

**Wyoming State Treasurer**

*Mark Gordon*

**THE TREASURER'S  
INTERNAL INVESTMENT PROGRAM**

**Report to the  
Joint Appropriations Committee and the  
Select Committee on  
Capital Financing & Investments**

*June 30, 2018*

# Wyoming State Treasurer

## *Mark Gordon*

### MEMORANDUM

TO: JOINT APPROPRIATIONS COMMITTEE &  
SELECT COMMITTEE ON CAPITAL FINANCING & INVESTMENTS

FROM: The Honorable Mark Gordon

DUE: June 30, 2018

SUBJECT: Report Regarding the Treasurer's Internal Investment Program

#### **I. OVERVIEW**

In accordance with 2017 Wyoming Session Laws, Chapter 120, Section 2, Section 004; and 2018 Wyoming Session Laws, Chapter 134, Section 2, Section 004, the State Treasurer's Office is to report to the Joint Appropriations Committee and the Select Committee on Capital Financing and Investments not later than December 1, 2017 and June 30, 2018. This report follows the one submitted December 1, 2017. Both legislative directives reference the information to be included in the reports (Figures 1 & 2).

**Figure 1.**

**SIXTY-FOURTH LEGISLATURE OF THE STATE OF WYOMING  
2017 GENERAL SESSION  
2017 Wyoming Session Laws, Chapter 120, Section 2**

**Section 004. STATE TREASURER**

3. (a) *Of this other funds appropriation, the state treasurer may expend one-half (1/2) of any documented savings up to three million dollars (\$3,000,000.00)SR for purposes of compensation and benefits for up to nine (9) full-time employees, rent, one-time and on-going information technology costs, equipment and all other support costs and professional contracts for internal investment management. Savings shall be reported by the state treasurer to the joint appropriations committee and the select committee on capital financing and investments not later than December 1, 2017 and June 30, 2018, respectively. Reported savings shall be limited to foregone expenditures from terminated or renegotiated contracts with external investment managers and funds for which the appropriation in this section have not and shall not be expended for external investment manager contracts. The state treasurer shall also include an explanation and accounting of all expenditures relating to actions taken pursuant to this footnote and a description of the work performed by the new internal investment staff. The report shall outline what the standards, objectives and investment policies are for any and all funds redirected for internal management, and a performance report for all such funds, including benchmark comparisons, overall return on the funds, as well as comparative performance from the externally managed funds for an identical timeframe.*

(b) *The state treasurer's office shall include a new division in its 2019-2020 biennial budget request to account for the new internal investment management team. To the extent expenditures are recurring, authorizations for positions and required appropriations shall be included in the state treasurer's 2019-2020 biennial budget request pursuant to W.S. 9-2-1002(a) (ix).*

**Figure 2.**

**SIXTY-FOURTH LEGISLATURE OF THE STATE OF WYOMING  
2018 BUDGET SESSION  
2018 Wyoming Session Laws, Chapter 134, Section 2**

**Section 004. STATE TREASURER**

3. *The state treasurer shall report on the documented savings resulting from increased use of internal investment personnel and reduced payments for external investment managers to the joint appropriations committee and the select committee on capital financing and investments not later than June 30, 2019 and June 30, 2020. Reported savings shall be limited to foregone expenditures from terminated or renegotiated contracts with external investment managers and funds. The state treasurer shall also include an explanation and accounting of all expenditures relating to the work performed by internal investment personnel. The report shall outline the standards, objectives and investment policies for all funds subject to internal management, and a performance report for the funds, including benchmark comparisons, overall return on the funds, as well as comparative performance from the externally managed funds for an identical timeframe.*

In addition to these two required reports, the State Treasurer's Office has been reporting to various legislative committees, as invited, throughout the past two interim periods since inception of the program.

## **II. SAVINGS**

The way the project was designed, the State Treasurer's Office was unable to start until sufficient funds were saved in accordance with the legislative directive. The State Treasurer was granted permission to expend one-half (1/2) of any documented savings up to three million dollars (\$3,000,000.00) per year for purposes of the program. Savings had to be limited to terminated or renegotiated contracts with external investment managers. Further, the legislative directive required that the saved funds be funds for which the appropriation in the agency budget have not (and shall not) be expended for external investment manager contracts.

In the December 2017 report, the State Treasurer reported that he had certified to the Auditor's Office that over \$6 million had been cut from managers' fees allowing \$3 million to be appropriated to the new investment division. Thus, the program was able to get underway.

Patrick Fleming, Chief Investment Officer, reported to the Joint Appropriations Committee on June 11<sup>th</sup>, 2018, providing the details of the manager savings. See Figure 3.

Figure 3.

**TOTAL FUND - DIRECT (MGMT)**  
**As of June 30, 2018 (Estimate)**

	FY 2016	FY 2018 Estimate	Difference
	Mgmt. Fee	Mgmt. Fee	Mgmt. Fee
<b>Wyoming State Total Fund</b>	<b>\$66,681,858</b>	<b>\$59,841,090</b>	<b>-\$6,840,767</b>
<i>% of Beginning WSTO FY Value</i>	<i>0.34%</i>	<i>0.29%</i>	<i>-0.05%</i>
<b>US Equity</b>	<b>\$5,173,961</b>	<b>\$3,826,074</b>	<b>-\$1,347,887</b>
State Street All Cap	\$322,832	\$610,913	\$288,082
Epoch	\$1,458,389	\$1,353,905	-\$104,484
Lazard	\$1,624,712	\$558,478	-\$1,066,234
RBC	\$1,768,028	\$1,302,777	-\$465,251
<b>Global Equity</b>	<b>\$2,033,347</b>	<b>\$2,125,338</b>	<b>\$91,991</b>
Arrowstreet	\$2,033,347	\$2,125,338	\$91,991
<b>International Equity</b>	<b>\$3,971,061</b>	<b>\$2,509,667</b>	<b>-\$1,461,394</b>
Internal International Equity Portfolio	\$50,996	\$118,983	\$67,987
Northern Trust	\$267,647	\$326,350	\$58,703
Manning & Napier	\$1,275,268	\$0	-\$1,275,268
Fisher Investments	\$2,015,616	\$2,064,334	\$48,717
The Boston Company	\$361,534	\$0	-\$361,534
<b>Private Equity</b>	<b>\$10,603,431</b>	<b>\$11,755,391</b>	<b>\$1,151,960</b>
Access Venture Partners II	\$188,236	\$110,876	-\$77,360
Cheyenne Capital Fund	\$6,383,776	\$6,133,524	-\$250,252
Hamilton Lane Nowood Fund	\$2,161,419	\$2,730,991	\$569,572
Neuberger Berman Sauger Fund	\$1,870,000	\$2,780,000	\$910,000
<b>Real Estate</b>	<b>\$8,015,045</b>	<b>\$8,597,429</b>	<b>\$582,384</b>
Clarion Lion Properties Fund	\$2,187,070	\$2,238,783	\$51,713
UBS Trumbull Property Fund	\$1,541,338	\$1,966,588	\$425,250
Cornerstone Core Mortgage Fund I	\$68,994	\$44,228	-\$24,766
Heitman Value Partners II	\$22,350	\$20,037	-\$2,313
M&G Real Estate Debt Fund II	\$631,787	\$726,821	\$95,034
Northwood Real Estate Partners IV	\$2,841,424	\$3,033,987	\$192,563
SC Capital Core Fund	\$0	\$50,409	\$50,409
TA Realty VIII	\$114,379	\$81,078	-\$33,301
WestRiver Real Estate Finance Fund	\$607,703	\$435,498	-\$172,205
<b>Absolute Return</b>	<b>\$8,480,344</b>	<b>\$9,705,137</b>	<b>\$1,224,793</b>
PAAMCO	\$8,480,344	\$9,705,137	\$1,224,793
<b>Convertible Bonds</b>	<b>\$2,823,817</b>	<b>\$1,214,342</b>	<b>-\$1,609,475</b>
Allianz Global Investors	\$2,823,817	\$1,214,342	-\$1,609,475
<b>Fixed Income</b>	<b>\$24,564,366</b>	<b>\$19,262,315</b>	<b>-\$5,302,051</b>
C.S. McKee	\$1,068,998	\$1,599,228	\$530,231
JP Morgan Core	\$2,300,895	\$1,974,113	-\$326,782
Mackay Shields	\$2,312,281	\$0	-\$2,312,281
Neuberger Berman Core	\$1,695,091	\$0	-\$1,695,091
PIMCO Core	\$4,120,186	\$2,358,375	-\$1,761,811
Wells Capital	\$1,256,295	\$0	-\$1,256,295
Neuberger Berman Credit	\$1,593,719	\$2,353,681	\$759,961
Seix	\$2,132,306	\$2,889,517	\$757,211
Grosvenor Silvery Lupine	\$5,233,330	\$5,606,787	\$373,457
Investec	\$1,244,678	\$1,317,556	\$72,878
Stone Harbor	\$1,445,412	\$998,104	-\$447,308
State Street TIPS	\$161,175	\$164,954	\$3,779
Internal Fixed Income Portfolio	\$0	\$0	\$0
Internal Low Duration Fixed Income	\$0	\$0	\$0
<b>Cash &amp; Cash Equivalents</b>	<b>\$1,016,486</b>	<b>\$845,396</b>	<b>-\$171,089</b>
JP Morgan Cash Composite	\$1,016,486	\$845,396	-\$171,089

### **III. EXPENDITURES**

As one might expect at the beginning of implementing a new project, most expenditures this fiscal year have been for initial setup costs and the initial staff positions. The total amount of funds spent during this fiscal year was only \$478,400.91 with an additional encumbrance of \$566,206. The remainder of the \$3 million appropriation will be reverted during the end of biennium reversion process. Thus, the overall return to the state this past fiscal year was approximately \$5 million (slightly over \$3 million from the 50/50 split; plus approximately \$2 million of the agency's portion which was unspent and will convert at the end of the biennium). Exact figures are not available at the time of this writing but will be available after the conclusion of the biennium.

In accordance with the enabling legislation, an accounting of all expenditures relating to the work of internal investing must be provided. See Figure 4. Very detailed information and/or further explanation can be provided to the Committees upon request.

**Figure 4.**

<b>STATE OF WYOMING STATE TREASURER'S OFFICE</b>	
Internal Investment Division Expenditures as of 6/27/18	
<b>EXPENDITURES:</b>	
Amount	Description
<u>338,487.18</u>	Payroll/Benefits
<u>4,209.62</u>	Repairs and Maintenance
<u>19,049.31</u>	Travel
<u>25,830.91</u>	Other Support Services (Bloomberg, Supplies, etc.)
<u>26,612.35</u>	Furniture
<u>17,287.44</u>	Technology (Computers, Monitors, etc.)
<u>9,779.50</u>	IT/Telecommunications ETS
<u>37,144.60</u>	Contracts (Jackson Walker Legal, Broadridge QED)
<u>478,400.91</u>	<b>TOTAL EXPENDITURES FOR INTERNAL INVESTMENT DIVISION</b>
<b>ENCUMBRANCES:</b>	
<u>410.00</u>	End of Year-Workers Comp
<u>5,650.00</u>	Bloomberg
<u>5,561.12</u>	Furniture
<u>200.00</u>	End of Year IT/Telecom ETS
<u>554,385.40</u>	Contracts: Technology & Legal
<u>566,206.52</u>	<b>TOTAL ENCUMBRANCES</b>

#### **IV. STAFF**

As the Committees might recall, the Treasurer's Office was allocated nine new positions to facilitate this project: two investment analysts, two investment officers, one attorney, three accountants, and one technology project manager. Thus far, the State Treasurer's Office has hired the attorney, an investment analyst and two of the three accountants. We have chosen to hire slowly as specific staff are needed for the next steps of the build out. We began with the attorney position so contracts could be reviewed and also hired an investment analyst so prep work could get underway. As we restructured our finance processes, two accountants were brought on board. We intentionally delayed hiring the two investment officers and one additional investment analyst until the months long work of readjusting the asset allocation was completed and approved by the SLIB at their June board meeting. Now, we can target exactly the skill set we need in order to effectuate the launch of new investment approaches to accommodate those allocations. Likewise, we advertised for the technology manager but chose to wait until a better assessment of our current technology systems could be accomplished so we would know our forward direction and could hire the person right for what we need to develop. We saw no need to waste money by hiring any of these positions prematurely. Advertising for the remaining positions will now pick up speed since we know the skill sets needed to complete the team.

#### **V. TECHNOLOGY**

There are a number of technology improvement projects underway simultaneously. The one currently coming to completion is the Deposits project. The Treasurer's Office acts as the State's bank for state agencies. State agencies make deposits daily at banks across the state. Agencies then submit deposit information so the Treasurer's Office can assure that the bank deposits are credited to the right agency accounts. The Treasurer's Office then reconciles daily. It was necessary to complete the automation of this process early on because it was a time drag on the Finance Division's resources even though this is not an aspect of the Finance Division which directly touches the state investments and was not funded with internal investment program funds. That project is in its last 2-3 weeks of deployment and then human resources and attention can move on to additional technology/finance improvements.

Simultaneously with the deposits project, the Treasurer's staff have been working with technology facilitators to improve our investment directives and manager distributions processes and the development of requirements for a long term back end finance solution. Additionally, we are underway with the reprogramming and testing of our QED program so that it will more robustly handle the tracking of investment income and distribution of funds. The current reprogramming of QED is the first of many

adjustments that will be made in the QED system to allow more flexibility for our investment team. The long term goal is to redesign and build the entire back end accounting/distribution system and integrate an investments analytics program. To push us toward that end result, we are simultaneously contracting for the writing of specifications for design of that integrated system. We found that in order to move forward with desired investment strategy changes, we could not wait for a full assessment, design, build, test and deployment of a new technology system. Rather, we took the short term approach of modifying what we currently have and at the same time driving toward a long term full solution. It is not possible to move a twenty year old system to an instantaneous “fix” even though that is what we would love to have for investment flexibility. We are making technological progress incrementally. We are extremely proud of the progress that has been made in a few months. We are utilizing the short term changes as fast as we can deploy them. We will weave the best of those short term changes into the eventual finance/investment long term end product.

## **VI. INTERNAL MANAGEMENT**

The purpose of all of the above work and directed change is to provide a better foundation upon which the internal investment program can function. Improvements are focused on accuracy, effectiveness, and timeliness. Even while the foundational work continues, the investment team is performing extremely well. In accordance with the enabling legislation, this report is to contain specific information pertaining to standards, objectives and investment policies and, of course, performance. (Please note the dates on all investment figures in this report as they are based on what was available at the time of writing and do not reflect the end of June fiscal year.)

## **VII. Standards, Objectives and Investment Policies**

The internal investment program established its standards, objectives and investment policies in conjunction with the State’s investment consultant RVK, the Investment Funds Committee and the State Loan and Investment Board (SLIB). Pertinent excerpts of the State’s Investment Policy are provided below. In accordance with the State’s Investment Policy Section 11.2, “The following guidelines apply to *internal and external* investment managers for each of the investment strategies utilized by the State... (emphasis added). The following strategies have been selected for internal investing.

- a) **Public Equity.** *The objectives of the State’s public equity investments are to provide the State with total return, capital appreciation, protection against inflation risk and consistent returns as measured by the appropriate index. The State shall employ diversification by investment style (e.g., value versus growth) and capitalization (small, mid, large). The State Treasurer’s Office may implement the strategies described in this section (i) through active management and/or (ii)*

passively through exchange traded funds (“ETFs”), mutual funds and other types of index funds. The guidelines in this section apply to all active public equity managers, which are diversified across the following strategies:

- a. All-Cap U.S. Equity
  - b. Small-Cap U.S. Equity
  - c. Global Equity
  - d. International Equity
  - e. Emerging Market Equity
- i. A maximum of 5% or the benchmark weighting + 2%, whichever is greater, of the total stock portfolio of the investment manager be invested in any one company.
  - ii. A maximum of 1% of the outstanding float of shares shall be held in companies with market capitalizations of \$5 Billion or greater at the time of purchase. For companies with market capitalizations of less than \$5 Billion, a maximum of 5% shall apply.
  - iii. The maximum allowable in any sector, as defined by Global Industry Classification System Level 1, is 2.5 times the respective benchmark weighting.
  - iv. A minimum number of 20 securities shall be held.
- e) **Intermediate Government Bond Fixed Income.** The objectives of the State’s intermediate government bond fixed income investments are to provide stable income to the State, safety of principal, diversification of the State’s fixed income portfolios, liquidity as needed, flexibility to the overall investment program and consistent returns as measured by the appropriate index. The State Treasurer’s Office may implement the strategies described in this section (i) through active management and/or (ii) passively through ETFs, mutual funds and other types of index funds. The guidelines in this section apply to all active intermediate government bond fixed income managers.
- i. Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies are eligible without limit.
  - ii. Non-U.S. Government securities are allowed, up to a maximum of 20% of the portfolio.
  - iii. Duration should not exceed +2 years of the index.
- f) **Long Duration Fixed Income.** The objectives of the State’s long duration fixed income investments are to hedge the portfolio against any adverse interest rate based changes, to plan liabilities and to provide consistent returns as measured by the appropriate index. The State Treasurer’s Office may implement the strategies described in this section (i) through active management and/or (ii) passively through ETFs, mutual funds and other types of index funds. The guidelines in this section apply to all active long duration fixed income managers.
- i. Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies are eligible without limit.
  - ii. All other issuers are subject to a 5% per issuer limit excluding investments in commingled vehicles.
  - iii. A maximum of 30% of the portfolio may be invested in U.S. dollar denominated non-U.S. fixed income securities.
  - iv. A maximum of 10% of the portfolio may be invested in U.S. dollar denominated emerging market securities.
  - v. A maximum of the appropriate benchmark plus 5% of the portfolio may be invested in convertible and municipal securities.
  - vi. Portfolio duration for long duration bond portfolios must be within plus or minus 2 years of the Bloomberg Barclays U.S. Government/Credit: Long Term Bond 16 Index. Custom portfolios designed to match the duration of plan liabilities must be within plus or minus 1 year of the duration of plan liabilities.

- vii. *Average portfolio quality will be BBB+ or better. Securities shall be rated investment grade at time of purchase.*
- g) **Low Duration Fixed Income.** *The objectives of the State's low duration fixed income investments are to provide stable income to the State, preservation of capital, diversification of the State's fixed income portfolios, a ready source of liquidity, stable investment return, and consistent returns as measured by the appropriate index. The low duration fixed income portfolio should consist of securities which provide exposure to the low duration U.S. fixed income market including Treasury and government agency bonds, corporate debt, mortgages, asset backed securities and municipals with an overall duration similar to the Bloomberg Barclays US Gov't/Credit: 1-3 Year Bond Index. The State Treasurer's Office may implement the strategies described in this section (i) through active management and/or (ii) passively through ETFs, mutual funds and other types of index funds. The guidelines in this section apply to all active low duration fixed income managers.*
  - i. *Obligations issued or guaranteed by the U.S. government, U.S. agencies or U.S. government-sponsored corporations and agencies are eligible without limit.*
  - ii. *All other issuers are subject to a 5% per issuer limit excluding investments in commingled vehicles.*
  - iii. *Corporate securities will be subject to a maximum limit of 60%.*
  - iv. *Agency Mortgage Backed Securities ("MBS") will be subject to a maximum limit of 5%. Non-agency MBS are not permissible.*
  - v. *Asset Backed Securities ("ABS"), excluding CMBS, will be subject to a maximum limit of 10%. Minimum rating at time of purchase is AAA, with the exception of up to 5% maximum ABS rated below AAA but no lower than A.*
  - vi. *Commercial Mortgage Backed Securities ("CMBS") are subject to a maximum limit of 5%.*
  - vii. *Portfolio duration must be within plus or minus 30% of the Bloomberg Barclays US Gov't/Credit: 1-3 Year Bond Index.*
  - viii. *Average portfolio quality will be A or better.*

## **VIII. Performance**

Patrick Fleming, Chief Investment Officer, presented to the Joint Appropriations Committee on June 11, 2018 providing information about performance, benchmark comparisons and overall return on funds. The pertinent pages of that presentation follow in Figures 5 & 6.

## Performance as of March 2018

Figure 5.

	Account	Allocation FY 2018		Performance FY 2017		Performance FYTD 2018	
		Market Value (\$)	(Return %)	(Alpha %)	(\$)	(Alpha %)	(\$)
1.	State Street All Cap	1,577,436,048	9.72%				
	State Street All Cap Custom Index			-0.15%	-2,202,582.63	-0.09%	-1,419,692.44
	Russell 3000 Index			-1.25%	-18,354,855.25	-0.76%	-11,988,513.96
2.	Epoch	272,502,628	9.59%				
	Russell 3000 Index			3.70%	9,762,837.69	-0.89%	-2,425,273.39
3.	UW Portfolio Mgmt Program	1,442,691	9.29%				
	S&P 500 Index (Cap Wtd)			-0.39%	-5,501.04	-1.29%	-18,610.71
4.	RBC	211,431,531	8.41%				
	Russell 2000 Index			-4.54%	-9,153,578.51	-0.70%	-1,480,020.72
5.	Arrowstreet	399,348,600	N/A				
	MSCI ACW Ex US IM Index (USD) (Net)			2.10%	8,954,437.34	N/A	-
6.	Internal International Equity Portfolio	172,430,073	10.32%				
	FTSE All Wrld Ex US Index (US Invstr) (USD) (Net)			-0.13%	-224,159.09	0.10%	172,430.07
7.	Northern Trust	1,142,284,618	10.44%				
	MSCI ACW Ex US Index (USD) (Net)			-0.40%	-3,358,330.40	0.28%	3,198,396.93
8.	Fisher Investments	455,613,509	8.48%				
	MSCI ACW Ex US Index (USD) (Net)			4.59%	19,621,387.95	-1.68%	-7,654,306.95
9.	Allianz Global Investors	524,512,972	9.97%				
	ICE BofAML All Cnvrts Index (All Qual)			-1.51%	-7,819,441.70	2.02%	10,595,162.03

- The Internal International Equity Portfolio was 10 basis point above the FTSE All World ex US Index. This fund is a Vanguard mutual fund and never has been traded.

Figure 6.

	Account	Allocation FY 2018		Performance FY 2017		Performance FYTD 2018	
		Market Value (\$)	(Return %)	(Alpha %)	(\$)	(Alpha %)	(\$)
10.	C.S. McKee	1,244,379,786	0.28%				
	Bloomberg US Agg Bond Index			0.17%	2,150,996.54	0.28%	3,484,263.40
11.	JP Morgan Core	1,409,521,148	-0.26%				
	Bloomberg US Agg Bond Index			-0.13%	-2,806,213.96	-0.02%	1,055,228.53
12.	PIMCO Core	2,164,956,835	0.14%				
	Bloomberg US Agg Bond Index			0.50%	11,100,689.55	0.57%	12,340,253.96
13.	Neuberger Berman Credit	926,455,861	1.69%				
	Credit Custom Index			-1.90%	-12,860,133.79	-0.84%	-7,782,229.23
14.	Seix	955,301,430	2.33%				
	Credit Custom Index			-0.18%	-1,264,530.23	-0.20%	-1,910,602.86
15.	Grosvenor Silvery Lupine Fund	285,037,829	6.54%				
	CS Western Eur Hi Yld Index			-1.07%	-3,463,065.58	3.47%	9,890,812.67
16.	Investec	226,948,220	10.51%				
	JPM GBI-EM Gbl Dvfd Index (USD) (Unhedged)			-0.02%	-42,601.44	1.47%	3,336,138.83
17.	Stone Harbor	213,985,046	9.29%				
	JPM GBI-EM Gbl Dvfd Index (USD) (Unhedged)			-0.61%	-1,247,745.72	0.25%	534,962.62
18.	State Street TIPS	719,117,862	1.46%				
	Bloomberg US Trsy: US TIPS Index (Series B)			-0.19%	-1,355,905.44	0.01%	71,911.79
19.	Internal Fixed Income Portfolio	1,854,358,147	-0.19%				
	Bloomberg US Gov't: Int. Term Bond Index			1.87%	34,090,829.30	0.60%	16,329,730.19
20.	Internal Low Duration Portfolio	1,365,546,666	N/A				
	Bloomberg US Gov't 1-3 Yr Bond Index			N/A	-	N/A	-
21.	JP Morgan Cash Composite	2,006,528,109	0.79%				
	JP Morgan Cash Custom Index			0.14%	2,154,051.36	-0.03%	-601,958.43

- The internal fixed income fund was our best performing U.S. bond fund with an alpha production of 0.60%. This resulted in investment returns of an additional \$16 million dollars vs. if the fund was invested in an index product.

## **IX. CONCLUSION**

The internal investment project has only been underway for a very few months. Yet, it has provided approximately \$3 million in saved manager fees, \$2 million in reversion dollars and has outperformed the Wyoming State Actual Allocation Index by 87 basis points as of April 2018. Thus, we would consider this to be a very successful start. There is much left to be accomplished however, and we are working toward continuing advances.

The State Treasurer thanks both the Joint Appropriations Committee and the Select Committee on Capital Financing and Investments for their willingness to try different approaches to investing the State's funds. We look forward to continued advances in internal investing, more improvements to technology and further development of the investment/finance team. We also look forward to reporting to each committee again at your meetings in the fall.