

**STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN
AND TRUST
Madison, Wisconsin**

**Financial Statements as of and for the Year
Ended December 31, 2024
Including Independent Auditor's Report**

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Independent Auditor's Report

Deferred Compensation Board
Department of Employee Trust Funds
State of Wisconsin
Madison, Wisconsin

Opinion

We have audited the accompanying financial statements of State of Wisconsin Public Employees Deferred Compensation Plan and Trust, which comprise the statement of fiduciary net position available for plan benefits as of December 31, 2024, and the related statement of changes in fiduciary net position available for plan benefits for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of State of Wisconsin Public Employees Deferred Compensation Plan and Trust as of December 31, 2024, and the changes in financial net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State of Wisconsin Public Employees Deferred Compensation Plan and Trust, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Wisconsin Public Employees Deferred Compensation Plan and Trust's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of Wisconsin Public Employees Deferred Compensation Plan and Trust's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the State of Wisconsin Public Employees Deferred Compensation Plan and Trust's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Wipfli LLP

Madison, Wisconsin

STATE OF WISCONSIN PUBLIC EMPLOYEES DEFERRED COMPENSATION PLAN AND TRUST MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents Management's Discussion and Analysis of the State of Wisconsin Public Employees Deferred Compensation Plan and Trust's (the Plan) financial performance, which includes an overview of the Plan's financial position and activities as of December 31, 2024, and 2023, and for the years then ended. It is presented as required supplementary information to the financial statements.

The Plan is a supplemental retirement savings plan available to all active State and university employees. Active local government and school district employees may also be eligible if their employer has elected to offer this optional benefit plan. The Plan is governed by Section 457 of the Internal Revenue Code (IRC), Wisconsin Statutes § 40.80, 40.81, & 40.82 and Wisconsin Administrative Code ETF Chapter 70.

FINANCIAL HIGHLIGHTS

- Net Position Available for Plan Benefits at December 31, 2024 was \$7.6 billion, an increase of \$739.0 million or 10.7%, compared to \$6.9 billion at December 31, 2023. This increase was primarily due to investment performance in 2024.
- Participant Contributions increased 6.7% due to higher average plan contributions per participant. Average contributions per participant were \$3,363 in 2024 compared to \$3,186 in 2023, which is a 5.6% increase. The number of Plan participants increased 1.1% from 69,546 as of December 31, 2023, to 70,327 as of December 31, 2024.
- Transfers-in From Other Plans increased 17.4% due to an increase in the number of transfers by participants from other eligible plans and an increase in the average amount of assets transferred per participant.
- Net Investment Income decreased 5.4% primarily due to a decrease in the average rate of return on mutual funds and Collective Investment Trust (CIT) Funds earnings. The average rate of return was 16.7% during 2024 compared to 20.5% during 2023.
- Distributions increased 28.4% primarily due to an increase in the number of individuals who received distributions and the average amount of distributions. In 2024, 11,727 individuals received a distribution compared to 10,861 in 2023. The average distribution was \$44,177 in 2024 compared to \$37,137 in 2023.
- Administrative Expenses include advisory service fees paid by participants using the managed accounts service provided by Empower Advisory Group, LLC; fees paid to Empower Retirement for the Plan and participant record keeping services; fees paid to the Department of Employee Trust Funds for administering the Plan; audit expenses; and other Plan expenses.

Administrative Expenses

	2024	2023	\$ Change	% Change
Advisory Service Fees	\$ 5,067,973	\$ 4,342,695	\$ 725,278	16.7 %
Third Party Administrator Fee	2,623,960	2,623,960	0	0.0
Department Administrative Fee	211,106	241,434	(30,328)	(12.6)
Audit Fees	31,478	11,750	19,728	167.9
Other Fees	13,000	13,000	0	0.0
Administrative Expenses	<u>\$ 7,947,517</u>	<u>\$ 7,232,839</u>	<u>\$ 714,678</u>	9.9 %

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MANAGEMENT'S DISCUSSION AND ANALYSIS**

Administrative Expenses increased 9.9% primarily due an increase in the advisory service fees, partially offset by a slight decrease in department administrative expenses. Advisory service fees increased due to an increase in the average number of participants using advisory services and an increase in the average Plan participant account balance.

OVERVIEW OF THE FINANCIAL STATEMENTS

This financial report consists of the Statement of Fiduciary Net Position Available for Plan Benefits and the Statement of Changes in Fiduciary Net Position Available for Plan Benefits. These statements provide information about the financial position and activities of the Plan.

The following Summary of Fiduciary Net Position Available for Plan Benefits and the Summary of Changes in Fiduciary Net Position Available for Plan Benefits provide summary information about the financial position and activities of the Plan.

Summary of Fiduciary Net Position Available for Plan Benefits

	Other Employee Benefit Trust Fund			
	December 31, 2024	December 31, 2023	\$ Change	% Change
Cash and Cash Equivalents	\$ 180,650,255	\$ 169,063,173	\$ 11,587,082	6.9 %
Investments	7,466,389,462	6,738,839,411	727,550,051	10.8
Contributions Receivable	214,040	375,062	(161,022)	(42.9)
Total Assets	7,647,253,757	6,908,277,646	738,976,111	10.7
Administrative Expenses Payable	257,584	268,184	(10,600)	(4.0)
Total Liabilities	257,584	268,184	(10,600)	(4.0)
Net Position Available for Plan Benefits	<u>\$ 7,646,996,173</u>	<u>\$ 6,908,009,462</u>	<u>\$ 738,986,711</u>	10.7 %

Summary of Changes in Fiduciary Net Position Available for Plan Benefits

	Other Employee Benefit Trust Fund			
	2024	2023	\$ Change	% Change
Additions				
Participant Contributions	\$ 236,534,071	\$ 221,596,527	\$ 14,937,544	6.7 %
Transfers-in From Other Plans	49,387,433	42,058,100	7,329,333	17.4
Net Investment Income (Loss)	979,070,786	1,034,902,800	(55,832,014)	(5.4)
Miscellaneous Income	0	3,228	(3,228)	(100.0)
Total Additions (Losses)	1,264,992,290	1,298,560,655	(33,568,365)	(2.6)
Deductions				
Distributions	518,058,062	403,345,988	114,712,074	28.4
Administrative Expenses	7,947,517	7,232,839	714,678	9.9
Total Deductions	526,005,579	410,578,827	115,426,752	28.1
Net Increase (Decrease)	<u>\$ 738,986,711</u>	<u>\$ 887,981,828</u>	<u>\$ (148,995,117)</u>	(16.8)%

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MANAGEMENT'S DISCUSSION AND ANALYSIS**

FINANCIAL CONTACT

The Plan's financial statements are designed to present users with a general overview of the Plan's finances and to demonstrate the trustees' accountability. If you have questions about the report or need additional financial information, contact the Deferred Compensation Director for the Department of Employee Trust Funds at P.O. Box 7931, Madison, Wisconsin, 53707-7931.

FINANCIAL STATEMENTS

**STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN AND TRUST
STATEMENT OF FIDUCIARY NET POSITION AVAILABLE FOR PLAN BENEFITS
December 31, 2024**

	Other Employee Benefit Trust Fund
Assets	
Cash and Cash Equivalents	\$ 180,650,255
Investments:	
Stable Value Fund	641,942,481
Mutual Funds	2,178,302,717
Collective Investment Trust Funds	4,646,144,264
Total Investments	7,466,389,462
Contributions Receivable	214,040
Total Assets	7,647,253,757
Liabilities	
Administrative Expenses Payable	257,584
Total Liabilities	257,584
Net Position Available for Plan Benefits	\$ 7,646,996,173

The accompanying notes are an integral part of the financial statements.

**STATE OF WISCONSIN PUBLIC EMPLOYEES
DEFERRED COMPENSATION PLAN AND TRUST
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION AVAILABLE FOR PLAN BENEFITS
For the Year Ended December 31, 2024**

	Other Employee Benefit Trust Fund
Additions	
Participant Contributions	\$ 236,534,071
Transfers-in From Other Plans	49,387,433
Investment Income:	
Net Increase in Fair Value of Investments	824,761,435
Interest and Dividends	168,317,929
Less:	
Investment Expense	(14,008,578)
Net Investment Income	979,070,786
Total Additions	1,264,992,290
Deductions	
Distributions	518,058,062
Administrative Expenses	7,947,517
Total Deductions	526,005,579
Net Increase	738,986,711
Net Position Available for Plan Benefits, Beginning of Year	6,908,009,462
Net Position Available for Plan Benefits, End of Year	\$ 7,646,996,173

The accompanying notes are an integral part of the financial statements.

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DEFERRED COMPENSATION PLAN AND TRUST
NOTES TO FINANCIAL STATEMENTS**

NOTE 1- DESCRIPTION OF PLAN

The State of Wisconsin Public Employees Deferred Compensation Plan and Trust (the Plan) was established in 1981 pursuant to Wisconsin State Statute Section 40.80.

In accordance with Section 457 of the Internal Revenue Code (IRC), the Plan limits the amount of a participant's annual contributions to an amount not to exceed the lesser of \$23,000 or 100% of the participant's includible compensation for 2024. The Plan offers a catch-up option for participants age 50 and over increasing contribution limits by an additional \$7,500 annually. An additional catch-up option is available to participants within three years of normal retirement age who have under-contributed in prior years, increasing contribution limits by an additional \$23,000 annually. Participants may not contribute to the age 50 and over catch-up and the pre-retirement catch-up provision during the same tax year. Amounts contributed by participants are deferred for federal and state income tax purposes until benefits are paid to the participants.

The Plan allows for Roth contributions, which are made with after-tax dollars. Participants may withdraw Roth contributions and earnings income tax and penalty free once they have held the account for at least five years and severed employment. The Plan allows the employer to make contributions on behalf of employees.

Under the Plan provisions, employees of the State of Wisconsin and public employers in Wisconsin that elect to participate are eligible to contribute to the Plan through payroll deductions. As of December 31, 2024, approximately 65% of the Plan assets were applicable to State employees and the remaining 35% represent the assets of local Wisconsin public employees participating in the Plan.

Under provisions of the Small Business Job Protection Act of 1996, which became effective for plan years beginning after December 31, 1996, assets of IRC Section 457 plans must be held in a trust, custodial account, or annuity contract for the exclusive benefit of participants and beneficiaries. In March 2006, Wisconsin Act 150 was signed into law, creating Code Section 40.80 (2)(g) of the Wisconsin Statutes. Section 40.80 (2)(g) incorporates requirements of the federal tax code by establishing the Plan as a trust. Furthermore, it established the Deferred Compensation Board members as trustees with fiduciary responsibilities.

The Plan is governed by the Wisconsin Deferred Compensation Board (the Board) and is administered by a third party administrator, Empower Retirement.

Employees electing to participate in the Plan may contribute to or exchange within any of the following investment options:

- FDIC Bank Option managed by Johnson Bank,
- Stable Value option managed by Galliard Capital Management, Inc.,
- Mutual funds,
- Self-Directed Option (SDO) offered through Charles Schwab & Co., Inc. which provides access to over 3,000 mutual funds in addition to the Plan's core options, and
- Collective Investment Trust (CIT) Funds.

The Plan also offers a suite of investment advisory services, which is provided by Empower Advisory Group, LLC (EAG), a registered investment adviser. If a participant chooses to have EAG manage their account, an annual

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advisory service fee is charged based on a percentage of the managed account balance and assessed to the participant's account quarterly.

Participants may withdraw the value of the funds contributed to the Plan upon termination of employment with the employer, retirement, death, or financial hardship. Participants, or their beneficiaries, may select various payout options which include lump sum or periodic payments.

Legislative Changes

During 2024, there was no legislation enacted that significantly affected the Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and present the net position available for plan benefits and the net change in position.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and Cash Equivalents represent the balance of the FDIC Bank Option at December 31, 2024. The FDIC Bank Option provides safety of principal and a stable credited rate of interest and is insured up to \$250,000 per participant. At December 31, 2024, 159 individual participant accounts held more than \$250,000 totaling \$64.5 million. The FDIC Bank Option paid interest ranging from 4.69% to 5.50% during the year. As of December 31, 2024, the crediting rate was 4.69%.

Contributions and Contributions Receivable

Participant Contributions are recognized when such amounts are withheld from employee paychecks. Contributions Receivable represent amounts withheld from employees but not yet received or remitted to the investment carriers at year-end.

Investment Valuation

Mutual funds are valued at the daily closing price as reported by the fund on an active market, which is based on the underlying net asset value (NAV) of the shares held by the Plan at year-end. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission (SEC). These funds are required to publish daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

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The CIT funds are similar in structure to mutual funds but are not regulated by the SEC and are not publicly traded. The CIT funds are valued at NAV, which approximates fair value. The NAV, as provided by the fund administrator, is based on the fair value of the underlying investments held by the fund less liabilities. Participant transactions may occur daily. There are no unfunded commitments and no restrictions on the redemption of these investments.

The CIT funds consist of:

- Target date funds that seek to provide growth of capital and income using an asset allocation strategy designed for specific retirement dates. These funds invest in a mix of Vanguard mutual funds and trusts.
- Index funds that seek investment results that correspond to a particular equity or debt index.
- A fund that seeks to provide long-term total return on capital, primarily through capital appreciation and, to a lesser extent, income.
- A fund that seeks to provide capital appreciation over a market cycle relative to the S&P 500 Index, through the active management of equities with a focus on companies having strong long-term growth prospects.

The Stable Value Fund invests in fully benefit-responsive investment contracts, often referred to as "wrap contracts." The wrap contracts are issued by insurance companies and banks to stabilize the fund's investment return on various fixed income securities.

The wrap contracts allow participants to withdraw or transfer their balances in the Stable Value Fund in accordance with the Plan at contract value, which is principal plus credited interest. The wrap contracts guarantee of participants' return of principal does not extend to certain events, such as a board decision to terminate the contract or very large unexpected withdrawals that might arise from other specified events. NAV is contract value less fees and expenses, and approximates fair value as a practical expedient. Participants can transact daily at the NAV. There are no unfunded commitments and no restrictions on redemptions.

Distributions

Distributions are recorded at the time withdrawals are made from participant accounts.

Investment Income

Investment income consists of interest, dividend income and realized and unrealized gains and losses attributed to the mutual funds, including SDO, and CIT funds. Dividend income is recorded on the ex-dividend date.

Interest Income

The Stable Value option paid interest ranging from 2.78% to 3.01% during the year ended December 31, 2024. At December 31, 2024, the crediting rate was 3.01%. Interest income is recorded as earned on the accrual basis.

Participant Accounts

Earnings are credited to individual participant accounts based upon the investment performance of each specific option selected.

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Transfers-in From Other Plans

Transfers-in From Other Plans represents the balance of assets transferred by employees from other eligible plans.

Related Party Transactions

Certain members of the Deferred Compensation Board, Wisconsin Retirement Board, Teachers Retirement Board, Group Insurance Board and Employee Trust Funds Board are participants of the Plan.

The Plan is required by Wisconsin Statute §40.80(2)(f) to reimburse the Department of Employee Trust Funds for any costs incurred directly or indirectly by the department in soliciting, evaluating, monitoring, and servicing deferred compensation plans. In 2024, the Plan incurred \$257,584 for such costs, which is accrued as of December 31, 2024.

**STATE OF WISCONSIN PUBLIC EMPLOYEES
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NOTE 3 - INVESTMENTS

Investments held in the Plan at December 31, 2024, are listed in the following table.

Investments at Fair Value as of December 31, 2024	
Investment Options	Fair Value
Stable Value Investments:	
Stable Value Fund	\$ 641,942,481 *
Mutual Funds and CIT Funds:	
International Equity Funds:	
American Funds EuroPacific Growth R6	236,687,530 **
BlackRock EAFE Equity Index Fund ¹	317,757,176 **
Total International Equity Funds	554,444,706
Large-Cap Equity Funds:	
JP Morgan US Value R6	64,632,323
Calvert U.S. Large Cap Core Responsible Index R6	131,314,624
Fidelity Contrafund Commingled Pool ¹	1,090,244,273 *
Vanguard Institutional 500 Index Trust ¹	1,164,124,153 *
Total Large-Cap Equity Funds	2,450,315,373
Mid-Cap Equity Funds:	
BlackRock Mid Cap Equity Index Fund ¹	287,854,804
T. Rowe Price Institutional Mid-Cap Equity Growth	504,963,012 *
Total Mid-Cap Equity Funds	792,817,816
Small-Cap Equity Funds:	
BlackRock Russell 2000 Index Fund M ¹	178,971,597
DFA U.S. Micro Cap Fund	243,178,945
Total Small-Cap Equity Funds	422,150,542
Target Date Funds:	
Vanguard Target Retirement 2020 ¹	5,007,523
Vanguard Target Retirement 2025 ¹	340,619,904
Vanguard Target Retirement 2030 ¹	36,790,463
Vanguard Target Retirement 2035 ¹	360,016,469
Vanguard Target Retirement 2040 ¹	15,810,580
Vanguard Target Retirement 2045 ¹	264,170,174
Vanguard Target Retirement 2050 ¹	9,006,631
Vanguard Target Retirement 2055 ¹	120,207,212
Vanguard Target Retirement 2060 ¹	3,657,187
Vanguard Target Retirement 2065 ¹	4,918,187
Vanguard Target Retirement Income Trust ¹	152,611,059
Total Target Date Funds	1,312,815,389
Balanced Funds:	
Vanguard Wellington Admiral	611,935,145 *
Total Balanced Funds	611,935,145
Bond Funds:	
BlackRock U.S. Debt Index M ¹	294,376,872
Dodge & Cox Income Fund	83,440,451
Vanguard Long-Term Investment Grade Fund	138,412,963
Total Bond Funds	516,230,286
Money Market Funds:	
Vanguard Treasury Money Market Fund	63,825,541
Total Money Market Funds	63,825,541
Self-Directed Option Accounts:	
Personal Choice Retirement Account - Charles Schwab	99,912,183
Total Self-Directed Option Accounts	99,912,183
Total Mutual Funds and CIT Funds	6,824,446,981
Total Investments	\$ 7,466,389,462

* Exceeds 5% of the Net Position Available for Plan Benefits.

** Funds with International exposure.

¹ Collective Investment Trust Fund

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Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the Plan would not be able to recover the value of its deposits, investments, or collateral securities that were in the possession of an outside party. Investment securities are exposed to custodial credit risk if they are uninsured or not registered in the name of the Plan and are held by either the counterparty or the counterparty's trust department or agent, but not in the Plan's name. The Stable Value Fund, mutual funds, and CIT funds do not have securities that are used as evidence of the investments and therefore are not exposed to custodial credit risk.

Interest Rate Risk

Interest rate risk, applicable to securities with exposure to debt instruments, is the risk that changes in interest rates will adversely affect the value of an investment. Duration is the measure of a debt investment's exposure to fair value changes arising from changing interest rates based upon the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The weighted average duration for investments held as of December 31, 2024, is shown in the table below.

Credit Risk

Credit risk is the risk that the Plan will lose money because of the default of the security of the issuer or investment counterparty. The average credit ratings for the fixed income securities included in the Stable Value Fund, mutual funds, and CIT funds held as of December 31, 2024, are shown in the following table.

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Weighted Average Duration and Average Credit Rating as of December 31, 2024

Investment Options	Fair Value	Weighted Average Duration (in years)	Average Credit Rating
Stable Value Investments:			
Stable Value Fund	\$ 641,942,481	2.94	A+
Mutual and Collective Investment Funds:			
Target Date Funds:			
Vanguard Target Retirement 2020	5,007,523	5.32	AA
Vanguard Target Retirement 2025	340,619,904	5.68	AA
Vanguard Target Retirement 2030	36,790,463	6.33	AA-
Vanguard Target Retirement 2035	360,016,469	6.33	AA-
Vanguard Target Retirement 2040	15,810,580	6.33	AA-
Vanguard Target Retirement 2045	264,170,174	6.33	AA-
Vanguard Target Retirement 2050	9,006,631	6.34	AA-
Vanguard Target Retirement 2055	120,207,212	6.34	AA-
Vanguard Target Retirement 2060	3,657,187	6.34	AA-
Vanguard Target Retirement 2065	4,918,187	6.34	AA-
Vanguard Target Retirement Income Trust	152,611,059	5.22	AA
Balanced Funds:			
Vanguard Wellington Admiral	611,935,145	6.55	A+
Bond Funds:			
BlackRock U.S. Debt Index M	294,376,872	6.00	AA
Dodge & Cox Income Fund	83,440,451	6.30	AA
Vanguard Long-Term Investment Grade Fund	138,412,963	12.93	A+
Money Market Funds:			
Vanguard Treasury Money Market Fund*	63,825,541	n/a	AA
	<u>\$ 3,146,748,842</u>		

*Weighted average maturity for Vanguard Money Market is 34 days.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an organization's investment in a single issuer. The Plan's investments are managed by several fund managers. The concentrations of investments are determined by the participants' elections to invest in the available investment options as selected by the Board. Investment options that exceed 5% of net position are identified on page 13.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the investment. The Plan allows the option of investments in mutual funds and CIT funds that make investments in foreign securities and are not required to disclose the individual assets within the fund. The individual funds are identified on page 13.

Fair Value of Investments

Fair value measurements of the Plan are categorized by the hierarchy established by GAAP. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1 measurements) and the lowest

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priority to unobservable inputs (Level 3 measurements). The inputs to the three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Significant other observable inputs, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in markets that are not active and other market corroborated inputs.
- Level 3: Significant unobservable inputs.

Assets measured at fair value on a recurring basis are summarized as of December 31, 2024 as follows:

	Level 1	Level 2	Level 3	Fair Value
Mutual Funds:				
International Equity Funds	\$ 236,687,530	\$ 0	\$ 0	\$ 236,687,530
Large-Cap Equity Funds	195,946,947	0	0	195,946,947
Mid-Cap Equity Funds	504,963,012	0	0	504,963,012
Small-Cap Equity Funds	243,178,945	0	0	243,178,945
Balanced Funds	611,935,145	0	0	611,935,145
Bond Funds	221,853,414	0	0	221,853,414
Money Market Funds	63,825,541	0	0	63,825,541
Self-Directed Option Accounts	99,912,183	0	0	99,912,183
Total Mutual Funds	<u>\$ 2,178,302,717</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,178,302,717</u>

Investments measured at Net Asset Value:

Stable Value Fund	\$ 641,942,481
Collective Investment Trust Funds	<u>4,646,144,264</u>
Total Investments measured at Net Asset Value ¹	<u>5,288,086,745</u>
Total Investments	<u><u>\$ 7,466,389,462</u></u>

¹ Certain investments measured at net asset value per share have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the Statement of Fiduciary Net Position Available for Plan Benefits.

**STATE OF WISCONSIN PUBLIC EMPLOYEES
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NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - PLAN ADMINISTRATION

The Plan's administrative expenses are paid for primarily with participant administrative fees. Each participant in the Plan is charged a monthly fee based upon their Plan balance and a tiered dollar charge. The following fees were in effect for 2024:

<u>Participant Account Balance</u>	<u>Monthly Participant Fee</u>
\$0.01 - \$5,000	\$0.00
\$5,001 - \$25,000	\$0.75
\$25,001 - \$50,000	\$1.75
\$50,001 - \$100,000	\$4.00
\$100,001 - \$150,000	\$5.00
\$150,001 - \$250,000	\$7.00
More than \$250,000	\$10.25

An account is maintained within the Plan that accumulates fees collected from participants which are used to pay Plan expenses. The balance of this account as of December 31, 2024, was \$2,107,726 and is invested in the Stable Value Fund.

NOTE 5 - CONTINGENCIES

Periodically, the Plan may become subject to various pending or threatened claims or legal matters. As of the date of these financial statements, no such items are known or expected. It is the opinion of management that the ultimate liability arising from any such threatened and pending claims will not have a material effect on the financial position of the Plan. The Plan is exposed to various other liabilities and risks related to the fiduciary responsibility of directors and officers.

NOTE 6 - RISK AND UNCERTAINTIES

The Plan, as directed by participants, may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks.

Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities may occur in the near term and that such changes could materially affect the amounts reported in the Statement of Fiduciary Net Position Available for Plan Benefits.

NOTE 7 - PLAN TERMINATION

The State may terminate the Plan at any time, although no intent to terminate the Plan has been expressed. In the event of termination, all participants will remain fully vested.