



MEMORANDUM

To: Joint Appropriations Committee
Select Committee on Capital Financing & Investments

From: The Honorable Curt Meier, State Treasurer

Date: December 27, 2024

Re: Treasurer's Office Performance Compensation Plan Update FY24

Introduction

The Treasurer's Office is incredibly appreciative to the Legislature for its support of the Performance Compensation Plan (PCP). The plan is critical for the investment program's success and is integral to the Treasurer's Office's ability to attract and retain highly qualified individuals to the investment team. An engaged investment team is critical to maximizing risk adjusted investment returns to the State.

Purpose

W.S. 9-4-109(f) requires the Treasurer's Office to report on the status of the Performance Compensation Plan. The statutory language specifically includes these sections:

- (i) Payments and methodology of calculating payments under the plan;
- (ii) A measurement quantifying the risk resulting from the variation between the prior year's investment benchmarks and the prior year's actual investments;
- (iii) An estimate of future payments under the plan and future expected investment benchmarks.

Statutory Requirements

(i) Payments and methodology of calculating payments under the plan;

Background

After passage of 2019 House Enrolled Act 32, which authorized performance compensation, the Treasurer's Office adopted a Performance Compensation Plan. The section pertaining to methodology (Article IV. Performance Compensation Calculation) as amended is included as Appendix A. The fifth measurement period ended June 30, 2024 for fiscal year 2024 (FY2024). Since this is the fifth year for incentive compensation to eligible employees, the performance compensation formula relies on a three-year average performance calculation.

Payments for performance compensation are to be paid over three years with 25% being paid in each of the first two years and 50% paid in the third year. This is to help incentivize employee retention and evaluate staff over a longer time horizon. Each



investment team member can earn performance compensation up to a maximum percentage that varies by individual salary, with more senior employees able to earn higher percentages. The performance compensation plan also requires that payments do not exceed 2% of the net investment returns above the established benchmarks.

Results

Overall, the investment team outperformed the Total Fund benchmark by 2.09% for FY2024. This resulted in an estimated excess Total Fund alpha of around \$421.6 million for the fiscal year, which is the largest alpha since the inception of the performance compensation program. Per the PCP, there are two drivers of the potential performance compensation payout to eligible employees: Total Fund and Assigned Asset Class performance. For both the Total Fund and Assigned Asset Class portion of performance compensation, each member of the investment team has earned their maximum payout.

Calculations for each asset class were based on the monthly alpha and monthly average market values to determine an estimated alpha dollar value for each asset class for each month. These values were totaled to arrive at a fiscal year alpha calculation.

Since this year is a three-year calculation, the alpha percentages for FY2022, FY2023 and FY2024 are averaged as are the market values for each year. These are then multiplied for each of the three years to arrive at an estimated alpha over the three-year period. The required alpha for each year is combined for comparison to the estimated alpha to arrive at a percentage of the maximum bonus calculation.

Please see the attached appendices (B-1 through B-5) for the estimated dollar alpha and payout percentages for performance compensation of the Total Fund and each of the individual asset class calculations.

Of note, the amount of the performance compensation earned is 0.22% of the additional total alpha produced by the investment team. In addition, the amount paid in the first year is 0.05% of the additional alpha produced.

Table 1, below, displays the FY2024 payments for the ten investment team members as approved by the Investment Funds Committee.



Table 1: FY24 Performance Compensation IFC Approved Payments.

Position	Annual Salary (total)	Max % of Bonus (% of Salary)	Total Earned Payout	Year 1 Payout (25%) (Dec 2024)	Year 2 Payout (25%) (July 2025)	Year 3 Payout (50%) (July 2026)
Team Total	\$1,756,800		\$1,194,070	\$298,518	\$298,518	\$597,035
CIO	\$300,000	100%	\$300,000	\$75,000	\$75,000	\$150,000
SIO 1	\$226,800	75%	\$170,100	\$42,525	\$42,525	\$85,050
SIO 2	\$226,800	75%	\$170,100	\$42,525	\$42,525	\$85,050
SIO 3	\$226,800	75%	\$170,100	\$42,525	\$42,525	\$85,050
SIO 4	\$226,800	75%	\$170,100	\$42,525	\$42,525	\$85,050
Inv. Officer	\$158,400	50%	\$79,200	\$19,800	\$19,800	\$39,600
Sen. Analyst 1	\$111,600	35%	\$39,060	\$9,765	\$9,765	\$19,530
Sen. Analyst 2	\$111,600	35%	\$39,060	\$9,765	\$9,765	\$19,530
Analyst 1	\$84,000	35%	\$29,400	\$7,350	\$7,350	\$14,700
Analyst 2*	\$84,000	35%	\$26,950	\$6,738	\$6,738	\$13,475

Notes: *Analyst 2 started on 8/1/2023 so is eligible for 11/12ths of their performance compensation.

Exclusions

The Performance Compensation Plan excludes a number of assets. These excluded assets include operational cash, public purpose investments, the internal ladder strategy and the legacy illiquid assets for which the investment team was not responsible. See Table 2 for the excluded investments in millions for the end of the fiscal year (FY2024).

Table 2. FY2024 Wyoming State Treasurer’s Office Excluded Investments.

Asset	Dollars (in millions)
Legacy Investments	\$527
Public Purpose Investments	\$361
Operational Cash	\$2,919
Internal Ladder	\$4,776
Total	\$8,582

Source: RVK.

(ii) Provide a measurement quantifying the risk resulting from the variation between the prior year’s investment benchmarks and the prior year’s actual investments;

The evaluation of risk-adjusted returns is comprised of two primary metrics.

The Sharpe Ratio is a measure of the absolute level of risk-adjusted returns and is a ratio of the total returns (above cash) to the volatility (standard deviation) of the returns. Over both the one-year and the three-year trailing periods, the Total Fund has produced a superior Sharpe Ratio relative to the total fund index (1.63 vs 1.09 over the one-year period and 0.27 vs -0.08 over the trailing three-year period).



The Information Ratio is a measure of the relative level of risk-returns and is a ratio of the excess returns (above the total fund benchmark) to the volatility of excess returns (tracking error to the total fund benchmark). Information Ratios for Total Fund portfolios are not comparable unless measuring two funds with the exact same index. Information Ratios near, at or above 1 however are considered very good, while ratios near, at or above 2 are exceptional. The Total Fund has produced an Information Ratio of 4.32 over the trailing one-year period, and 2.58 over the trailing three-year period. See Appendix C for RVK’s FY2024 risk metric analysis against the Total Fund benchmark.

(iii) Provide an estimate of future payments under the plan and future expected investment benchmarks.

Potential future performance compensation payments will depend on the estimated alpha versus the benchmarks. The minimum amount is the amount that has already been earned. The maximum amount is based on the assumption that performance will exceed the benchmark in each of the next two fiscal years by an adequate amount to earn maximum performance compensation. Table 3 shows the estimated payouts assuming the maximum payout.

Table 3: Potential Future Payment Scenarios.

Scenario	2024 Payout	2025 Payout	2026 Payout
Minimum Payments (current earned amounts)	\$878,712	\$708,657	\$597,035
Maximum Future Year earned Payments	NA	\$299,130	\$598,260
Maximum Total Payments	\$878,712	\$1,007,787	\$1,195,295

Note: Assumes current staffing levels and compensation.

The Treasurer’s Office will meet with the Investment Funds Committee in the spring of 2025 to discuss asset allocations for the upcoming year. Depending on the outcome of those discussions, any new asset class benchmarks will be considered.

Conclusion

The Treasurer’s Office is grateful to the Legislature for the adoption of the PCP and for the support of the IFC, as well as the top five elected officials. The Performance Compensation Plan is critical for the investment program’s success and is integral to the Treasurer’s Office’s ability to attract and retain highly qualified individuals to the investment team. The Treasurer’s Office appreciates the Legislature’s continued support.

Appendix A

Article IV. Performance Compensation Calculation As Amended July 1, 2023

Section 4.01 Quantitative Performance. The determination of whether investment performance has exceeded established investment benchmarks is weighed as follows: fifty percent (50%) based on the Total Fund Performance and fifty percent (50%) based on the Participating Employee's individual Assigned Asset Class Performance, as set forth below.

Section 4.01.01 Total Fund Performance. The Plan Administrator in conjunction with the Investment Consultant shall calculate Performance Compensation for a particular Investment Period for the Total Fund by comparing the Total Fund's actual performance to the Total Fund Benchmark as established by the Investment Funds Committee prior to the Investment Period, set forth in Appendix A, and incorporated herein by this reference. Performance shall be calculated to the nearest 1/10th of a basis point. The Treasurer shall provide the calculation to the Investment Funds Committee for its determination regarding whether Performance Compensation was earned for a given Investment Period.

Section 4.01.02 Assigned Asset Class Performance. The Plan Administrator in conjunction with the Investment Consultant shall calculate Performance Compensation for a particular Investment Period for each Participating Employee for the employee's Assigned Asset Class by summing the employee's Assigned Asset Class actual total performance (the total Alpha dollars generated from the Assigned Asset Class) and comparing it to the Assigned Asset Class Benchmark's actual performance, using the Asset Class Benchmarks as established by the Investment Funds Committee prior to the Investment Period, set forth in Appendix A, and incorporated herein by this reference. Performance shall be calculated to the nearest 1/10th of a basis point. The Treasurer shall provide the calculation to the Investment Funds Committee for its determination whether Performance Compensation was earned for a given Investment Period.

Example: If the Total Fund return equals 10% and the benchmark return was 9.75%, then the fund would have outperformed the benchmark by 25 basis points (0.25%) for that Investment Period.

The Treasurer shall recommend for the Investment Funds Committee's determination the dollar amount of outperformance for any given Investment Period by multiplying the portfolio value by the percentage outperformance for that Investment Period. Portfolio value for calculating pro-rated performance shall be determined by averaging the monthly values of the Total Fund portfolio over the course of an Investment Period.

Example: If the average value of the Total Fund for an Investment Period was \$20 billion, that amount would be multiplied by 25 basis points outperformance (0.0025), resulting in a dollar amount equal to \$50,000,000.

Section 4.02 Maximum Performance Compensation. Prior to the beginning of each Fiscal Year, the Treasurer shall estimate the maximum performance compensation that may become payable to Participating Employees for the Investment Period. The maximum performance compensation that may be earned in any given Investment Period for each Participating Employee shall not exceed the following:

Eligible Employee Position Maximum Performance Compensation

Chief Investment Officer	One Hundred Percent (100%) of Base Salary
Senior Investment Officer	Seventy-Five Percent (75%) of Base Salary
Investment Officer	Fifty Percent (50%) of Base Salary
Senior Analyst	Thirty-Five Percent (35%) of Base Salary
Analyst	Thirty-Five Percent (35%) of Base Salary

Total payments to all Participating Employees for Performance Compensation earned in a given Investment Period shall not exceed two percent (2%) of the net investment returns above the established benchmark of the Total Fund for that Investment Period and two percent (2%) of the net investment returns above the established benchmark of the Participating Employee’s Assigned Asset Class. The amount of outperformance needed to achieve maximum performance compensation payout for any given Investment Period shall be determined by dividing the aggregate total of maximum performance compensation for each Participating Employee by two percent (2%). For examples, see Appendix B.

Section 4.03 Calculating Performance Compensation. At the conclusion of each Investment Period, the Treasurer shall recommend for the Investment Funds Committee’s determination the amount of Performance Compensation earned for each Participating Employee. If the Investment Funds Committee determines that the Total Fund Benchmark or any Asset Class Benchmarks have been exceeded for a given Investment Period, then the performance compensation shall be proportional up to the maximum determined amount derived from the 2% factor and salary percentage caps. For examples, see Appendix B.

Section 4.04 Performance Compensation Payments. Payments for Performance Compensation for any one Investment Period shall be as follows:

(a) Payments of Performance Compensation for Fiscal Year 2020, if any, shall be based upon Investment Performance Measurement beginning July 1, 2019 and ending June 30, 2020.

(b) Payments of Performance Compensation for Fiscal Year 2021, if any, shall be based upon the arithmetic average of the Investment Performance Measurement beginning July 1, 2019 and ending June 30, 2020 and the Investment Performance Measurement beginning July 1, 2020 and ending June 30, 2021.

(c) Payments of Performance Compensation for Fiscal Year 2022 and each Fiscal Year thereafter, if any, shall be based upon the arithmetic average of the Investment Performance Measurement beginning that Fiscal Year and the two immediately preceding Fiscal Years.

Appendix B-1: FY24 Total Fund Returns Above/Below the Benchmark

Asset Category	FY24 Estimated Returns Above/Below Benchmark Total	FY24 Total Average Market Value	FY23 Estimated Returns Above/Below Benchmark Total	FY23 Total Average Market Value	FY22 Estimated Returns Above/Below Benchmark Total	FY22 Total Average Market Value
Total Fund	\$421,627,298	\$20,212,238,651	\$334,815,465	\$18,275,953,331	\$152,153,707	\$18,156,766,917
Total Fund	\$421,627,298	\$20,212,238,651	\$334,815,465	\$18,275,953,331	\$152,153,707	\$18,156,766,917

Alpha Percentage Return

2.09%

1.83%

0.84%

Fiscal Year June Performance

Maximum Potential Bonus Pool
Maximum % of Alpha Available for Bonuses
\$ Alpha Required to Earn Max Bonus
% Return Outperformance Equivalent

FY24 Total Portfolio Performance	
Maximum Potential Bonus Pool	\$879,790
Maximum % of Alpha Available for Bonuses	2%
\$ Alpha Required to Earn Max Bonus	\$43,989,500
% Return Outperformance Equivalent	0.218%
Estimated \$ Alpha	\$421,627,298
\$ Alpha Required for Max Bonus	\$43,989,500
% of Maximum Bonus Calculation	958.47%
% of Max Bonus Target Earned	100.00%

FY23 Total Portfolio Performance	
Maximum Potential Bonus Pool	\$578,917
Maximum % of Alpha Available for Bonuses	2%
\$ Alpha Required to Earn Max Bonus	\$28,945,833
% Return Outperformance Equivalent	0.158%
Estimated \$ Alpha	\$334,815,465
\$ Alpha Required for Max Bonus	\$28,945,833
% of Maximum Bonus Calculation	1156.70%
% of Max Bonus Target Earned	100.00%

FY22 Total Portfolio Performance	
Maximum Potential Bonus Pool	\$428,063
Maximum % of Alpha Available for Bonuses	2%
\$ Alpha Required to Earn Max Bonus	\$21,403,125
% Return Outperformance Equivalent	0.118%
Estimated \$ Alpha	\$152,153,707
\$ Alpha Required for Max Bonus	\$21,403,125
% of Maximum Bonus Calculation	710.89%
% of Max Bonus Target Earned	100.00%

Total Fund

FY24 PCP Calculation (3 year calculation)

Average % alpha	1.59%	
Average Market Value	\$18,881,652,966	
Alpha over 3 years	\$898,011,415	Average portfolio value X average alpha X 3
\$ Alpha Required for Max Bonus	\$94,338,458	Sum of rolling alpha values for all three fiscal years
% of Maximum Bonus Calculation	951.90%	Actual alpha/required alpha
% of Max Bonus Target Earned	100.00%	Lesser of 100% and formula above

NOTES: Maximum Potential Bonus Pool is the total amount of performance compensation payments possible for all eligible employees in the asset class. This is divided by 2% to determine the \$ of alpha required by the asset class to earn the maximum payment.

Appendix B-2: FY24 Fixed Income Returns Above/Below the Benchmark

Asset Category	FY24 Estimated Returns		FY23 Estimated Returns		FY22 Estimated Returns	
	Above/Below Benchmark Total	FY24 Total Average Market Value	Above/Below Benchmark Total	FY23 Total Average Market Value	Above/Below Benchmark Total	FY22 Total Average Market Value
Core Fixed Income	\$21,661,721	\$3,480,484,474	\$3,495,420	\$3,187,863,561	\$7,083,901	\$4,115,938,359
Liability Driven Investment Fixed Income	\$930,728	\$714,478,182	(\$1,452,819)	\$627,411,900	(\$593,268)	\$712,219,403
Low Duration Fixed Income	\$1,810,207	\$650,892,022	\$4,270,185	\$651,562,454	\$4,757,729	\$560,153,625
Bank Loans	(\$5,438,170)	\$990,564,044	(\$10,959,806)	\$1,523,979,313	\$14,226,202	\$1,423,317,507
Emerging Market Debt	\$14,332,991	\$1,051,899,221	\$20,844,164	\$924,832,988	\$11,671,553	\$903,884,180
Transition Low Duration	(\$1,660,237)	\$1,067,197,915	\$5,469,229	\$843,963,738	(\$3,394,757)	\$988,059,918
Total Fixed Income	\$31,637,241	\$7,955,515,858	\$21,666,373	\$7,759,613,953	\$33,751,359	\$8,703,572,991

Alpha Percentage Return	0.40%	0.28%	0.39%
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Fiscal Year June Performance	FY24 Total Portfolio Performance		FY23 Total Portfolio Performance		FY22 Total Portfolio Performance	
	Maximum Potential Bonus Pool	\$124,650	\$99,625	\$127,146		
Maximum % of Alpha Available for Bonuses	2%	2%	2%			
\$ Alpha Required to Earn Max Bonus	\$6,232,500	\$4,981,250	\$6,357,292			
% Return Outperformance Equivalent	0.078%	0.064%	0.073%			
Estimated \$ Alpha	\$31,637,241	\$21,666,373	\$33,751,359			
\$ Alpha Required for Max Bonus	\$6,232,500	\$4,981,250	\$6,357,292			
% of Maximum Bonus Calculation	508%	435%	531%			
% of Max Bonus Target Earned	100%	100%	100%			

Fixed Income

FY24 PCP Calculation (3 year calculation)		
Average % alpha	0.35%	
Average Market Value	\$8,139,567,601	
Alpha over 3 years	\$86,660,667	Average portfolio value X average alpha X 3
\$ Alpha Required for Max Bonus	\$17,571,042	Sum of rolling alpha values for all three fiscal years
% of Maximum Bonus Calculation	493.20%	Actual alpha/required alpha
% of Max Bonus Target Earned	100.00%	Lesser of 100% and formula above

NOTES: Maximum Potential Bonus Pool is the total amount of performance compensation payments possible for all eligible employees in the asset class. This is divided by 2% to determine the \$ of alpha required by the asset class to earn the maximum payment.

Appendix B-3: FY24 Public Equity Returns Above/Below the Benchmark

Asset Category	FY24 Estimated Returns Above/Below Benchmark Total		FY23 Estimated Returns Above/Below Benchmark Total		FY22 Estimated Returns Above/Below Benchmark Total	
	Average Market Value	FY24 Total Value	Average Market Value	FY23 Total Value	Average Market Value	FY22 Total Value
Broad US Equity	\$1,010,159	\$2,131,890,966	\$2,248,454	\$1,764,629,342	(\$10,622,222)	\$1,712,871,649
Small Cap US Equity	(\$12,285,529)	\$509,185,251	\$33,644,364	\$414,767,458	\$23,912,530	\$405,027,116
Broad International Equity	\$70,849,852	\$3,448,506,348	\$69,917,686	\$2,959,443,256	\$56,126,878	\$2,754,114,556
Preferred Stock	\$4,481,161	\$156,316,090	(\$7,296,382)	\$291,774,577	\$2,721,138	\$224,556,919
MLP's	\$19,339,823	\$1,170,888,471	(\$7,473,145)	\$1,035,201,938	\$32,730,247	\$1,033,284,097
Total Equities	\$83,395,466	\$7,416,787,126	\$91,040,976	\$6,465,816,570	\$104,868,572	\$6,129,854,336

Alpha Percentage Return	1.12%	1.41%	1.71%
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Fiscal Year June Performance	FY24 Total Portfolio Performance		FY23 Total Portfolio Performance		FY22 Total Portfolio Performance	
	Value	Percentage	Value	Percentage	Value	Percentage
Maximum Potential Bonus Pool	\$104,580		\$82,500		\$82,500	
Maximum% of Alpha Available for Bonuses	2%		2%		2%	
\$ Alpha Required to Earn Max Bonus	\$5,229,000		\$4,125,000		\$4,125,000	
% Return Outperformance Equivalent	0.071%		0.064%		0.067%	
Estimated \$ Alpha	\$83,395,466		\$91,040,976		\$104,868,572	
\$ Alpha Required for Max Bonus	\$5,229,000		\$4,125,000		\$4,125,000	
% of Maximum Bonus Calculation	1595%		2207%		2542%	
% of Max Bonus Target Earned	100%		100%		100%	

Public Equity

FY24 PCP Calculation (3 year calculation)		
Average % alpha	1.41%	
Average Market Value	\$6,670,819,344	
Alpha over 3 years	\$283,058,495	Average portfolio value X average alpha X 3
\$ Alpha Required for Max Bonus	\$13,479,000	Sum of rolling alpha values for all three fiscal years
% of Maximum Bonus Calculation	2100.00%	Actual alpha/required alpha
% of Max Bonus Target Earned	100.00%	Lesser of 100% and formula above

NOTES: Maximum Potential Bonus Pool is the total amount of performance compensation payments possible for all eligible employees in the asset class. This is divided by 2% to determine the \$ of alpha required by the asset class to earn the maximum payment.

Appendix B-4: FY24 Real Estate Returns Above/Below the Benchmark

Asset Category	FY24 Estimated Returns Above/Below Benchmark Total	FY24 Total Average Market Value	FY23 Estimated Returns Above/Below Benchmark Total	FY23 Total Average Market Value	FY22 Estimated Returns Above/Below Benchmark Total	FY22 Total Average Market Value
PCP Real Estate	\$58,686,081	\$1,754,481,608	(\$19,321,063)	\$2,106,125,000	(\$893,939)	\$1,988,248,961
Total Real Estate	\$58,686,081	\$1,754,481,608	(\$19,321,063)	\$2,106,125,000	(\$893,939)	\$1,988,248,961

Alpha Percentage Return	3.34%	-0.92%	-0.04%
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Fiscal Year June Performance	FY24 Total Portfolio Performance	FY23 Total Portfolio Performance	FY22 Total Portfolio Performance
Maximum Potential Bonus Pool	\$85,050	\$70,875	\$70,875
Maximum% of Alpha Available for Bonuses	2%	2%	2%
\$ Alpha Required to Earn Max Bonus	\$4,252,500	\$3,543,750	\$3,543,750
% Return Outperformance Equivalent	0.242%	0.168%	0.178%
Estimated \$ Alpha	\$58,686,081	(\$19,321,063)	(\$893,939)
\$ Alpha Required for Max Bonus	\$4,252,500	\$3,543,750	\$3,543,750
% of Maximum Bonus Calculation	1380.04%	-545.22%	-25.23%
% of Max Bonus Target Earned	100%	0.00%	0.00%

FY24 PCP Calculation (3 year calculation)		
Average % alpha	0.79%	
Average Market Value	\$1,949,618,523	
Alpha over 3 years	\$46,451,381	Average portfolio value X average alpha X 3
\$ Alpha Required for Max Bonus	\$11,340,000	Sum of rolling alpha values for all three fiscal years
% of Maximum Bonus Calculation	409.62%	Actual alpha/required alpha
% of Max Bonus Target Earned	100.00%	Lesser of 100% and formula above

Maximum Potential Bonus Pool is the total amount of performance compensation payments possible for all eligible employees in the asset class. This is divided by 2% to determine the \$ of alpha required by the asset class to earn the maximum payment.

Appendix B-5: FY24 Infrastructure Returns Above/Below the Benchmark

Asset Category	FY24 Estimated Returns Above/Below Benchmark Total	FY24 Total Average Market Value	FY23 Estimated Returns Above/Below Benchmark Total	FY23 Total Average Market Value	FY22 Estimated Returns Above/Below Benchmark Total	FY22 Total Average Market Value
Infrastructure	\$48,844,034	\$351,930,390	\$2,916,633	\$181,472,380	(\$1,345,982)	\$27,441,047
Total Infrastructure	\$48,844,034	\$351,930,390	\$2,916,633	\$181,472,380	(\$1,345,982)	\$27,441,047

Alpha Percentage Return	13.88%	1.61%	-4.90%
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Fiscal Year June Performance	FY24 Total Portfolio Performance	FY23 Total Portfolio Performance	FY22 Total Portfolio Performance
Maximum Potential Bonus Pool	\$85,050	\$70,875	\$70,875
Maximum% of Alpha Available for Bonuses	2%	2%	2%
\$ Alpha Required to Earn Max Bonus	\$4,252,500	\$3,543,750	\$3,543,750
% Return Outperformance Equivalent	1.21%	1.95%	12.91%
Estimated \$ Alpha	\$48,844,034	\$2,916,633	(\$1,345,982)
\$ Alpha Required for Max Bonus	\$4,252,500	\$3,543,750	\$3,543,750
% of Maximum Bonus Calculation	1148.60%	82.30%	-37.98%
% of Max Bonus Target Earned	100.00%	82.30%	0.00%

Infrastructure

FY24 PCP Calculation (3 year calculation)	
Average % alpha	3.53%
Average Market Value	\$186,947,939
Alpha over 3 years	\$19,781,149
\$ Alpha Required for Max Bonus	\$11,340,000
% of Maximum Bonus Calculation	174.44%
% of Max Bonus Target Earned	100.00%

Average portfolio value X average alpha X 3
Sum of rolling alpha values for three fiscal years
Actual alpha/required alpha
Lesser of 100% and formula above

NOTES: Maximum Potential Bonus Pool is the total amount of performance compensation payments possible for all eligible employees in the asset class. This is divided by 2% to determine the \$ of alpha required by the asset class to earn the maximum payment.

Appendix C

FY 2024 Risk Statistics - Calculated by RVK

	PCP - Total Fund		PCP - Total Fund Benchmark	
	1 Year	3 Years	1 Year	3 Years
Return	10.78	4.14	8.69	2.59
Standard Deviation	3.12	5.07	2.87	4.84
<i>vs. PCP - Total Fund Benchmark</i> Info Ratio	4.32	2.58		
<i>vs. PCP - Total Fund Benchmark</i> Tracking Error	0.45	0.59		
<i>vs. ICE BofAML 3 Mo US T-Bill Index</i> Sharpe Ratio	1.63	0.27	1.09	-0.08

Appendix D

(next page)

**STATE OF WYOMING,
STATE TREASURER'S OFFICE**

**REPORT ON AGREED-UPON PROCEDURES
ON THE
PERFORMANCE COMPENSATION CALCULATION SPREADSHEET**

**FOR THE PERFORMANCE PERIOD ENDED
JUNE 30, 2024**

TABLE OF CONTENTS

INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES	1
DESCRIPTION OF PROCEDURES AND FINDINGS	2-5



**INDEPENDENT ACCOUNTANT'S REPORT
ON AGREED-UPON PROCEDURES**

To Management
State of Wyoming, State Treasurer's Office
Cheyenne, Wyoming

We have performed the procedures as described in the accompanying Description of Procedures and Findings on the Performance Compensation Calculation Spreadsheet of the State of Wyoming, State Treasurer's Office (the STO) for the performance period ended June 30, 2024. The STO is responsible for the Performance Compensation Calculation Spreadsheet for the performance period ended June 30, 2024.

The STO has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting users in evaluating the Performance Compensation Calculation Spreadsheet for conformance with the Investment Professional Performance Compensation Plan, effective July 1, 2019, as amended on July 1, 2023, including Appendix A for fiscal year 2024. This report may not be suitable for any other purpose. The procedures performed may not address all of the items of interest to a user of this report and may not meet the needs of all users of this report; as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed and the associated findings are set forth in the accompanying Description of Procedures and Findings, which is an integral part of this report.

We were engaged by the STO to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Performance Compensation Calculation Spreadsheet for the performance period ended June 30, 2024. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the STO and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the management of the STO, and is not intended to be, and should not be, used by anyone other than this specified party.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
December 13, 2024

STATE OF WYOMING, STATE TREASURER'S OFFICE

DESCRIPTION OF PROCEDURES AND FINDINGS

This report describes the procedures that were performed, as well as our findings.

The procedures requested to be performed did not include verification of the accuracy of the source data utilized throughout the documents referenced below.

A. We obtained the Performance Compensation Calculation Spreadsheet (the Spreadsheet) from the State of Wyoming, State Treasurer's Office (the STO) for the performance period ended June 30, 2024. We reviewed the "PCP Pay Calcs," "Total Fund," "Fixed Income," "Equities," "Real Estate," "Infrastructure," and "MV's" tabs within the Spreadsheet and performed the following procedures:

1. All alphas, averages, percentages, and totals recalculated, except for the following:
 - a. On the "PCP Pay Calcs" tab, the "Team Total" for "Assigned Asset Class Payout 1st Period" and "Assigned Asset Class Payout 2nd Period" do not include Analyst 2.
 - b. On the "MV's" tab, the check total for the Private Credit "Alpha (\$)," cell L291, omits July 2023 - September 2023 "Alpha (\$)," cells L285-287.
 - c. On the "MV's" tab, the "Alpha %" and "Rounded Alpha" were not computed for Private Credit in cells Q44 and R44, respectively.
2. All percentages applied to dollar balances recalculated.

No exceptions were noted.

3. All linked cells were proper based on the cell's character description, except for the following:
 - a. On the "Real Estate" tab, cell D48's description is "Alpha over 2 years;" however, it should be "Alpha over 3 years."
 - b. On the "Infrastructure" tab, cell D39's descriptions are "Alpha over 2 years" and "Average portfolio value X average alpha X 2;" however, they should be "Alpha over 3 years" and "Average portfolio value X average alpha X 3," respectively.
 - c. On the "Infrastructure" tab," cell D40's description is "Sum of rolling alpha values for two fiscal years;" however, it should be "Sum of rolling alpha values for three fiscal years."
4. All prior-year balances agreed to the prior-year final Spreadsheet.

No exceptions were noted.

STATE OF WYOMING, STATE TREASURER'S OFFICE

DESCRIPTION OF PROCEDURES AND FINDINGS

B. We obtained the Investment Professional Performance Compensation Plan (PCP), effective July 1, 2019, as amended on July 1, 2023, including Appendix A for fiscal year 2024, from the STO. We reviewed the following provisions of the PCP to determine that they were appropriately reflected in the "PCP Pay Calcs," "Total Fund," "Fixed Income," "Equities," "Real Estate," "Infrastructure," and "MV's" tabs of the Spreadsheet:

1. Section 3.02 of the PCP states that performance compensation shall be determined based upon investment performance for the investment period in which the participating employee was hired, prorated for the employee's months of employment.

No exceptions were noted.

2. Section 3.03 of the PCP states that for participating employees who transfer from one eligible position within the STO to another eligible position within the STO during an investment period, the performance compensation payable shall be prorated.

No exceptions were noted.

3. Section 4.01 of the PCP states that the determination of whether investment performance has exceeded established investment benchmarks is weighed as follows: fifty percent (50%) based on the Total Fund Performance and fifty percent (50%) based on the Participating Employee's individual Assigned Asset Class Performance.

No exceptions were noted.

4. Section 4.01.01 of the PCP states that performance shall be calculated to the nearest 1/10th of a basis point.

No exceptions were noted.

STATE OF WYOMING, STATE TREASURER’S OFFICE

DESCRIPTION OF PROCEDURES AND FINDINGS

5. Section 4.02 of the PCP states that the maximum performance compensation that may be earned in any given investment period for each participating employee shall not exceed the following:

<u>Employee Position</u>	<u>Maximum Performance Compensation</u>
Chief Investment Officer	One Hundred Percent (100%) of Base Salary
Senior Investment Officer	Seventy-Five Percent (75%) of Base Salary
Investment Officer	Fifty Percent (50%) of Base Salary
Senior Analyst	Thirty-Five Percent (35%) of Base Salary
Analyst	Thirty-Five Percent (35%) of Base Salary

No exceptions were noted.

6. Section 4.02 of the PCP states that total payments to all participating employees for performance compensation earned in a given investment period shall not exceed two percent (2%) of the net investment returns above the established benchmark of the total fund for that investment period and two percent (2%) of the net investment returns above the established benchmark of the participating employee’s assigned asset class. The amount of outperformance needed to achieve maximum performance compensation payout for any given investment period shall be determined by dividing the aggregate total of maximum performance compensation for each participating employee by two percent (2%).

No exceptions were noted.

7. Section 4.04 of the PCP states that payments of performance compensation for fiscal year 2022 and each fiscal year thereafter, if any, shall be based upon the arithmetic average of the investment performance measurement beginning that fiscal year and the two immediately preceding fiscal years.

No exceptions were noted.

STATE OF WYOMING, STATE TREASURER’S OFFICE

DESCRIPTION OF PROCEDURES AND FINDINGS

8. Appendix A of the PCP for fiscal year 2024 states the following individual portfolio assignments:

Employee Name	Employee Position	Portfolio Assignments	Effective Periods
Patrick Fleming	Chief Investment Officer	100% Total Fund	July 2023-June 2024
Sheryl O’Connell	Senior Investment Officer	50% Total Fund, 50% Fixed Income	July 2023-June 2024
Robin Preston	Senior Investment Officer	50% Total Fund, 50% Real Estate & Infrastructure	July 2023-June 2024
Byron Beene	Senior Investment Officer	100% Total Fund	July 2023-June 2024
Feng Zhang	Senior Investment Officer	50% Total Fund, 50% Public Equity	July 2023-June 2024
Kalib Simpson	Investment Officer	50% Total Fund, 50% Fixed Income	July 2023-June 2024
Seth Consoliver	Senior Analyst	50% Total Fund, 50% Public Equity	July 2023-June 2024
Mahdi Chahkandi	Senior Analyst	100% Total Fund	July 2023-June 2024
Ryan Laczynski	Analyst	100% Total Fund	July 2023-June 2024
Kyle Parnell	Analyst	100% Total Fund	August 2023-June 2024

No exceptions were noted.

C. We obtained a revised Spreadsheet from the STO on December 9, 2024, noting that the errors identified in Procedure A were corrected.

OBSERVATIONS

We identified the following observations while completing the procedures:

1. On the “Fixed Income” tab, we noted that cell G6 indicated that “FY24 data needs updated for all asset classes.” We confirmed with Norman LeBlanc, Chief Operating Officer, on December 9, 2024 that this was an internal note that was completed and should have been deleted. This notation was no longer included on the revised Spreadsheet received as noted in Procedure C.
2. On the “PCP Pay Calcs” tab, we noted that Kyle Parnell was not included in the table summarizing PCP participants in rows 46-57, columns A-F. We confirmed with Norman LeBlanc, Chief Operating Officer, on December 9, 2024 that Kyle Parnell should be included. Kyle Parnell was included on the revised Spreadsheet received as noted in Procedure C.
3. Given the number of amendments to the PCP and its related Appendix A since 2019, the STO may want to consider issuing a restated PCP.

Appendix E

FY 2024 Performance - Calculated by RVK

Time Period	Total Fund Return	PCP Benchmark	Alpha (%)
6/1/2024-6/30/2024	1.0636	0.9353	0.1283%
3/1/2024-5/31/2024	2.3692	1.7948	0.5744%
12/1/2023-2/28/2024	4.6386	4.1398	0.4988%
9/1/2023-11/30/2023	1.7307	1.1067	0.6240%
7/1/2023-8/31/2023	0.5852	0.4661	0.1191%
1-Year Return	10.7751%	8.6888%	2.0863%

FY24 Total Average Market Value	\$	20,212,238,651	
Rounded Alpha (%)		2.086%	
Rounded Alpha (\$)	\$	421,627,298	

Appendix F: Investment Team Performance Compensation Payouts for FY24

Performance Compensation Model

Payout Based on Actual June 30, 2024 Fiscal Year Returns

		FY24									
		50%	50%	25%	25%	100%	25%	25%	50%	25%	50%
Annual Salary (total)	Max % of Bonus (% of Salary)	Maximum Potential of Bonus	Total Fund Payout (50%)	Individual Asset Classes	Asset Class Payout Entire Year (50%)	Assigned Asset Class Payout 1st Period	Assigned Asset Class Payout 2nd Period	Total Earned Payout	Year 1 Payout (25%) (Dec 2024)	Year 2 Payout (25%) (July 2025)	Year 3 Payout (50%) (July 2026)
Team Total	Team Total	\$1,756,800	\$1,194,070	\$879,790.00	NA	\$314,280	\$0	\$1,194,070	\$298,518	\$298,518	\$597,035
Patrick Fleming	CIO	\$300,000	\$300,000	\$300,000	Total Fund	\$0		\$300,000	\$75,000	\$75,000	\$150,000
Byron Beene	SIO 1	\$226,800	\$170,100	\$170,100	Total Fund	\$0		\$170,100	\$42,525	\$42,525	\$85,050
Robin Preston	SIO 2	\$226,800	\$170,100	\$85,050	RE/Infra. Combo	\$85,050		\$170,100	\$42,525	\$42,525	\$85,050
Feng Zhang	SIO 3	\$226,800	\$170,100	\$85,050	Equity	\$85,050		\$170,100	\$42,525	\$42,525	\$85,050
Sheryl O'Connell	SIO 4	\$226,800	\$170,100	\$85,050	Fixed Income	\$85,050		\$170,100	\$42,525	\$42,525	\$85,050
Kalib Simpson	Inv. Officer	\$158,400	\$79,200	\$39,600	Fixed Income	\$39,600		\$79,200	\$19,800	\$19,800	\$39,600
Seth Consoliver	Sen. Analyst 1	\$111,600	\$39,060	\$19,530	Equity	\$19,530		\$39,060	\$9,765	\$9,765	\$19,530
Mahdi Chahkandi	Sen. Analyst 2	\$111,600	\$39,060	\$39,060	Total Fund	\$0		\$39,060	\$9,765	\$9,765	\$19,530
Ryan Laczynski	Analyst 1	\$84,000	\$29,400	\$29,400	Total Fund	\$0		\$29,400	\$7,350	\$7,350	\$14,700
Kyle Parnell	Analyst 2*	\$84,000	\$26,950	\$26,950	Total Fund	\$0		\$26,950	\$6,738	\$6,738	\$13,475

Notes: *Analyst 2 started on 8/1/2023 so is eligible for 11/12ths of his performance compensation.