

2040 Retirement Strategy

Portfolio Overview

Retirement Strategy Funds are diversified asset allocation portfolios designed for people who want to leave ongoing investment decisions to an experienced portfolio management team. All you have to do is pick the Retirement Strategy Fund with the date closest to your expected target date for retirement (2065, 2060, 2055, 2050, 2045, etc.). The management team adjusts the asset mix of your Retirement Strategy Fund over time to the allocation it deems appropriate for your age.

When you are far from your target date for retirement, most of the assets are invested in globally diversified equity portfolios. As you get closer to the target date for retirement, and continuing for 15 years beyond your target date for retirement, the management team gradually adjusts your Retirement Strategy Fund to a more conservative asset mix. That means fewer stocks and more bonds and short-term investments that can help generate income and protect your savings in retirement.

Objective

Seek the highest total return over time consistent with the Retirement Strategy Fund's asset mix

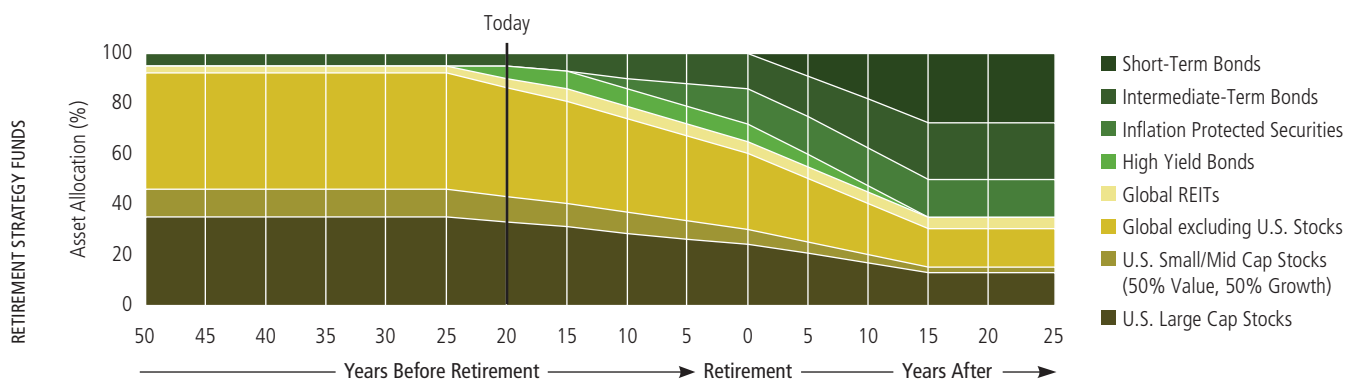
Investment Strategy

- A diversified portfolio of equities and bonds built for investors who anticipate retiring around 2040, typically those born between 1973 and 1977
- Investment mix becomes progressively more conservative over time as the Retirement Strategy Fund approaches and passes through its target date for retirement

Primary Investments

- Equity holdings are diversified across investment styles, company sizes and geographic regions, as well as global real estate investment trusts (REITs)
- Targets an equity mix of 50% U.S. securities and 50% non-U.S. securities
- The fixed-income portion of the Retirement Strategy Fund invests primarily in investment-grade bonds, but also includes high yield bonds
- Targets up to 5% of the Retirement Strategy Fund's total assets in global REITs, which may provide attractive income combined with an historically low correlation to other asset classes

Investments Become More Conservative Over Time



Manager Summary

The Retirement Strategy Funds are provided by the Washington State Investment Board (WSIB) and managed by AllianceBernstein L.P. under contract to the WSIB.

AllianceBernstein designs and implements the asset allocation and actively manages the glidepath as well as the Short-Term Bond, High Yield Bond, Global REIT, and U.S. Small and Mid Cap Stock investment components. BlackRock Institutional Trust Company (BTC) passively manages the U.S. Large Cap Stock and Global excluding U.S. Stock components. WSIB's internal fixed income staff actively manages the Intermediate-Term Bond component and manages the Inflation-Protected Securities component.

Portfolio Construction as of 6/30/20*

Asset Class	Actual % of Portfolio
Stocks	
U.S. Large Cap Stocks	33.03%
U.S. Small/Mid Cap Growth Stocks	5.58
U.S. Small/Mid Cap Value Stocks	4.85
Global excluding U.S. Stocks	43.02
Global Real Estate Investments	
Global Real Estate Investment Trusts (REITs)	3.45
Bonds	
Intermediate-Term Bonds	5.11
High-Yield Bonds	4.96
Total	100.00%

*Actual allocations will change over time. Column may not sum due to rounding.

Annualized Performance as of 6/30/20*

	Qtr.	1 Year	3 Years	5 Years	Since Inception
2040 Retirement Strategy Fund	18.45%	0.76%	5.56%	6.16%	7.67%
2040 Composite Benchmark	17.96%	0.01%	4.98%	5.74%	7.64%

General Fund Information

Inception Date	10/3/08
Portfolio Turnover Rate (as of 12/31/19)	5%
Fund Management Fee [†]	0.16%

*Please note the portfolio's inception date is 10/3/08. The returns are presented net of the Fund Management Fee. Periods of less than one year represent cumulative returns.

[†]The Fund Management Fee includes the most current expenses for the funds and may change. The Fund Management Fee does not include the Plan 3 record keeping fee of 0.0925% and the WSIB Expenses of 0.0226%, or the DCP/JRA Administrative fee of 0.1324%. Additional fee data is available online.

Benchmark Return Notes

The benchmark for a Retirement Strategy Fund is a customized benchmark that has the same target asset allocation as the Fund and uses index returns to represent performance of the asset classes. The benchmark returns were calculated by weighting the monthly index returns of each asset class by the Fund's monthly target allocation for each asset class. Target allocations adjust quarterly in accordance with the Retirement Strategy Fund's standard glide path. The S&P 500 Index was used to represent the allocation to U.S. Large Cap Stocks, Russell 2500 Value to represent the allocation to U.S. Small/Mid Cap Value Stocks, Russell 2500 Growth to represent the allocation to U.S. Small/Mid Cap Growth Stocks, MSCI EAFE (inception through 9/30/13) and MSCI ACWI ex-USA IMI (thereafter) to represent Global excluding U.S. Stocks, FTSE EPRA/NAREIT Developed to represent Global REITs, Bloomberg Barclays U.S. Intermediate Credit to represent Intermediate-Term Bonds, Bloomberg Barclays High Yield (2% Constrained) to represent High Yield Bonds, Bloomberg Barclays U.S. TIPS to represent Inflation Protected Securities, and Intercontinental Exchange BofA 1-3 Year Treasury to represent Short-Term Bonds.

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A Word About Risk

Before investing for retirement, there are many factors to consider, including your time horizon, retirement needs, goals and assets (income and investments outside of those in your employer-sponsored retirement plan). You should view the Retirement Strategy Funds as one part of your entire plan for retirement income.

The Retirement Strategy Funds' underlying investments include international companies, which involve such risks as currency fluctuations, economic instability and political developments. The portfolios also invest some of their assets in small and midsize companies. Such investments increase the risk of greater price fluctuations. In addition, the portfolios have a portion of their assets in bonds. Investments in bonds are subject to interest-rate risk, credit risk and inflation risk. As with all investments, there is a risk of not meeting your retirement income needs. Because the Retirement Strategy Funds are managed to specific retirement dates, you may be taking on greater risk if your actual year of retirement differs dramatically from what you estimated.

Past performance does not guarantee future results. You should consider the investment objectives, risks, charges and expenses of the Retirement Strategy Funds carefully before investing. The Retirement Strategy Funds are a customized product, not a registered investment company, and interests in the funds have not been registered with the Securities Exchange Commission. Therefore, there is no prospectus for these funds. The funds are only available in the Deferred Compensation Program and Plan 3.