



**RETIREMENT SYSTEM INVESTMENT COMMISSION**

**STRATEGIC PLAN**

**2016-2019**

# Introduction

At the Retirement System Investment Commission (RSIC), our motto is: “Beneficiaries First: Their Future, Our Mission.” We believe that we exist for the sole purpose of helping to provide a safe and secure financial future for our beneficiaries. Also, as fiduciaries, we have the highest duty of care that the law recognizes to prudently invest and manage the assets of the Trust on behalf of our beneficiaries.

As fiduciaries, we must remain introspective and consistently scrutinize our performance against a variety of benchmarks including, but not limited to, the assumed rate of return, the performance of our peers, and our policy benchmark. We must acknowledge outcomes that are less than expected, and apply the lessons we learn to future decisions. We must at all times remain intellectually nimble and willing to challenge the strategic status quo.

In light of this obligation, we spent the greater part of the 2015-2016 fiscal year undertaking a systemic review of ourselves and especially our performance. We have renewed our focus on asset allocation, taking a “zero based budgeting approach” to how our portfolio should be allocated. Each asset class has been subjected to scrutiny and required to prove its place in the portfolio.

As a result of these efforts, we have adopted a new asset allocation that took effect on July 1, 2016. We believe that the changes to the fundamental direction of the portfolio will provide a better opportunity over time to exceed all of the benchmarks we now measure ourselves against.

We believe that the next step in a new direction for our organization is establishing a **Strategic Goal** and the guiding methodology by which to achieve it. We believe that the focus of the organization over the next three years should be **Improved Plan Returns** and that success in achieving that goal should be measured by earning a trailing three year return that exceeds **the median pension fund and our policy benchmark**.

Our formula for meeting this goal is relatively simple:

## **Beliefs + Values + Anchors = Improved Plan Returns**

We are confident that our goal is achievable if we ground ourselves in our **Beliefs**, with people and a culture consistent with our **Values**, and make decisions using our **Anchors**. We know that the path will not be easy and there will be many decisions along the way, but we truly believe that this unifying vision provides us with greatest opportunity for success.

We are excited about the direction we have set for the future and are confident that we are on the right path to fulfilling the promise of a safe and secure financial future for our beneficiaries.

Rebecca Gunnlaugsson  
Chair

Michael Hitchcock  
CEO

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Beliefs



Values

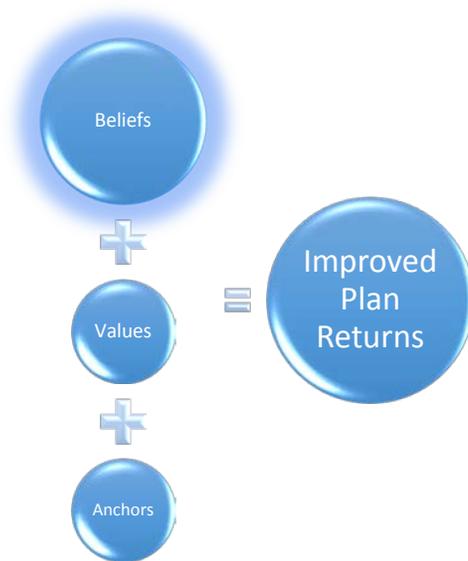


Improved  
Plan  
Returns



Anchors

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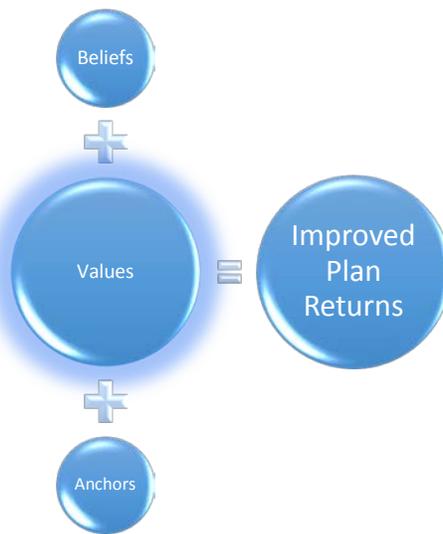
## **BELIEFS**

*The foundational convictions that guide our strategic thinking.*

**BELIEF 1** – We believe that asset allocation is the main driver of a portfolio’s risk, return, and cost.

**BELIEF 2** – We believe that investors must be rewarded for incurring additional risk, cost, and complexity.

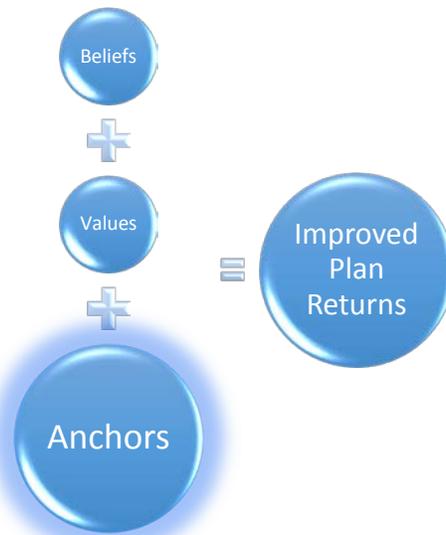
**BELIEF 3** – We believe that we must constantly challenge our convictions and adapt to changing market conditions.



## VALUES

*The character qualities we value and aspire to exhibit.*

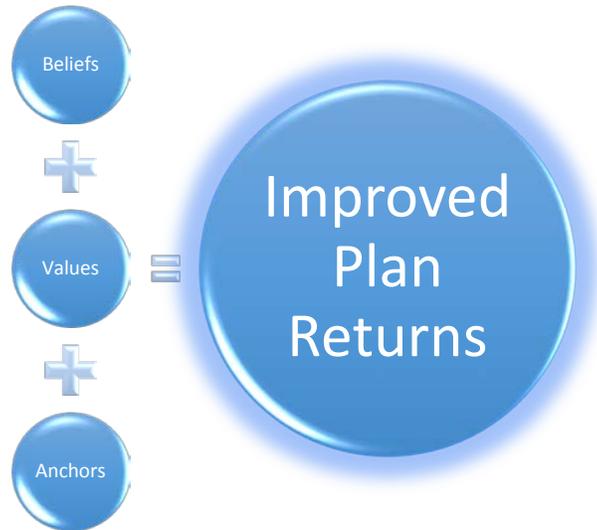
<b>Humility</b>	<ul style="list-style-type: none"> <li>• We have a modest opinion of our own abilities and importance.</li> <li>• We recognize that others have knowledge, expertise, and capabilities that may enhance our own.</li> <li>• We genuinely ask for help and rely on our peers.</li> </ul>
<b>Intellectual Curiosity</b>	<ul style="list-style-type: none"> <li>• We have a deep and persistent desire to know as well as the internal drive to keep learning.</li> <li>• We continue to challenge ourselves with new ideas and experiences.</li> <li>• We invest time and energy into learning in order to improve our performance on behalf of our beneficiaries.</li> </ul>
<b>Team Player</b>	<ul style="list-style-type: none"> <li>• We recognize and value the different perspectives that individuals bring to the team.</li> <li>• We encourage others and help them succeed without looking for recognition or reward.</li> <li>• We focus on the greater good and organizational goals rather than just those affecting ourselves.</li> </ul>



## **ANCHORS**

*The factors that unify our approach to decision making.*

<b>Enhance Value</b>	<ul style="list-style-type: none"> <li>• Is there additional cost/complexity/risk?</li> <li>• Is this the most cost effective approach?</li> <li>• Is the value greater than any additional cost/complexity/risk?</li> </ul>
<b>Improve Plan Performance</b>	<ul style="list-style-type: none"> <li>• Is there a causal connection between the decision and our plan performance?</li> <li>• Will the decisions have a positive impact on performance?</li> <li>• Is this the best way to achieve the positive impact?</li> </ul>
<b>Promote Confidence</b>	<ul style="list-style-type: none"> <li>• Are the outcomes measurable?</li> <li>• Can we explain the decision to all interested parties?</li> <li>• Can we defend a bad outcome?</li> </ul>



## **GOAL**

*The attainable result of our collective focused efforts.*

**Achieve a trailing three year rate of return that exceeds the median pension fund and our policy benchmark.**