



STATE OF WISCONSIN  
Department of Employee Trust Funds

David A. Stella  
SECRETARY

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931

1-877-533-5020 (toll free)  
Fax (608) 267-4549  
<http://etf.wi.gov>

**DATE:** April 1, 2008  
**TO:** Wisconsin Deferred Compensation Board  
**FROM:** Shelly Schueller, Director  
Wisconsin Deferred Compensation Program  
**SUBJECT:** 2007 Annual Investment Performance Review

**This memo is for information purposes only.**

The **2007 Annual Investment Performance Review**, prepared by Advised Assets Group (AAG), is presented for your review and comment. This memo summarizes the findings. In the report, AAG notes that the weighted average return for all Wisconsin Deferred Compensation Program (WDC) participants as of December 31, 2007, was 10.07%. AAG also comments on the following funds:

- *Calvert Social Investment Fund* – This fund was added to the WDC in 2003 as the WDC's socially responsible investment fund option. While it outperformed all benchmarks over one year and most of its benchmarks over three years, it continues to underperform its benchmarks over the five-year period.
- *DFA U.S. Microcap* – This fund has struggled recently, with returns ranking it in the third quartile four out of the last five quarters of rolling three-year quartile rankings. Over five years, this fund carries a higher standard deviation than its Morningstar category average, but has also yielded higher returns than the category over the same time period.
- *Fidelity Contrafund* – This fund returned 19.87% in 2007. It beat all of its benchmarks over all time periods. Morningstar named Contrafund manager Will Danoff its “Manager of the Year” for 2007.
- *Vanguard Target Retirement Funds* – The Board added these lifecycle funds to the WDC in 2005. Overall, the returns from these funds are in-line with their composite indices over the one and three-year terms, but mostly lag their competitors' returns over the three-year term.

The details in the report demonstrate that the Board has done a good job of selecting investment options. Despite increased uncertainty in the economic markets, the majority of the WDC's investment options continued to meet or exceed established performance benchmarks.

**Growth**

During 2007, the WDC Program continued to experience steady growth in both new deferrals and investment income. As of December 31, 2007, the WDC had nearly 47,000 participants and assets exceeding \$2.29 billion. In comparison, at the close of 2006 the WDC had 44,100 participants and assets of just over \$2 billion, and at the end of 2005 the WDC had approximately 42,800 participants and assets of over \$1.8 billion.

Staff from the Department and AAG will be available at the Board meeting to discuss the report.

attachment

Reviewed and approved by Jean Gilding, Deputy Administrator,  
Division of Retirement Services

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Board	Mtg Date	Item #
DC	05/06/2008	2