



Supplemental Investment Fund

Managed by the Minnesota State Board of Investment

July 1, 2023
Investment Prospectus



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Message from Executive Director and Chief Investment Officer

The Minnesota State Board of Investment (SBI) is pleased to present the Supplemental Investment Fund (SIF) Investment Prospectus for the fiscal year ending June 30, 2023 (FY23). This Prospectus provides information on the assets, performance, fees, and general descriptions for each investment option offered in the SIF platform managed by the SBI.

Supplemental Investment Fund Assets

As of June 30, 2023, approximately \$3.4 billion was invested in various SIF options provided by the SBI to other public retirement and tax-advantaged savings plans. The SIF investment options allow participating plans to take advantage of institutional investment management, low fees, and diversified investment options.

Market Review / Macro Perspective

Financial markets proved remarkably resilient over the fiscal year ended June 30, 2023. Despite episodic worries over high inflation, the Fed's aggressive policy tightening regime, and the prospect of a slowdown in economic growth, global equities posted strong gains. The broad U.S. equity market, as measured by the Russell 3000 Index, rose +19.0% on the year, led by gains in large-cap technology and consumer discretionary shares. Non-U.S. equities lagged the U.S., and the MSCI All Country World excluding USA Index rose +12.7%. Global fixed-income market performance was mixed. Government bond yields rose in response to continued policy tightening by global central banks, while credit-sensitive fixed income, such as corporate bonds, rallied, as the economic outlook remained robust. The Bloomberg U.S. Aggregate Bond Index fell by -0.9% over the fiscal year.

In general, economic and market conditions have a dominant influence on the returns available to any investor. There may be periods in which the returns for the investment options in the Minnesota Supplemental Investment Fund are low or even negative. The SBI encourages you to review carefully each of the funds available to you and to choose investment options that meet your own investment needs and risk and return objectives.

It is a great privilege and honor to lead the SBI team and to be of service to such an important mission. We will remain singularly focused on our mission and will continue to build upon the strong foundation that has made the SBI one of the best-managed public retirement systems in the nation. On behalf of the Board members, members of the Investment Advisory Council, and the SBI staff, thank you for your continued support and participation in the investment options presented in this Prospectus.

Respectfully submitted,

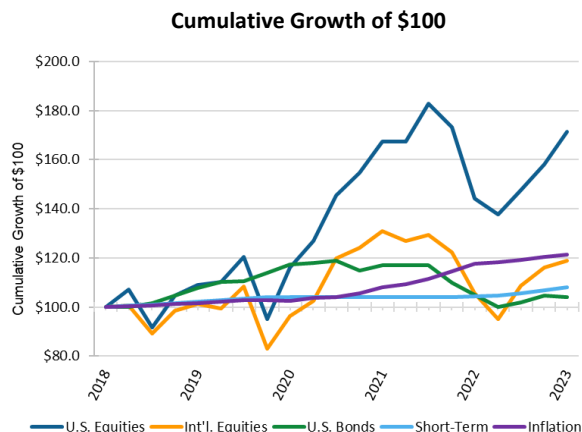


Jill E. Schurtz
Executive Director and Chief Investment Officer

Fiscal Year in Review

Capital Markets Performance

Last Five Fiscal Years Ending June 30 and Annualized Returns



Performance of Capital Markets

Asset Class/Benchmark	Fiscal Year Returns					Annualized Returns	
	2023	2022	2021	2020	2019	3 Yrs	5 Yrs
U.S. Equities							
Russell 3000	19.0%	-13.9%	44.2%	6.5%	9.0%	13.9%	11.4%
International Equities							
MSCI ACWI ex USA (net)	12.7	-19.4	35.6	-4.8	1.3	7.2	3.5
U.S. Bonds							
Bloomberg U.S. Aggregate	-0.9	-10.3	-0.3	8.7	7.9	-4.0	0.8
Short Term Investments							
ICE BofA 3-Month Treasury Bill	3.6	0.2	0.1	1.6	2.3	1.3	1.6
Inflation Rate							
Consumer Price Index CPI-U	3.1	9.0	5.3	0.7	1.7	5.7	3.9

Fiscal Year Commentary

The **U.S. equity market**, as measured by the Russell 3000 index, rose +19.0% for the year ending June 30, 2023. Growth stocks, as measured by the Russell 3000 Growth Index (+26.6%), rebounded strongly during the year, outperforming value stocks by a wide margin (the Russell 3000 Value Index gained +11.2%). At the sector level, technology shares led within the Russell 3000 Index, returning +35.5%, followed by strong performance from industrial (+25.9%) and consumer discretionary (+24.3%) stocks. Performance within these sectors was boosted by outsized gains in a handful of mega-cap stocks seen as key beneficiaries of the increasing adoption of generative AI technology. Large-cap stocks outperformed small-caps during the year. The Russell 1000 Index of large companies rose +19.4%, while the Russell 2000 Index of small-cap companies rose just 12.3%.

The **U.S. bond market**, as measured by the Bloomberg U.S. Aggregate Bond Index, declined -0.9% for the fiscal year ending June 30, 2023. Returns across high-quality fixed-income sectors were pressured by the Fed's aggressive moves to tighten monetary policy during the year to tame inflation. Yields rose sharply, particularly for shorter-maturity bonds, which are more sensitive to Fed policy rate changes. Corporate bonds, bank loans, and other credit-sensitive securities outperformed as economic conditions remained robust.

International equity markets returned +12.7% for the fiscal year ending June 30, 2023, as measured by the Morgan Stanley Capital International All Country World Index excluding the United States net of taxes on dividends (MSCI ACWI ex USA Index net), which represents both developed and emerging international markets outside the United States. Emerging markets returned just +1.8% for the fiscal year, dragged lower by weak performance from China, which declined -16.8% as measured by the MSCI China Index. Chinese stocks suffered from weaker-than-expected growth despite the government's move to scrap its zero-COVID policy and re-open its economy. In contrast, Europe, Latin America, and Japan all saw strong returns as global growth remained resilient and inflation showed signs of cooling across most developed and emerging market economies.

The **short-term investment market**, as measured by the ICE BofA 3-Month U.S. Treasury Bill Index, returned +3.6% for the fiscal year ending June 30, 2023. Returns of shorter maturity fixed income bonds, which are more sensitive to changes in the Fed policy rate, were boosted by the Fed's tightening policy during the year.

Fiscal Year 2023 in Review

SIF Investment Options Performance

Supplemental Investment Options Performance (%) as of June 30, 2023						
Fund/Benchmark	Qtr	1 Year	Annualized Returns ¹			Option Since
			3 Years	5 Years	10 Years	
Broad International Equity Fund	3.0	14.0	8.8	4.5	5.4	1994
<i>MSCI ACWI ex USA Index (net)</i>	2.4	12.7	7.2	3.5	4.7	
U.S. Equity Actively Managed Fund	8.3	19.7	13.2	11.4	12.6	1986
<i>Russell 3000 Index</i>	8.4	19.0	13.9	11.4	12.3	
U.S. Equity Passively Managed Fund	8.4	19.0	14.1	11.6	12.4	1986
<i>Russell 3000 Index</i>	8.4	19.0	13.9	11.4	12.3	
Bond Fund	-0.5	0.3	-3.3	1.3	2.1	1986
<i>Bloomberg U.S. Aggregate Bond Index</i>	-0.8	-0.9	-4.0	0.8	1.5	
Balanced Fund	5.0	11.6	7.4	7.8	8.4	1980
<i>Balanced Fund Composite Benchmark²</i>	4.8	11.2	7.0	7.5	8.1	
Volunteer Firefighter Account	3.3	8.7	4.7	5.7	6.3	2010
<i>Volunteer Firefighter Composite Benchmark²</i>	3.0	8.3	4.3	5.3	6.0	
Money Market Fund	1.3	4.2	1.5	1.8	1.2	1986
<i>ICE BofA 3 Month Treasury Bill Index</i>	1.2	3.6	1.3	1.6	1.0	
Stable Value Fund ³	0.7	2.5	2.2	2.4	2.2	1994
<i>3 Year Constant Maturity Treasury + 0.45 bps</i>	1.1	4.4	2.3	2.3	2.0	
¹ All returns are reported net of investment management fees. Performance over one year is annualized.						
² The respective Composite Benchmark return reflects the aggregate performance of the underlying asset class benchmarks according to their target weights.						
³ Stable Value Fund is not available to all Plans.						

Special Note Regarding Your Individual Account Performance

Your plan administrator or reporting agency accumulates your contributions and transfers these contributions to various accounts in the fund. The actual performance of your investments in the Supplemental Investment Fund may be somewhat higher or lower than these figures due to the timing of those transfers. Note that performance calculations may also differ due to rounding.

Supplemental Investment Fund - Overview

Investment Platform

The Minnesota Supplemental Investment Fund (SIF) was established under Minnesota Statute, section [11A.17](#). The SIF structure allows the SBI to offer other public retirement and tax-advantaged savings plans the ability to invest in asset class pools used by the three Statewide Retirement Systems (the “Combined Funds”) and other stand-alone options. These asset class pools are structured much like shares of a mutual fund where the participating plans own units of the pool.

The Combined Funds and other public retirement plan assets are grouped into several different asset class investment pools to increase operating efficiency. Participating in investment strategies alongside the Combined Funds allows other plans access to high quality professional investment managers and lower costs due to the SBI’s scale. The performance of the SIF Asset Class Pools is driven by the underlying performance of the managers selected by the SBI to manage the assets of the respective shared investment pools.

Participating Plans and Investors

SIF investment options are available to eligible public retirement plans and various tax-advantaged savings plans. Not all SIF investment options are available to all Plans, depending on the relevant Plan rules and statutes.

Net Asset Values

The net asset values for each of the SIF investment options are provided below. Approximately \$3.4 billion was invested in the SIF platform by the end of FY23.

SIF Investment Options	Assets as of 6/30/2023
Broad International Equity Fund	\$ 135,374,766
U.S. Equity Actively Managed Fund	\$ 83,715,159
U.S Equity Passively Managed Fund	\$ 414,972,000
Balanced Fund	\$ 113,546,031
Bond Fund	\$ 100,682,881
Money Market Fund	\$ 699,382,002
Volunteer Firefighter Account	\$ 151,720,613
Stable Value Fund	\$ 1,699,074,294
TOTAL	\$ 3,398,467,746

Pricing of the SIF Funds

Share values in each fund are priced daily. Asset may be transferred between funds on any business day during the month. (See procedures on pages 14-15). Historical share values are available here: <https://msbi.us/SIF>.

Changes within the Investment Funds

During the 2023 fiscal year, one manager was removed from the Broad International Equity Fund. Additional details on this change can be found on page 6.

Changing Investment Options

Participants may change investment options as often as desired. *Participants eligible to invest in the Stable Value Fund should be aware of restrictions that apply to trades (see page 11).* Fire Relief Plans have until 3:00 P.M. CST to enter trade/transfer requests and receive that day’s closing price. The Public Employees Retirement Association (PERA) DC Plan and eligible participants that use the Stable Value Fund must transact prior to 10:00 A.M. CST to receive that day’s closing price. Guidelines may vary among plans. You should contact your plan administrator for additional information.

List of Holdings in Funds

A complete list of holdings is available here: <https://msbi.us/asset-listings>.

Administrative Fees

The SBI’s administrative fee is deducted directly from participants’ accounts. The SBI administrative fee is 0.008%. This represents an annual charge of \$0.08 per \$1,000. Participants should check with their plan administrator for information related to any additional administrator-specific charges.

Investment Options Available and Plans that Invest

The SIF investment choices available to the various Plan Sponsors are listed in the grid below. Not all Plans are eligible to invest in all investment options offered.

Investment Options	Broad International Equity Fund	U.S. Equity Actively Managed Fund	U.S. Equity Passively Managed Fund	Bond Fund	Balanced Fund	Volunteer Firefighter Account	Money Market	Stable Value
Plans								
Statewide Volunteer Firefighter Plan						✓		
Volunteer Firefighter Relief Association	✓	✓	✓	✓	✓		✓	
St. Paul Teachers' Retirement Fund	✓	✓	✓	✓	✓		✓	
PERA Defined Contribution Plan	✓	✓	✓	✓	✓		✓	✓
Unclassified Retirement Plan							✓	✓
Health Care Savings Plan							✓	✓
Hennepin County Supplemental							✓	
Minnesota Deferred Compensation Plan							✓	✓

Supplemental Investment Fund - Overview

External Investment Management of Funds

External investment managers that invest the assets for the respective investment options as of July 1, 2023, are listed below.

Broad International Equity Fund

AQR Capital Management
 Acadian Asset Management
 Columbia Threadneedle
 Earnest Partners
 Fidelity Institutional Asset Management
 J.P. Morgan Investment Management
 Macquarie Investment Management Advisers
 Marathon Asset Management
 Martin Currie
 Morgan Stanley Investment Management
 Neuberger Berman Investment Advisers
 Pzena Investment Management
 Record Currency Management
 State Street Global Advisors
 The Rock Creek Group

U.S. Equity Actively Managed Fund

ArrowMark Partners
 Barrow, Hanley, Mewhinney & Strauss
 BlackRock Institutional Trust Company
 Goldman Sachs Asset Management
 Hood River Capital Management
 Hotchkis and Wiley Capital Management
 J.P. Morgan Investment Management
 LSV Asset Management
 Martingale Asset Management
 Peregrine Capital Management
 Rice Hall James & Associates
 Sands Capital Management
 Wellington Management Company
 Winslow Capital Management
 Zevenbergen Capital Investments

U.S. Equity Index Fund

BlackRock Institutional Trust Company

Balanced Fund

BlackRock Institutional Trust Company (equities)
 Bond Fund (see list of investment managers below)
 State Street Global Advisors (cash)

Bond Fund

BlackRock Financial Management
 Dodge & Cox
 Goldman Sachs Asset Management
 Neuberger Berman Investment Advisers
 Western Asset Management Company

Stable Value Fund

Galliard Capital Management

Money Market Fund

State Street Global Advisors

Investment Options/Risk Spectrum

Higher Risk



Lower Risk

Fund Name

Broad International Equity Fund
U.S. Equity Actively Managed Fund
U.S. Equity Index Fund
Balanced Fund
Bond Fund
Stable Value Fund
Money Market Fund

Asset Type

Non-U.S. equities
 U.S. equities
 U.S. equities
 U.S. equities
 U.S. fixed income & cash
 Fixed Income
 Market Value: fixed Income securities
 Book Value: Investment contracts
 Short-term securities

Management Approach¹

Active and Passive
 Active and Semi-Passive
 Passive
 Passive (U.S. Stock Index Fund)
 Active (Bond and Money Market)
 Active management
 Active management
 Active management

Over the long run, higher-risk assets are expected to provide higher investment returns than lower-risk assets. However, there is no guarantee that any investment will not suffer a loss of principal.

¹ All investment options are managed by external investment firms identified above as of June 30, 2023.

Investment Option - Broad International Equity Fund

Objective

The **Broad International Equity Fund** invests in the equity of companies outside the U.S., with a goal of outperforming the Morgan Stanley Capital International All Country World Index excluding the United States net of taxes on dividends (MSCI ACWI ex USA Index net).

The majority of the Fund is typically invested in the stocks of the largest developed international markets, including Japan, the United Kingdom, France, Switzerland, and Canada. A portion of the fund is invested in other well-established markets in Europe and the Pacific region. In addition, the Fund invests in emerging markets worldwide, including those in Asia, Latin America, Eastern Europe, the Middle East, and Africa.

At the end of fiscal year 2023, the Fund's market value was approximately \$135.4 million.

Investment Management

The Broad International Equity Fund invests alongside the Combined Funds by investing in the same asset class pools as the Combined Funds' International Equity Program. The International Equity Program retains active and passive managers. Active managers use a variety of investment styles and approaches as they seek to outperform the market. The Program's passive manager seeks to approximate the returns of the international markets in developed and emerging markets at a low cost.

Managers retained by the SBI to invest the assets of the Broad International Equity Fund are listed on page 5 of this Prospectus.

Fiscal Year 2023 Changes

One manager was removed from the Broad International Equity Fund during the 2023 fiscal year. The assets of that manager were reallocated to other managers within the Fund.

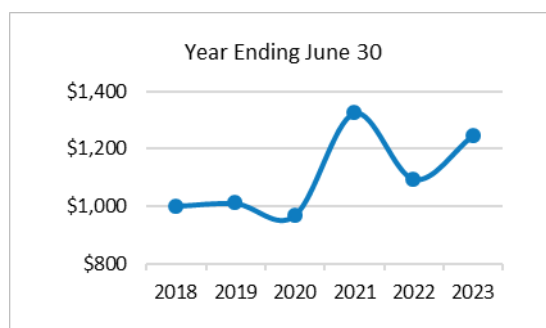
Valuation

Investors own shares in the fund, much like a mutual fund. The share value is determined daily and is based on the market value of the entire fund. Any dividend income is reinvested in the fund at the time it is earned. Investment returns are measured by changes in the share value and reflect all realized and unrealized gains (or losses) generated by the fund.

A factsheet for this Fund is available on the SBI's website at <https://msbi.us/SIF#facts>.

Investment Performance

The graph below shows how \$1,000 invested in the fund on June 30, 2018, has grown. Cumulatively, \$1,000 would have grown to \$1,246.



The table below displays the fund's actual share values and returns for the last five fiscal years. The annualized (annual compounded) return during this three and five-year period was +8.8% and +4.5%, respectively.

Fiscal Year Ending June 30		
Year	Share Value	Rate of Return
2019	\$9.48	1.1%
2020	9.07	-4.2
2021	12.41	36.8
2022	10.25	-17.4
2023	11.68	14.0

Fund Expenses

The rate of return for this fund is calculated after investment management fees are paid but before administrative fees are deducted. The annual investment management fee was 0.29%. Including the 0.008% administrative fee, the annual total fund expense for FY23 was approximately 0.30% or \$2.96 per \$1,000 invested.

Fund Statistics and Top Holdings

Risk Return Statistic	Ending June 30, 2023	
	3 Yrs	5 Yrs
Excess Return % (1)	1.6	1.0
Portfolio Standard Deviation% (2)	15.7	16.8
Benchmark Standard Deviation% (2)	17.2	17.5
Tracking Error (3)	2.2	1.8
Information Ratio (4)	0.7	0.6

(1) Excess Return: portfolio return less the benchmark return.
(2) Standard Deviation: measure portfolio's rate of return volatility.
(3) Tracking Error: standard deviation of portfolio's excess return.
(4) Information Ratio: measure of the portfolio's risk adjusted return.

Top Underlying Individual Equity Holdings	
Security Name	Portfolio Weight
Taiwan Semiconductor	1.6%
Nestle SA	1.3%
Samsung Electronics	1.2%
Novo Nordisk	1.2%
ASML Holding	1.2%

Investment Option - U.S. Equity Actively Managed Fund

Objective

The investment objective of the **U.S. Equity Actively Managed Fund** is to generate returns over the broad U.S. equity market as measured by the Russell 3000 Index. To achieve this objective, the Fund is invested primarily in domestic equities.

The fund is composed **almost exclusively of stocks of U.S. listed companies**. The small amount of cash in the fund represents new contributions received prior to investment in the market as well as any cash held by the individual managers within the fund.

At the end of fiscal year 2023, the Fund's market value was approximately \$83.7 million.

Investment Management

The U.S. Equity Actively Managed Fund invests alongside the Combined Funds by investing in the same asset class pools as the Domestic Equity Program. The Program's actively managed strategies include managers benchmarked to various Russell styles, including large-cap growth and value, small-cap growth and value, and all-cap growth. The fund also invests in semi-passive managers benchmarked to a large-cap core style. These categories represent the actively managed sub-asset groups within the Domestic Equity Program.

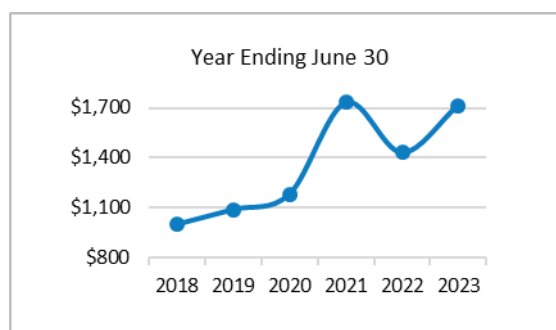
Managers retained by the SBI to invest the assets of the U.S. Equity Actively Managed Fund are listed on page 5 of this Prospectus.

Valuation

Investors own shares in the fund, much like a mutual fund. The share value is determined daily and is based on the market value of the entire fund. Any dividend income is reinvested in the fund at the time it is earned. Investment returns are measured by changes in the share value and reflect all realized and unrealized gains (or losses) generated by the fund.

Investment Performance

The graph below shows how \$1,000 invested in the fund on June 30, 2018 has grown. Cumulatively, \$1,000 would have grown to \$1,714.



The table below displays the fund's actual share values and returns for the last five fiscal years. The annualized (annual compounded) return during this three and five-year period was +13.2% and +11.4%, respectively.

Fiscal Year Ending June 30		
Year	Share Value	Rate of Return
2019	\$78.16	8.9%
2020	84.81	8.5
2021	124.30	46.6
2022	102.78	-17.3
2023	123.06	19.7

Fund Expenses

The rate of return for this fund is calculated after investment management fees are paid but before administrative fees are deducted. The annual investment management fee was 0.23%. With the 0.008% administrative fee, the annual total fund expense for FY23 was approximately 0.24% or \$2.38 per \$1,000 invested.

Fund Statistics and Top Holdings

Risk Return Statistic	Ending June 30, 2023	
	3 Yrs	5 Yrs
Excess Return % (1)	-0.7	0.0
Portfolio Standard Deviation% (2)	18.8	20.2
Benchmark Standard Deviation% (2)	18.5	19.4
Tracking Error (3)	1.6	2.1
Information Ratio (4)	-0.4	0.0

(1) Excess Return: portfolio return less the benchmark return.
 (2) Standard Deviation: measure portfolio's rate of return volatility.
 (3) Tracking Error: standard deviation of portfolio's excess return.
 (4) Information Ratio: measure of the portfolio's risk adjusted return.

Top Underlying Individual Equity Holdings	
Security Name	Equity Fund Weight
Microsoft Corp.	4.1%
Apple Inc.	4.0%
Amazon.com Inc.	2.3%
Nvidia	2.1%
Alphabet Inc. Class A	1.4%

A factsheet for this Fund is available on the SBI's website at <https://msbi.us/SIF#facts>.

Investment Option - U.S. Equity Index Fund

Objective

The investment objective of the **U.S. Equity Index Fund** is to generate returns that track the performance of the broad U.S. equity market, as represented by the Russell 3000 Index. The SBI invests in a fully passively managed strategy to accomplish this objective.

At the end of fiscal year 2023, the Fund's market value was \$415.0 million.

Investment Management

The U.S. Equity Index Fund invests in the Russell 3000 Index passively managed segment of the Combined Funds Domestic Equity Program, managed by BlackRock Institutional Trust Company.

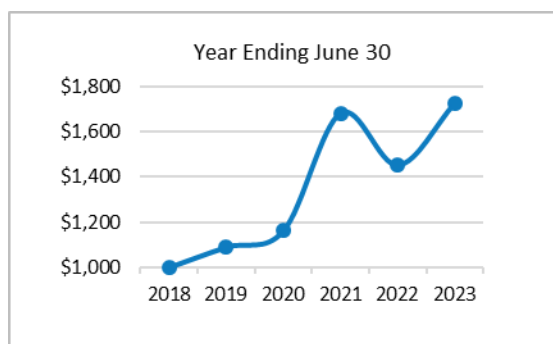
The fund invests in over 2,700 domestic stocks and is designed to replicate the returns produced by the Russell 3000 Index. The Russell 3000 Index is a stock market index that represents the broad domestic stock market.

Valuation

Investors own shares in the fund, much like a mutual fund. The share value is determined daily and is based on the market value of the entire fund. Any dividend income is reinvested in the fund at the time it is earned. Investment returns are measured by changes in the share value and reflect all realized and unrealized gains (or losses) generated by the fund.

Investment Performance

The graph below shows how \$1,000 invested in the fund on June 30, 2018, has grown. Cumulatively \$1,000 would have grown to \$1,729.



The table below displays the fund's actual share values and returns for the last five years. The annualized (annual compounded) return during this three and five-year period was +14.1 and +11.6%, respectively.

Fiscal Year Ending June 30		
Year	Share Value	Rate of Return
2019	\$60.60	9.0%
2020	64.69	6.7
2021	93.61	44.7
2022	80.75	-13.7
2023	96.09	19.0

Fund Expenses

The rate of return for this fund is calculated after investment management fees are paid but before administrative fees are deducted. The annual investment management fee for FY23 was 0.005%. With the 0.008% administrative fee the annual total fund expense for FY23 was approximately 0.01% or \$0.13 per \$1,000 invested.

Fund Statistics and Top Holding

Risk Return Statistic	Ending June 30, 2023	
	3 Yrs	5 Yrs
Excess Return % (1)	0.2	0.2
Portfolio Standard Deviation% (2)	18.5	19.4
Benchmark Standard Deviation% (2)	18.5	19.4
Tracking Error (3)	0.1	0.3
Information Ratio (4)	1.6	0.6

(1) Excess Return: portfolio return less the benchmark return.
 (2) Standard Deviation: measure portfolio's rate of return volatility.
 (3) Tracking Error: standard deviation of portfolio's excess return.
 (4) Information Ratio: measure of the portfolio's risk adjusted return.

Top Underlying Individual Equity Holdings	
Security Name	Portfolio Weight
Apple Inc.	6.7%
Microsoft Corp.	5.8%
Amazon.com Inc.	2.7%
Nvidia	2.3%
Tesla Inc.	1.7%

A factsheet for this Fund is available on the SBI's website at <https://msbi.us/SIF#facts>.

Investment Option - Balanced Fund

Objective

The investment objective of the **Balanced Fund** is to earn a return from capital appreciation (increases in market value) and current yield (dividends from stock and interest on bonds). The Balanced Fund pursues these objectives while attempting to protect against adverse financial environments and limit short-run portfolio return volatility.

The SBI invests the Balanced Fund in a portfolio of domestic equities, fixed-income securities, and cash. The Balanced Fund's long-term strategic asset allocation is:

- 60% Domestic Equities
- 35% Fixed Income
- 5% Cash

The Fund's allocation provides a hedge against deflation and diversification protection against equity market volatility.

Investment Management

The **stock segment** of the fund is designed to replicate returns produced by the Russell 3000 Index, a stock market index that reflects the broad U.S. stock market.

The **fixed income segment** is actively managed and measured against the Bloomberg U.S. Aggregate Bond Index. Portfolio holdings include high-quality corporate bonds, mortgage securities, U.S. Government issues, and a portion to higher yielding below investment grade debt issues.

The Balanced Fund uses the external institutional investment managers that invest the U.S. Equity Index Fund, Bond Fund and the Money Market Fund. The list of manager(s) retained by the SBI to invest the assets of the respective Fund can be found on page 5 of this Prospectus.

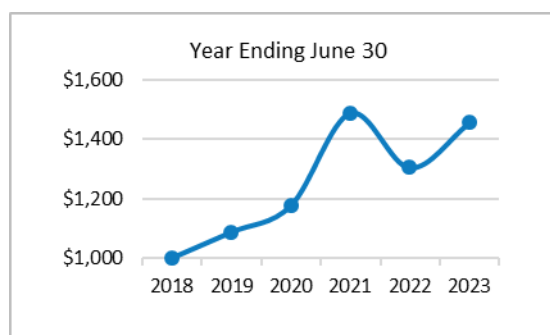
Valuation

Investors own shares in the fund, much like a mutual fund. The share value is determined daily and is based on the market value of the entire fund. Any interest and dividend income is reinvested in the fund at the time it is earned. Investment returns are measured by changes in the share value and reflect all realized and unrealized gains (or losses) generated by the fund.

A factsheet for this Fund is available on the SBI's website at <https://msbi.us/SIF#facts>.

Investment Performance

The graph below shows how \$1,000 invested in the Balanced Fund on June 30, 2018 has grown. Cumulatively, \$1,000 would have grown to \$1,456.



The table below displays the fund's actual share values and returns for the last five years. The annualized (annual compounded) return during this three and five year period was +7.4% and +7.8%, respectively. %.

Fiscal Year Ending June 30		
Year	Share Value	Rate of Return
2019	\$89.94	8.8%
2020	97.34	8.2
2021	123.18	26.5
2022	107.95	-12.4
2023	120.48	11.6

Fund Expenses

The rate of return for this fund is calculated after investment management fees are paid but before administrative fees are deducted. The annual investment management fee for FY23 was 0.04%. With the 0.008% administrative fee the annual total fund expense for FY23 was approximately 0.05% or \$0.48 per \$1,000 invested.

Fixed Income Sector Weights and Equity Holdings

Top Fixed Income Sector Weights		
Security Name	Bond Fund Weight	Bloomberg Agg Weight
Mortgage Pass-Through	31.0%	27.0%
Corporate	27.9%	22.2%
U.S. Treasury	15.1%	40.9%
CMO	7.9%	1.7%
Asset Backed Securities	7.5%	0.5%

Top Underlying Individual Equity Holdings	
Security Name	Portfolio Weight
Apple Inc.	6.7%
Microsoft Corp.	5.8%
Amazon.com Inc.	2.7%
Nvidia	2.3%
Tesla Inc.	1.7%

Investment Option - Bond Fund

Objective

The objective of the Bond Fund is to provide current income and long-term growth potential while preserving invested capital. The Fund earns investment returns through interest income and capital appreciation. Historically, the Fund represents a lower-risk alternative than the investment options that include common stocks, though the Fund will be affected (typically inversely) by interest rate movements. The fund is invested entirely in fixed income securities. No stocks are held in the fund.

At the end of fiscal year 2023, the Fund's market value was \$100.7 million.

Investment Management

The Bond Fund invests alongside the Combined Funds Core Plus Bond segment. This segment retains active managers with either a core or a core plus investment strategy.

Managers in the core bond strategy invest in high-quality fixed-income securities across all investment-grade sectors of the market. Managers in the core plus bond strategy invest in high-quality fixed-income securities and are also allowed expanded flexibility to invest in high-yield corporate bonds, international securities, and bonds issued by emerging market sovereign and corporate issuers.

Managers retained by the SBI to invest the assets of the Bond Fund are listed on page 5 of this Prospectus.

Valuation

Investors own shares in the fund, much like a mutual fund. The share value is determined daily and is based on the market value of the entire fund. Any interest earnings are reinvested at the time they are received. Investment returns are measured by changes in the share value and reflect all realized and unrealized gains (or losses) generated by the fund.

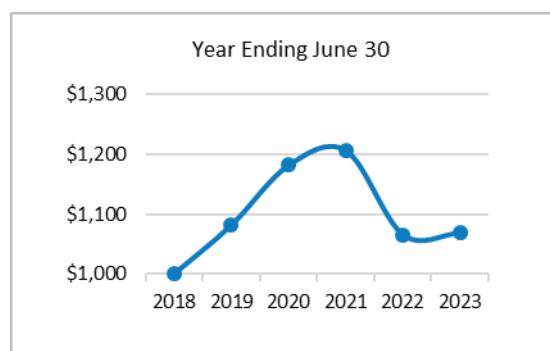
Fund Expenses

The rate of return for this fund is calculated after investment management fees are paid but before administrative fees are deducted. The annual investment management fee for FY23 was 0.11%. With the 0.008% administrative fee the annual total fund expense for FY23 was approximately 0.12% or \$1.15 per \$1,000 invested.

A factsheet for this Fund is available on the SBI's website at <https://msbi.us/SIF#facts>.

Investment Performance

The graph below shows how \$1,000 invested in the fund on June 30, 2018 has grown. Cumulatively, \$1,000 would have grown to \$1,068.



The table below displays the fund's actual share values and returns for the last five years. The annualized (annual compounded) return during this three and five-year period was -3.3% and +1.3%, respectively.

Fiscal Year Ending June 30		
Year	Share Value	Rate of Return
2019	\$20.38	8.2%
2020	22.26	9.2
2021	22.72	2.1
2022	20.07	-11.7
2023	20.12	0.3

Characteristics and Sector Weights

Fixed Income Characteristics as of June 30, 2023		
	Bond Fund	Bloomberg U.S. Aggregate Bond
Effective Duration ¹	5.7%	6.2%
Coupon Rate ²	3.9%	2.9%
Yield to Maturity ³	5.2%	4.6%
Average Life (yrs.) ⁴	9.0	8.5
Average Quality Rating ⁵	Aa3	Aa2

¹ The avg % change in the portfolio return given a 1% shift in the yield curve.
² The average coupon rate of all bonds in portfolio weighted by mkt value.
³ The annual internal rate of return on the bonds if held to maturity.
⁴ The average life of the bonds in the portfolio weighted by mkt value.
⁵ Moody's credit rating for bonds in portfolio weighted by mkt value.

Top Fixed Income Sector Weights		
Security Name	Bond Fund Weight	Bloomberg Agg Weight
Mortgage Pass-Through	31.0%	27.0%
Corporate	27.9%	22.2%
U.S. Treasury	15.1%	40.9%
CMO	7.9%	1.7%
Asset Backed Securities	7.5%	0.5%

Investment Option - Stable Value Fund

Objective

The **Stable Value Fund** seeks to preserve principal, maintain adequate liquidity to meet withdrawals, and generate a level of income consistent with a short to intermediate duration, high quality fixed income portfolio.

At the end of June 30, 2023, the total market value of the Stable Value Fund was approximately \$1.7 billion.

Components of the Stable Value Portfolio

There are three components to the Stable Value Fund. The first component is comprised of Investment Contracts issued by third party financial institutions. Investment Contracts are vehicles that are valued at “book” value rather than “market” value. The fund is allowed to value its Investment Contracts at book value since it has secured the book value coverage by a third party financial institution. The second component consists of an underlying portfolio of high quality, well-diversified short and intermediate-duration fixed income securities which are subject to the Investment Contracts and are often referred to as “Underlying Securities”. In addition to these two components, the Stable Value Fund may also invest in cash or cash equivalents.

Investment Management

The Stable Value Fund is managed by Galliard Capital Management Inc. an independently operated, wholly-owned subsidiary of Allspring Global Investments.

Valuation

Investors own shares in the fund, much like a mutual fund. The share value is determined on a daily basis and reflects the blended crediting rate available from all investments in the fund.

Risks

The Stable Value Fund is a conservative investment option with a relatively low possibility of incurring losses. The fund return is measured against the 3-Year Constant Maturity Treasury Yield +45 basis points. An investment in the fund is neither insured nor guaranteed by the Federal Deposit Insurance Corporation (FDIC) or by any other bank or investment advisor.

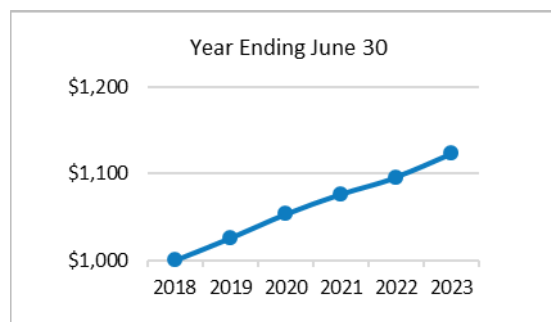
Restriction

The fund may accept transfers from other investment options in participating Plans, in accordance with administrator guidelines. Balances may not be transferred directly from the Stable Value Fund to a competing fund, including the Money Market Fund. Instead, transfers from the Stable Value Fund must first be made to any non-competing investment option for a period of 90 days before the balance may be moved to the Money Market Fund.

A factsheet for this Fund is available on the SBI’s website at <https://msbi.us/SIF#facts>.

Investment Performance

The graph below shows how \$1,000 invested in the fund on June 30, 2018 has grown. Cumulatively, \$1,000 would have grown to \$1,123.



The table below displays the fund’s returns for the last five fiscal years. The annualized (annual compounded) return during this three and five-year period was +2.2% and +2.4%, respectively.

Fiscal Year Ending June 30		
Year	Blended Yield*	Rate of Return**
2019	2.74%	2.6%
2020	2.60	2.7
2021	1.91	2.2
2022	1.94	1.8
2023	2.91	2.5

*The weighted average rate credited to the investment contracts and Short Term Investment Fund held by the fund
 ** Net gain or loss from book value investment contracts.

Fund Expenses

The rate of return for this fund is calculated after investment and operating fees are paid but before administrative fees are deducted. The investment management and investment contract fees for FY23 were 0.20%. With the 0.008% administrative fee the annual total fund expense for FY23 was approximately 0.20% or \$2.04 per \$1,000 invested.

Characteristics and Sector Weights

Portfolio Characteristics as of June 30, 2023	
Average Quality (Investment Contracts)	AA-
Market/Book Value Ratio	93.74%
Average Quality (underlying portfolio)	AA
Yield to Maturity (underlying portfolio)	5.46%
Effective Duration (underlying portfolio)	2.92

Top Sector Weights of Underlying Portfolio	
Corporates	33.3%
U.S. Treasury	15.2%
Asset Backed Securities (ABS)	15.3%
Mortgage-Backed Securities (MBS)	10.8%
Other U.S. Government & Cash	8.0%
CMBS	8.3%
Taxable Muni/Not for Profit	6.8%

Investment Option - Money Market Fund

Objectives

The return in the **Money Market Fund** is based on the interest income produced by the fund's investments. The objective of the fund is to provide safety of principal, a high level of liquidity and a competitive yield. The fund return is measured against the ICE BofA 3-Month Treasury Bill Index.

As of June 30, 2023, approximately \$699.4 million was invested in the Money Market Fund.

The Fund is not a "money market fund" registered with the U.S. Securities and Exchange Commission (SEC) and is not subject to the various rules and limitations that apply to such funds.

The Money Market Fund invests in high quality, short-term securities and other instruments including, but not limited to U.S. Treasury bills, notes, and bonds, other obligations issued or guaranteed as to principal or interest by the U.S. Government. A full description of the portfolio holdings can be found in the quarterly factsheet.

Investment Management

The Money Market Fund is managed by State Street Global Advisors (SSGA).

Fund Structure

The fund is an actively managed cash portfolio structured as a Short-Term Investment Fund (STIF). The fund is regulated by the Federal Reserve, the Commodity Futures Trading Commission (CFTC), and the National Futures Association (NFA). The fund is not a "money market fund" registered with the Securities and Exchange Commission (SEC) and is not subject to the various rules and limitations that apply to money market funds regulated by the SEC.

Valuation

Portfolios managed using the fund typically are expected to issue and redeem shares at "book value" of \$1 per share. SSGA may at any time (without notice to investors) cause a Portfolio to issue and redeem shares at their market value, rather than their book value. Interest earnings are credited on a daily basis by purchasing additional shares on your behalf. The credited interest rate changes only modestly from day to day and reflects the yield available for all investments in the fund.

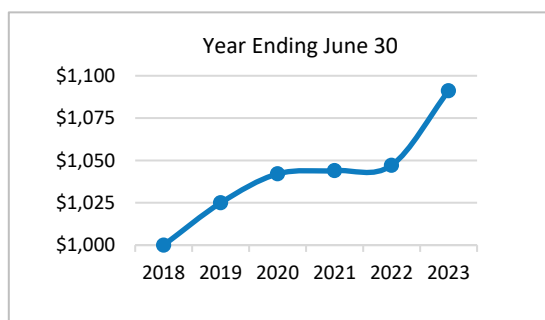
Risks

While it is expected that the Money Market Fund will preserve capital, there is no guarantee that an investor will not experience losses by investing in the Fund.

A factsheet for this Fund is available on the SBI's website at <https://msbi.us/SIF#facts>.

Investment Performance

The graph below shows how \$1,000 invested in the fund on June 30, 2018 has grown. Cumulatively, \$1,000 would have grown to \$1,091.



The table below displays the fund's actual returns for the last five years. The annualized (annual compounded) return during this three and five-year period was +1.5% and +1.8%, respectively.

Fiscal Year Ending June 30		
Year	Money Market Fund Return	ICE BofA 3 Month T-Bill Return
2019	2.5%	2.3%
2020	1.7	1.6
2021	0.2	0.1
2022	0.3	0.2
2023	4.2	3.6

Fund Expense

There are no investment management fees for an investment in the Money Market Fund. The administrative fee was 0.008%, which would be an annual total fund expense of approximately \$0.08 per \$1,000.

Characteristics and Sector Weight

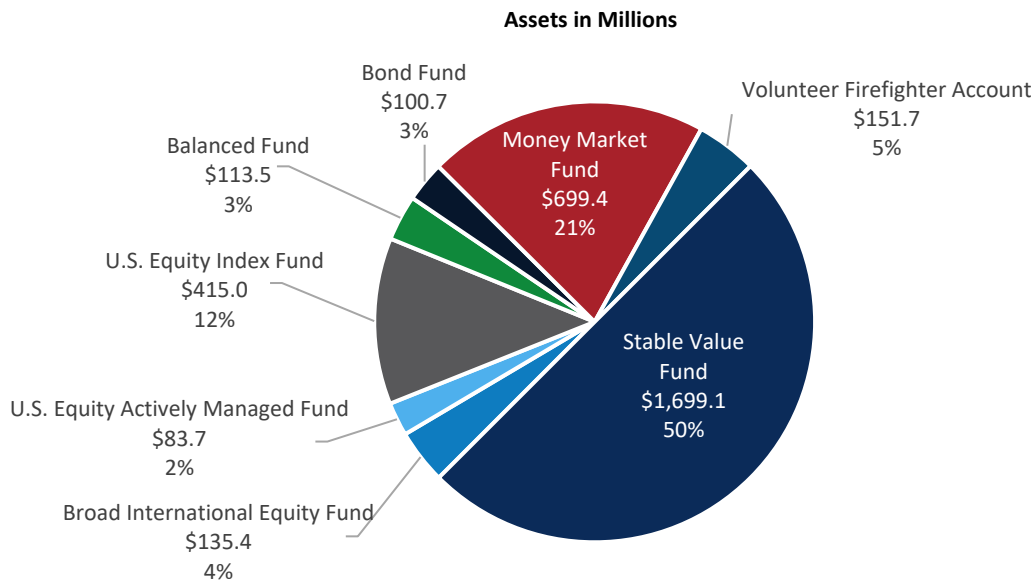
Portfolio Characteristics as of June 30, 2023	
Weighted Average Current Yield	5.36%
Weighted Average Maturity (in days)	25
Average Credit Quality	A1P1

Top Sector Weights	
Sectors	Portfolio Weight
Commercial Paper	31.0%
Yankee Certificates of Deposit	27.1%
Time Deposits	19.2%
Asset Backed Commercial Paper	11.3%
Certificates of Deposit	4.5%
Repurchase Agreements	3.3%
Bank Notes	2.2%
Corporate Obligations	1.1%
U.S. Treasury	0.3%

Investing in the Supplemental Investment Fund

Asset Overview by SIF Investment Option

The chart below provides the allocation to the Supplemental Investment Fund (SIF) investment options across all participating Plans as of June 30, 2023.



Participating Plans

Retirement plans that are eligible to invest in the Supplemental Investment Fund (SIF) include the following:

Statewide Volunteer Firefighter (SVF) Plan

(administered by PERA)

Participants in the SVF Plan should refer to the [Volunteer Firefighter Account investment prospectus](#) or contact PERA for more information.

<https://mnpera.org/plan-information/statewide-volunteer-firefighter/>

Volunteer Fire Relief Associations

(not participating in the SVF Plan)

See pages 14-15 of this prospectus for information regarding SIF participation for Volunteer Fire Relief Associations.

<https://msbi.us/volunteer-fire-relief-associations>

PERA Defined Contribution Plan

(administered by PERA)

Participants in the PERA Defined Contribution Plan should contact PERA for more information.

<https://mnpera.org/plan-information/the-defined-contribution-plans-dcp/>

Procedures - Volunteer Fire Relief Associations

Volunteer Fire Relief Associations that are not invested in the Statewide Volunteer Firefighter Plan will use the following procedures to invest in the Supplemental Investment Fund.

All funds in the Supplemental Investment Fund (Fund) are available to Volunteer Fire Relief Associations, with the exception of the Stable Value Fund*. Volunteer Fire Relief Associations have complete discretion in determining the amount and allocation to invest in any eligible fund(s). (See *Minnesota Statutes*, [Section 356A.06](#), subdivision 6 and 7.)

**The Stable Value Fund is not available to Volunteer Fire Relief Associations given the different pension plan structures. Qualified plans must meet FASB SOP 94-4 accounting rules.*

How To Open A Plan Account With The SBI

Before investing in the Fund for the first time, a volunteer fire relief plan must complete and return to the SBI the **Contact Form** and **Wire Instructions Form** of the Volunteer Fire Relief Association.

- The **Volunteer Fire Relief Association Contact Form** provides the SBI with the permanent address of the Plan and the name, telephone number and e-mail address of the contact person for the Plan.

Monthly reports, statement notifications, and other correspondence from the SBI will be mailed and/or emailed to the contact person at the email address provided.

SBI will email credentials and instructions about activating and using the access and transaction website within five business days of receiving the Contact Form.

- The **Volunteer Fire Relief Association Wire Instructions Form** provides the SBI with the name of the financial institution and wire instructions that will be used for all withdrawals.

All withdrawals from the Fund by your relief association will be sent to the named financial institution via the wire instructions provided. The SBI cannot issue checks for any withdrawals.

The wire instruction form must be notarized before returning to SBI.

Contribution, Withdrawal And Transfer Procedures

A fire relief plan may contribute, withdraw or transfer funds on any business day of the month using one of two methods:

• Mail/Email

Complete the **Relief Association Transaction Form**.

- This form instructs the SBI what transaction to perform, the Fund(s) involved, the dollar amount of the transaction and whether a check or wire transfer will be used.
- **The Plan contact person must sign the form and send it to the SBI before 2:00 PM CST in order for the trade to be executed on the following business day. No same day trades are allowed.**

• Online

Enter your Trades online.

- If you wish to use this method, you must first have completed and sent to the SBI the Relief Association Contact Form and the Relief Association Wire Instructions Form.
- Once the forms are received and approved, the SBI will instruct you on access to the system. **This could take up to five business days to process.**

If an online trade is for one million dollars or greater, you must notify the SBI prior to entering the trade (for internal control purposes).

Contributions (may be made via wire transfer or check. The SBI prefers contributions via wire transfer).

Contributions via Check

- If you send a contribution by check for the SBI to process, submit a Relief Association Transaction Form and make the check payable to the **"Minnesota State Board of Investment"**.

Contributions via check will take a minimum of five days to process.

Procedures - Volunteer Fire Relief Associations

Contributions (cont.)

Contributions via Wire Transfer

- If you instruct the SBI to process a contribution that was wired to the SBI's custodian bank, you must notify the SBI on the Relief Association Transaction Form of the exact date the wire contribution will be sent from the Plan's financial institution to the SBI's custodian (State Street Bank) using the wire instructions below.
- If you process an online contribution using website access, you must make the contribution via wire transfer using the wire instructions provided.

Wire Instructions To State Street Bank

State Street/Boston/Public Funds for the State of Minnesota
 Credit GP31
 Credit DDA #59845743
 ATTN: William Bowles
 ABA #0110 000 28
 Corporate Headquarters
 One Heritage Drive
 3rd Floor N
 Quincy, MA 02171

Withdrawals

- The SBI will return withdrawn amounts to relief associations **only** by means of a wire transfer.
- Withdrawals will be sent to the financial institution via wire instructions as shown on your Relief Association Wire Instructions Form on file with the SBI.
- Volunteer Fire Relief Associations are responsible for determining their investment objectives and risk tolerance and choose their investments accordingly. Funds needed for operations or short-term obligations should be kept at your local financial institution in a liquid account; your Plan account with the SBI is not intended to be used as a checking account.

Fees

Administrative Fees

The SBI administrative fee is 0.0008%. This represents and annual charge of \$0.08 per \$1,000. Administrative fees are deducted by the SBI on a quarterly basis using the order below.

- First: Money Market Fund
- Second: Bond Fund
- Third: U.S. Equity Index Fund
- Fourth: U.S. Equity Actively Managed Fund
- Fifth: Broad International Equity Fund
- Sixth: Balanced Fund

Investment Management Fees

There are no "front-end" or "back-end" fees charged on contributions, withdrawals or transfers. Investment Management Fees are paid out of the Fund on a quarterly basis and the daily share value is net of these fees. These deductions will vary from Fund to Fund and from year to year depending on the actual investment management costs incurred.

Please refer to pages 6-12 of this Prospectus for investment management fee information for each of the Funds.

Reporting

- Monthly reports, statement notifications, and other correspondence from the SBI will be mailed and/or emailed to the Plan contact person on file with the SBI.
- Monthly reports display current balances, performance, administrative fees (if applicable for the month), and any transactions that may have occurred during the month. All transaction use the daily share value established for each Fund.
- Online access to your Plan's account status is available and includes downloadable current balances, transactions and past statements.

To Change Contact Person / Financial Institution

Submit a newly completed Relief Association Contact Form to update a contact on file, or Wire Instructions Form to change banking information. Allow five business days for processing.

To Contact The SBI:

Minnesota State Board of Investment
 60 Empire Drive, Suite 355
 St. Paul, MN 55103-3555
 TEL (651) 296-3328 FAX (651) 296-9572
 PatC Ammann: patc.ammann@state.mn.us (investment items)
 Shirley Baribeau: shirley.baribeau@state.mn.us (account questions)
 SBI Accounting Team: acctg.sbi@state.mn.us



Minnesota Supplemental Investment Fund Investment Prospectus

About the SBI

Established

The Minnesota State Board of Investment (SBI) was established in 1885 by Article XI of the Minnesota Constitution. The SBI serves the State of Minnesota by investing the assets of state and local employee benefit plans, other public retirement savings plans, tax advantaged saving plans, state cash accounts, and non-retirement assets.

Board Members

The primary responsibility of the Board is to monitor and evaluate the investment programs as a fiduciary with the goal of making sound investment decisions. The Board delegates responsibility through the retention of the Executive Director/CIO, staff, consultants, and with the advisory of various committees.

Governor Tim Walz
Attorney General Keith Ellison
State Auditor Julie Blaha
Secretary of State Steve Simon

Investment Advisory Council

A 17-member Investment Advisory Council was established in state statute to advise the Board and its staff on investment-related matters. A listing of the IAC membership can be found on the SBI website at <https://msbi.us/IAC-members>.

Executive Director and Staff

The Board retains an Executive Director/CIO and staff to assist in meeting the objectives of the Board and execute its policies. A listing of SBI staff can be found on the SBI website at <https://msbi.us/staff>.