

Annual Trust Holders Meeting Developmental Disabilities Life Opportunities Trust



November 19, 2007

Diana Will, Senior Investment Officer – Asset Allocation
Washington State Investment Board

Overview of the Washington State Investment Board



Creation

- ◆ The Board was created by statute in 1981 to manage the long term assets of the state.

Mission Statement

- ◆ We invest with integrity, prudence, and skill to meet or exceed the financial objectives of those we serve

The Board

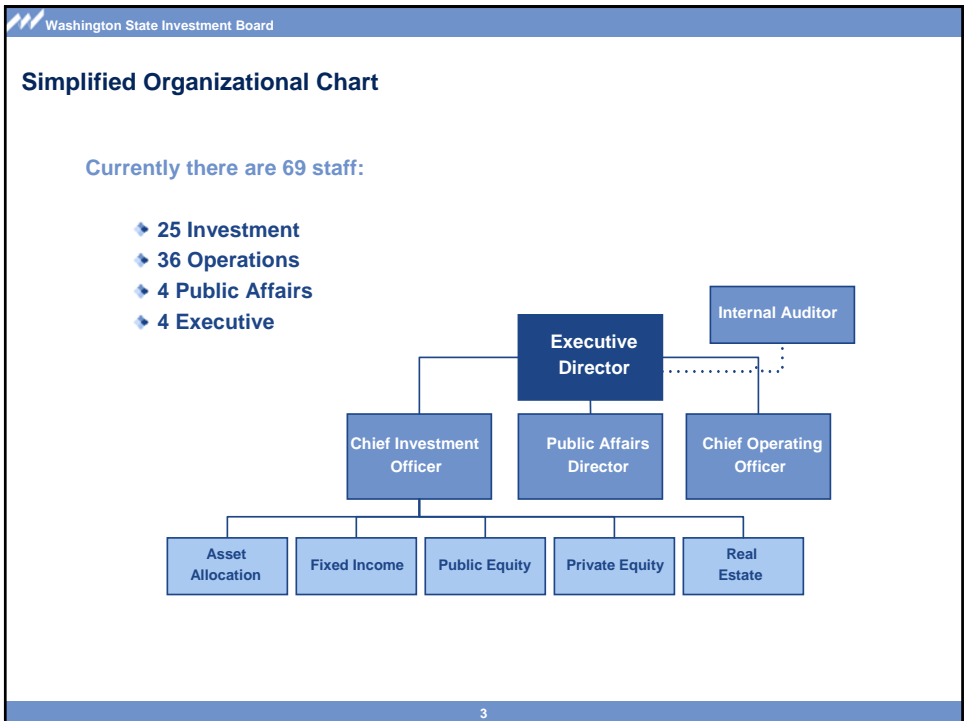
- ◆ The state Investment Board is comprised of fifteen members.
- ◆ There are 10 voting members and 5 non-voting members.

Washington State Investment Board

Members of the Washington State Investment Board

	Appointment Authority	Name	Position
10 Voting	Ex-Officio	Michael J. Murphy	State Treasurer
		Sandra J. Matheson, Vice Chair	Director, DRS
		Judy Schurke	Director, Labor & Industries
	Senate President	Lisa Brown	State Senator
	House Speaker	Helen Sommers	State Representative
	Governor	Mason A. Petit	Active Member, PERS
		George Masten	Retired Member, PERS
Patrick McElligott		Active Member, LEOFF	
Superintendent of Public Instruction	Glenn Gorton, Chair	Active Member, SERS	
	David Scott	Active Member, TRS	
5 Non-voting	Selected by the Board	Charles A. Kaminski	
		John W. Magnuson	
		Robert S. Nakahara	
		Jeffrey Seely	
		David Nierenberg	

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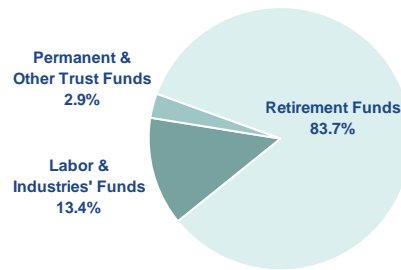


Overview of the Washington State Investment Board

The WSIB invests for 39 funds:

- ◆ 17 Retirement Funds
- ◆ 4 State Insurance Funds for injured workers
- ◆ 18 Permanent and Other Trust Funds

The DDEF is included in the Permanent and Other Trust Funds



Asset Breakdown
(September 30, 2007)
\$ 85.3 Billion

Fees



- ◆ The WSIB does not receive any tax revenues for its operations.
- ◆ Biennial budget appropriates normal operating expenses for staff, facilities, equipment, and supplies.
- ◆ Investment management expenses, such as custody, consulting, and outside investment managers, are non-appropriated. The WSIB does not need biennial approval for these expenditures.

Developmental Disabilities Endowment Trust Fund



The DDEF was created in 1999 and placed underneath the investment management of the WSIB in 2000.

Investment Objectives

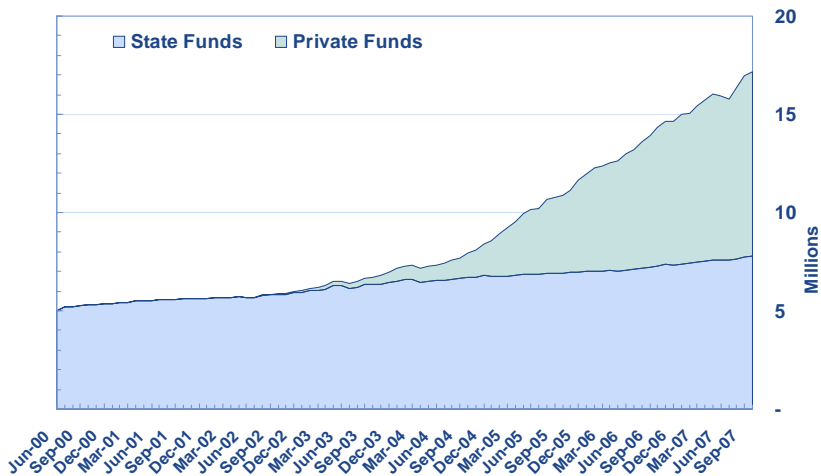
- ◆ Maximize return at a prudent level of risk based on identified investment time horizons.
- ◆ Ensure sufficient income is available to fund the expected needs.
- ◆ Invest in a manner that will not compromise public confidence in the program.

We invest 2 different funds:

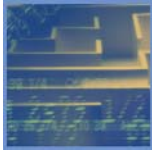
- ◆ State Funds
- ◆ Private Funds

Growth of Developmental Disabilities Endowment Trust Fund

October 31, 2007
\$17.2 Million



Developing a Portfolio



Investment Objectives:

- ◆ Return Requirement
- ◆ Risk Tolerance

Investment Constraints:

- ◆ Liquidity Requirements
- ◆ Time Horizon
- ◆ Tax Considerations
- ◆ Legal and Regulatory Considerations
- ◆ Unique Circumstances

Developmental Disabilities Endowment Trust Fund – State Funds

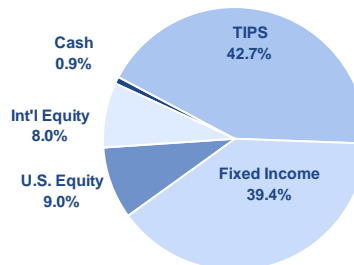
◆ The Fixed Income and Treasury Inflation (TIPS) portfolios are managed by staff at the WSIB and are expected to meet or exceed the Lehman TIPS and Intermediate Credit Indexes.

◆ The U.S. Equity portfolio is managed by Barclays Global Advisors and is expected to track the Dow Jones Wilshire 5000 Index

◆ The International Equity portfolio is managed by State Street Global Advisor and is expected to track the MSCI All Country World ex U.S. Index

◆ The cash portfolio is invested in a money market fund managed by BlackRock Liquidity Funds

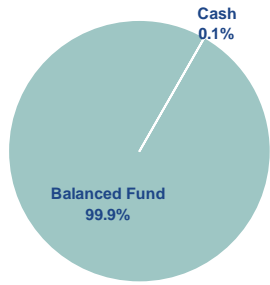
Total Size (October 31, 2007)
\$ 7.8 Million



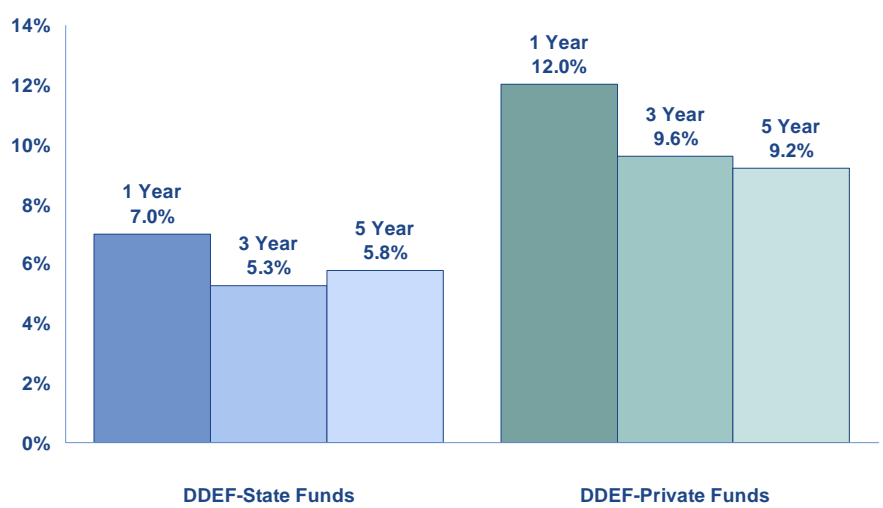
Developmental Disabilities Endowment Trust Fund – Private Funds

- ◆ The Balanced Fund is currently the Vanguard Balance Index Fund - Admiral Shares (ticker VBIAX)
- ◆ It has an allocation of 60% stocks and 40% bonds and is passively managed.
- ◆ The stock portions is expected to track the performance of the MSCI U.S. Broad Market Index
- ◆ The bond portions is expected to track the performance of the Lehman Aggregate Bond Index

Total Size (October 31, 2007)
\$ 9.4 Million



Developmental Disabilities Endowment Trust Fund Total Returns through September 30, 2007



Contact Information



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