined Funds vs. Bloomberg U.S. Aggregate Bond Index

“The SBI is a long-term investor whose primary mission is to maintain the viability of the retirement systems it supports”

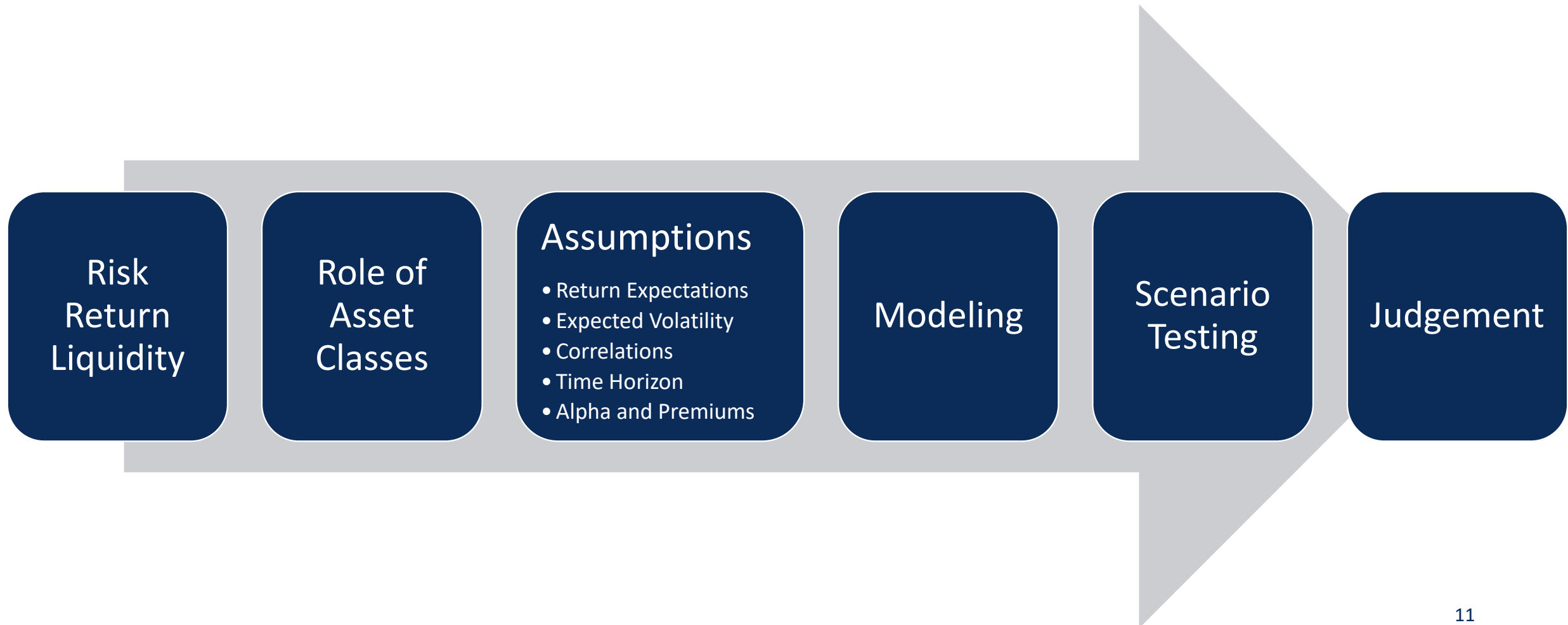


Two Key Questions:

- 1) What asset classes are appropriate?
- 2) How should they be combined?



Asset Allocation is the Primary Determinant of Investment Returns and Portfolio Volatility



The Investment Return Assumption

Discussion