



# Non-Retirement Funds

Managed by the Minnesota State Board of Investment

July 1, 2023  
Investment Prospectus

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**Non-Retirement Funds  
Investment Prospectus**

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# Message from Executive Director and Chief Investment Officer

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The Minnesota State Board of Investment (SBI) is pleased to present the Non-Retirement Funds Investment Prospectus and Annual Report for Trusts and Other Participating Entities, Other Postemployment Benefits (OPEB), and Qualifying Governmental Entities for the fiscal year ended June 30, 2023 (FY23). The Prospectus provides information on the assets, performance, fees, and general descriptions for each investment option offered by the SBI.

## **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. Investors in the Minnesota Non-Retirement Funds or any other investment program should be prepared for periods when the returns on financial investments may be either low or negative.** The possibility of losses is much greater for accounts that emphasize relatively risky, higher-return assets, such as common stocks, than it is for more conservative investments, such as money market instruments.

With these considerations in mind, the Minnesota State Board of Investment manages the Non-Retirement Funds to provide competitive long-term returns. The SBI encourages participants to carefully review the accounts available and to choose options that best meet specific 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 strive to continue to build upon the strong foundation that has made the SBI one of the best-managed institutional investors in the nation. On behalf of the Board Members, members of the Investment Advisory Council, and the SBI staff, the SBI would like to thank you for your continued support and participation in the investment funds presented in this Prospectus.

Respectfully submitted,



Jill E. Schurtz  
Executive Director and Chief Investment Officer

# Non-Retirement Funds

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## Introduction

The Minnesota State Board of Investment (SBI) has established three Non-Retirement investment options for eligible entities authorized to invest with the SBI: a U.S. equity index fund, a U.S. bond fund, and a money market fund. One or more of the three investment options are available to designated trust funds, local Other Postemployment Benefits (OPEB), Qualifying Governmental Entities, and other state and public sector entities to aid in achieving investment objectives.

Listed below are the entities authorized to invest in the SBI's Non-Retirement Funds and the corresponding pages of this Prospectus that are specific to the designated entity:

- **Trust and Other Participating Entities**

- This Prospectus provides information and procedures for all participating entities authorized to invest with the SBI that are not covered by *Minnesota Statutes*, Sections [118A.09](#) or [471.6175](#). These entities generally include designated trusts or funds and other state and public sector entities.
- All Trust and Other Participating Entities authorized to invest with the SBI, please refer to the **procedures on pages 11-12** for information on how to invest in the three available investment options.

- **Other Postemployment Benefits (OPEB)**

- This Prospectus provides information and procedures specific to those participating entities authorized to invest with the SBI pursuant to the provisions of *Minnesota Statutes*, Section [471.6175](#). These entities are those political subdivisions or other public entities authorized to establish a trust for the payment of postemployment benefits that meet the criteria provided within the statute.
- All OPEBs authorized to invest with the SBI, please refer to the **procedures on page 13** for information on how to invest in the three available investment options.

- **Qualifying Governmental Entities**

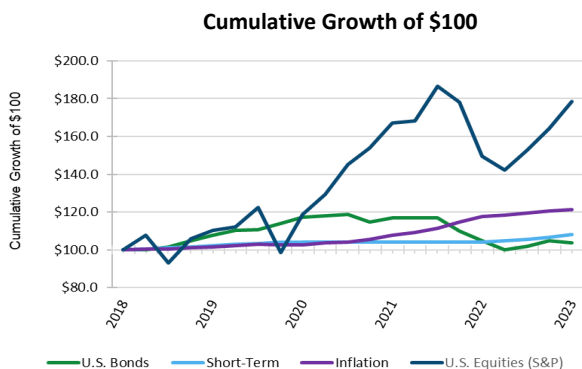
- This Prospectus provides information and procedures specific to those participating entities authorized to invest with the SBI pursuant to the provisions of *Minnesota Statutes*, Section [118A.09](#). These entities are primarily counties and cities who meet the criteria provided within the statute. The statute also authorizes certain self-insurance pools to invest with the SBI as prescribed in the statute.
- All Qualifying Governmental Entities authorized to invest with the SBI, please refer to the **procedures on page 14** for information on how to invest in the Non-Retirement Equity Fund, which is the one investment option available to Qualifying Governmental Entities.

**Please ensure that you refer to the appropriate section of this Prospectus for your organization. In some cases, your organization may have more than one type of non-retirement account with the Minnesota State Board of Investment.**

# Fiscal Year in Review

## Capital Markets Performance

Last Five 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
<b>U.S. Equities</b>							
S&P 500	19.6%	-10.6%	40.8%	7.5%	10.4%	14.6%	12.3%
<b>U.S. Bonds</b>							
Bloomberg U.S. Aggregate	-0.9	-10.3	-0.3	8.7	7.9	-4.0	0.8
<b>Short Term Investments</b>							
ICE BofA 3-Month Treasury Bill	3.6	0.2	0.1	1.6	2.3	1.3	1.6
<b>Inflation Rate</b>							
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.

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.

## Non-Retirement Fund Investment Options Returns

The **Non-Retirement Equity Fund** matched its benchmark, the S&P 500 Index, for the year ending June 30, 2023. The five-year annualized return ending June 30, 2023 was +12.3%.

Performance Ending 6/30/23	1 Yr.
Non-Retirement Equity Fund	19.6%
S&P 500 Index	19.6%

The **Non-Retirement Bond Fund** outperformed its benchmark, the Bloomberg U.S. Aggregate Bond Index for the year ending June 30, 2023. The five-year annualized return ending June 30, 2023 was 1.0%.

Performance Ending 6/30/23	1 Yr.
Non-Retirement Bond Fund	-0.6%
Bloomberg U.S. Aggregate Bond Index	-0.9%

The **Non-Retirement Money Market Fund** outperformed its benchmark for the year ending June 30, 2023. The five-year annualized return ending June 30, 2023, was 1.6%.

Performance Ending 6/30/23	1 Yr.
Non-Retirement Money Market Fund	3.9%
iMoneyNet Money Fund Average All Taxable	3.5%

### Special Note Regarding Individual Account Performance

The actual individual account performance for investments in the Non-Retirement Funds may differ from the reported fund performance due to the timing of contributions and withdrawals within individual accounts. Note that performance calculations may also differ due to rounding.

# Non-Retirement Funds

## Overview

### Investment Platform

The Minnesota State Board of Investment (SBI) established the Non-Retirement Funds to provide eligible Minnesota public sector entities the opportunity to invest in a U.S. equity fund, a U.S. bond fund, or a money market fund to aid in achieving investment objectives. The funds are available to those entities authorized to invest in these asset classes with the SBI. All or some of these options are available to designated trust funds, local Other Postemployment Benefits (OPEB), Qualifying Governmental Entities, and other state and public sector entities. Participants may allocate their investments among one or more funds within the rules and eligibility established for the participating entity.

### Investment Options

Investment options for the Non-Retirement Funds are explained in more detail on pages 6-8. As of June 30, 2023, participating plans invested approximately \$5.4 billion across these Funds.

Investment Options	Assets as of 6/30/2023
Non-Retirement Equity Fund	\$ 3,142,567,251
Non-Retirement Bond Fund	\$ 1,559,219,993
Non-Retirement Money Market Fund	\$ 722,953,638
<b>Total Non-Retirement Fund Assets</b>	<b>\$ 5,424,740,882</b>

### Pricing of the Non-Retirement Fund

Share values in each non-retirement fund are priced daily. Contributions, withdrawals, or fund transfers may occur on any business day during the month.

### Asset Allocation

The three Non-Retirement investment funds established are such that each corresponds to a public market asset class. The three asset classes chosen are intended to offer participating entities the ability to tailor a mix suitable for their unique investment needs and objectives.

It is not the intent of the SBI to advise entities regarding their choice among funds unless required in statute. This information is provided solely to aid participating entities in selecting the most appropriate investments for their circumstances.

### Selection of Investment Options

Guidelines regarding allowable investment funds vary among entities. Each participating entity must contact their trust/account administrator for more specific information.


### Securities Owned by the Fund

This Prospectus does not provide a listing due to the large number of holdings owned in each of the funds. Please contact the SBI for a complete list of holdings, or access the list on the SBI website at <https://msbi.us/asset-listings>.

### Account and/or Administrative Fee Inquires

Any questions regarding individual accounts should be directed to the appropriate trust/account administrator or reporting agency identified on **page 9**. Fees may be imposed and deducted by trust/account administrators or reporting agencies. Participating entities should contact their trust/account administrator or reporting agency for more information regarding these expenses.

## Investment Options/Risk Spectrum

	<u>Fund Name</u>	<u>Asset Type</u>	<u>Management Approach</u>
	<b>Non-Retirement Equity Fund</b>	U.S. Equities	Passive management
	<b>Non-Retirement Bond Fund</b>	Fixed Income	Active management
	<b>Non-Retirement Money Market Fund</b>	Short-term securities	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.



# Investment Option – Non-Retirement Equity Fund

The **Non-Retirement Equity Fund** market value as of June 30, 2023, is over \$3.1 billion. The fund is passively managed by utilizing an index replication strategy owning all the stocks in the S&P 500 Index at the weightings assigned by the Index.

## Entities Authorized to Invest

- Trusts and Other Participating Entities
- Other Postemployment Benefits (OPEB)
- Qualifying Governmental Entities

## Objectives

The investment objective of the Non-Retirement Equity Fund is to track the S&P 500 Index, a widely used benchmark of large-capitalization U.S. stocks. The Fund is expected to have a realized active risk level relative to the benchmark of 0.2% or less, where active risk is the annualized standard deviation of the Fund's excess returns relative to the benchmark. Over time, the annual return shortfall relative to the benchmark, due to fees and trading expenses, is expected to be within 0.1%.

The returns from the Fund will closely track the S&P 500 Index. Investors in the Non-Retirement Equity Fund should be willing to accept returns that may be volatile and negative, particularly over shorter periods of time. Over longer time-periods, expectations are that the Fund should average higher returns than those achieved by fixed income or money market investments.

## Investment Management

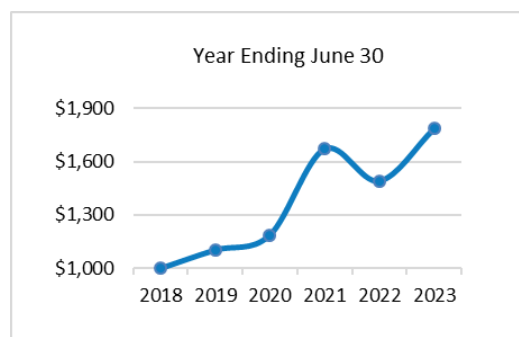
The Non-Retirement Equity Fund is managed by Mellon Corporation.

## 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 approximately \$1,785.



The table below displays the Fund's returns for the last five fiscal years. The annualized (annual compounded) return during this five-year period was 12.3%.

Fiscal Year Ending June 30		
Year	Share Value	Rate of Return
2019	62.31	10.4
2020	65.66	7.5
2021	91.01	40.8
2022	80.13	-10.7
2023	94.25	19.6

## 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 was 0.004%. With the 0.008% administrative fee the annual total fund expense for FY23 was approximately 0.01% or \$0.12 per \$1,000 invested.

## Characteristics and Sector Weights

Risk Return Statistics as of June 30, 2023		
	Equity Fund	S&P 500
Number of Stocks	503	503
Dividend Yield	1.53%	1.53%
P/E Ratio (ex negative earnings)	23.6	23.6
Return on Equity	23.1	23.1
Mean Market Cap. \$ Weighted	\$662.50 B	\$662.50 B

Top 5 Sectors/Weights	
Sector	Portfolio Weight
Information Technology	28.3%
Health Care	13.4%
Financials	12.4%
Consumer Discretionary	10.7%
Industrials	8.5%

# Investment Option – Non-Retirement Bond Fund

The **Non-Retirement Bond Fund** market value as of June 30, 2023, was over \$1.5 billion. The objective of this fund is to invest in **fixed income securities** (bonds) to generate returns from interest income and capital appreciation.

The Fund primarily invests in U.S. government, corporate, mortgage, and structured securities. As an actively managed strategy, the Fund’s sector allocation is expected to deviate from the benchmark composition. As of June 30, 2023, the Fund had a higher allocation to corporate bonds and commercial mortgage-backed securities and less exposure to U.S. Government securities relative to its benchmark, the Bloomberg U.S. Aggregate Bond Index.

The Fund is invested entirely in fixed income securities. No stocks are held in the Fund. Depending on the investment manager’s economic forecast, cash reserves may fluctuate over time.

## Entities Authorized to Invest

- Trusts and Other Participating Entities
- Other Postemployment Benefits (OPEB)

## Objectives

The investment objective of the Non-Retirement Bond Fund is to deliver positive returns over its benchmark, the Bloomberg U.S. Aggregate Bond Index, while controlling the level and composition of active risk relative to the benchmark. The U.S. Aggregate Bond Index is a broad-based index of investment grade, U.S. dollar-denominated, fixed-income securities.

As a fixed income fund, the share value will typically move in the opposite direction of interest rate changes. Investors must be willing to assume potential losses when interest rates rise or during periods of economic stress.

## Investment Management

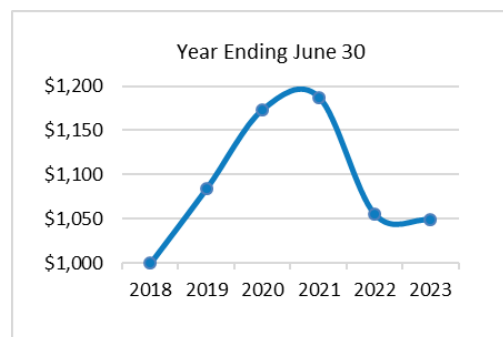
The Non-Retirement Bond Fund is managed by Prudential Global Investment Management.

## 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.

## 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 approximately \$1,049.



The table below displays the Fund’s actual share values and returns for the last five fiscal years. The five-year annualized return for the fiscal year ended June 30, 2023, was 1.0%.

Fiscal Year Ending June 30		
Year	Share Value	Rate of Return
2019	1,124.30	8.4
2020	1,180.17	8.2
2021	1,164.56	1.2
2022	1,011.26	-11.1
2023	974.78	-0.6

## Fund Expenses

The rate of return for this fund is calculated after investment management fees are deducted but before administrative fees. As of June 30, 2023, the annual investment management fee was 0.10%. With the 0.008% administrative fee the annual total fund expense for FY23 was approximately 0.10% or \$1.05 per \$1,000 invested.

## Characteristics and Sector Weights

Characteristics as of June 30, 2023		
Characteristics	Bond Fund	Bloomberg U.S. Agg. Bond Index
Effective Duration (yrs) <sup>1</sup>	6.3	6.3
Effective Yield <sup>2</sup>	5.3	4.8
Average Quality Rating <sup>3</sup>	Aa2	Aa2

<sup>1</sup>The avg % change in the portfolio return given a 1% shift in yield curve.

<sup>2</sup>The annual internal rate of return on the bonds if held to maturity--assumes compounded reinvestment of coupon.

<sup>3</sup>Moody’s credit rating for all bonds in portfolio weighted by mkt value.

Top 5 Sector Weights		
Sector	Bond Fund	Bloomberg U.S. Agg. Bond Index
Investment Grade Corporates	29%	24%
U.S. Government	22%	41%
Mortgages	28%	27%
CMBS/ABS	14%	2%
Municipals	2%	1%
Other	6%	6%

# Investment Option – Non-Retirement Money Market Fund

The **Non-Retirement Money Market Fund** market value as of June 30, 2023 was approximately \$723 million. The objective of the Fund is to provide safety of principal by investing in high-quality, short-term instruments. The return for the Fund is based on the interest income produced by the Fund’s investments.

Unlike the funds described earlier, the Non-Retirement Money Market Fund does not own stocks or long-term bonds. The Fund is invested in short-term, high-quality money market instruments, including U.S. Treasury and Agency issues, repurchase agreements, commercial paper, and certificates of deposit.

## Entities Authorized to Invest

- Trusts and Other Participating Entities
- Other Postemployment Benefits (OPEB)

## Objectives

The objective of the Non-Retirement Money Market Fund is to provide current income and safety of principal by investing in high-quality, short-term securities. The Fund's return is based on the interest income generated by its investments, rather than price appreciation.

While a Non-Retirement Money Market Fund’s objective generally includes the preservation of capital, it is possible to lose money by investing in the Fund.

## Investment Management

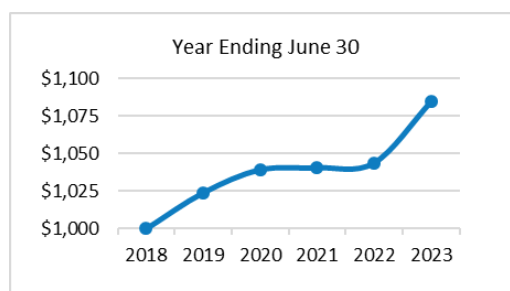
The Non-Retirement Money Market Fund is managed by State Street Global Advisors, the organization that provides short-term investment management for a substantial portion of the SBI's cash reserves.

## Valuation

The share value for the Non-Retirement Money Market Fund is uniformly priced at \$1.00 per share. There is no assurance that the portfolio will be able to maintain a stable net asset value of \$1.00 per share. Interest earnings for the Fund are credited on a daily basis by purchasing additional shares. The credited interest rate changes only modestly from day to day and reflects the yield available for all investments in the fund.

## Investment Performance

The graph below shows how \$1,000 invested on June 30, 2018, has grown. Cumulatively, \$1,000 would have grown to approximately \$1,084.



The table below displays the fund’s actual returns for the last five years. The annualized (annual compounded) return during this five-year period was 1.6%.

## Fund Expenses

The rate of return for the Fund is calculated after investment manager fees but before administrative fees are deducted. As of June 30, 2023, the annual investment management fee 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.

Fiscal Year Ending June 30		
Year	Money Market Fund	iMoneyNet Money Fund Average
2019	2.4	1.9
2020	1.5	1.1
2021	0.1	0.0
2022	0.2	0.1
2023	3.9	3.5

## Characteristics and Sector Weights

Portfolio Characteristics as of June 30, 2023	
Annual Effective Yield	5.25%
Weighted Average Maturity (in days)	27.25

Top Sector Weights	
Sectors	Weight
Repurchase Agreements	36.3%
Government Related	33.6%
Asset Backed Commercial Paper	14.4%
Commercial Paper	7.7%
Certificate of Deposit	6.3%

# Investing in the Non-Retirement Funds

## Trusts and Other Participating Entities

For Trust / Other Participating Entities authorized to invest with the State Board of Investment, please refer to the **procedures on page 11-12** for information on how to invest in the Non-Retirement Funds.

**Account Administrator**  
**Respective State Agency**

**Reporting Agency**  
**Minnesota State Board of Investment (SBI)**  
<https://msbi.us/>  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555  
(651) 296-3328

### Investment Options Available to Trusts/Other Participating Entities

- Non-Retirement Equity Fund
- Non-Retirement Bond Fund
- Non-Retirement Money Market Fund

## Other Postemployment Benefits (OPEB)

For OPEB participants authorized to invest with the State Board of Investment, please refer to the **procedures on page 13** for information on how to invest in the Non-Retirement Funds.

**Trust Administrator**

**Public Employees Retirement Association (PERA)**  
<https://mnpera.org/>  
60 Empire Drive, Suite 200  
St. Paul, MN 55103-2088  
(651) 296-7460

**Reporting Agency**

**Minnesota State Board of Investment (SBI)**  
<https://msbi.us/>  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555  
(651) 296-3328

### Investment Options Available to OPEBs

- Non-Retirement Equity Fund
- Non-Retirement Bond Fund
- Non-Retirement Money Market Fund

## Qualifying Governmental Entities

For Qualifying Governmental Entities authorized to invest with the State Board of Investment, please refer to the **procedures on page 14** for information on how to invest in the Non-Retirement Equity Fund.

**Account Administrator**

**Public Employees Retirement Association (PERA)**  
<https://mnpera.org/>  
60 Empire Drive, Suite 200  
St. Paul, MN 55103-2088  
(651) 296-7460

**Reporting Agency**

**Minnesota State Board of Investment (SBI)**  
<https://msbi.us/>  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555  
(651) 296-3328

### Investment Option Available to Qualifying Governmental Entities

- Non-Retirement Equity Fund

# Trusts and Other Participating Entities<sup>1</sup>

## Procedures

Trusts/Other Participating Entities interested in investing the Non-Retirement Funds should refer to the relevant statutes in determining the investable amount for any eligible fund(s).

### How To Open A Plan Account With The SBI

When purchasing shares for the first time, the entity must complete the **Trusts and Other Participating Entities Contact Form** and the **Trusts Wire Instructions Form** and return both to the SBI. (All the forms referenced can be downloaded from <https://msbi.us/trusts-other-participating-entities> or by contacting the SBI via telephone or e-mail.)

- The **Contact Form** provides the SBI with the permanent address of the Plan and the name, telephone number and email 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 regarding website access and transaction implementation within five business days of receiving the Contact Form.

- The **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 account will be sent to the named financial institution via the wire instructions provided. The SBI cannot issue checks for any withdrawals.

**The Wire Instructions Form must be notarized before returning to SBI.**

### Investment Option

Non-Retirement Equity Fund  
Non-Retirement Bond Fund  
Non-Retirement Money Market Fund

Investments carry a risk of loss, and the participating entity is responsible for determining its risk tolerance and investing accordingly. Funds needed for operations or short-term obligations should be kept at your local financial institution in an appropriate account; your trust account with the SBI is not intended for operating or short-term funds.

Investments with the Minnesota State Board of Investment are subject to the policies and procedures established by the Minnesota State Board of Investment.

### Contribution, Withdrawal And Transfer Procedures

An entity may contribute, withdraw or transfer funds on any business day of the month using one of two methods:

#### • Mail/Email

Complete the **Transaction Form**.

- The 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 contact person for your entity must sign the form and send it to the SBI. Transactions are wired/settled on the third business day from notification if received by the SBI before 2:00 PM CST. Same day trades are not allowed.**

#### • Online

Enter your Trades online.

- If you wish to use this method, you must first have completed and sent to the SBI the Contact Form and the Wire Instructions Form.
- Once the forms are received and approved the SBI will send information regarding access to the system. **Please allow three 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).**

# Trusts and Other Participating Entities<sup>1</sup> (Cont.)

Contributions	
<p><b>Contributions via Wire Transfer</b></p> <p>Contributions must be made via wire and <b>all participating entities must give the SBI four business days advance notice for contributions:</b></p> <ul style="list-style-type: none"> <li>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 Transaction Form of the exact date the wire contribution will be sent from the Entity's financial institution to the SBI's custodian (State Street Bank) using the wire instructions below.</li> <li>If you process an online contribution using website access, you must make the contribution via wire transfer using the wire instructions provided.</li> </ul>	<p><b>Wire Instructions For State Street Bank</b></p> <p>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 3<sup>rd</sup> Floor N Quincy, MA 02171</p>
Withdrawals	
<ul style="list-style-type: none"> <li>The SBI will return withdrawn amounts to the entity <b>only</b> by means of a wire transfer.</li> <li>Withdrawals will be sent to the financial institution via your entity's wire instructions on file with the SBI.</li> <li><b>The SBI will need a minimum of three business days' notice for any withdrawals.</b></li> </ul>	
Fees	
<p><b>Administrative Fees</b></p> <p>The SBI administrative fee is 0.008%. This represents an annual charge of \$0.08 per \$1,000. Administrative fees are deducted by the SBI on a quarterly basis using the order below.</p> <p>First: Non-Retirement Money Market Fund Second: Non-Retirement Equity Fund Third: Non-Retirement Bond Fund</p>	<p><b>Investment Management Fees</b></p> <p>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.</p> <p><b>Please refer to pages 6-8 of this Prospectus for investment management fee information for each of the Funds.</b></p>
Reporting	
<ul style="list-style-type: none"> <li>Monthly reports, statement notifications, and other correspondence from the SBI will be mailed and/or emailed to the contact person on file with the SBI.</li> <li>Monthly reports display current balances, performance, administrative fees (if applicable for the month), and any transactions that may have occurred during the month. All transactions use the daily share value established for each Fund.</li> <li>Online access to your Plan's account is available and includes downloadable current balances, transactions and past statements.</li> </ul>	
To Change Contact Person / Financial Institution	To Contact The SBI:
<p>Submit a newly completed Contact Form to update a contact on file, or Wire Instructions Form to change banking information. <b>Allow five business days for processing.</b></p>	<p>Minnesota State Board of Investment 60 Empire Drive, Suite 355 St. Paul, MN 55103-3555 TEL (651) 296-3328 FAX (651) 296-9572 Shirley Baribeau: <a href="mailto:shirley.baribeau@state.mn.us">shirley.baribeau@state.mn.us</a> and SBI Accounting Team: <a href="mailto:acctg.sbi@state.mn.us">acctg.sbi@state.mn.us</a></p>

<sup>1</sup>Excluding the following trusts as they follow procedures per state statute: Permanent School, Environmental, Lifetime Fish & Wildlife, Closed Landfill, Emergency Medical Service, Water and Soil Conservation Easement Stewardship, Mitigation Easement Stewardship, Natural Resources Conservation, and Metropolitan Landfill Contingency Action Trust.

# Other Postemployment Benefits (OPEB)

## Procedures

OPEBs that are authorized to invest in the Non-Retirement Funds must follow the appropriate individual statute in determining the investment amount for any eligible fund(s). (See *Minnesota Statutes*, Section [471.6175](#).)

### How To Open A Plan Account With The SBI

All OPEBs will need to contact Public Employees Retirement Association (PERA) to open an account. PERA will then forward the trust account information to SBI. Once the trust account is setup, the SBI will send your account's credentials and instructions for accessing and using the Plan website. The website will give the participating entity online access to your account's current balance, posted/pending transactions, and statements. Each participating entity must maintain an OPEB Administrative Account Agreement with PERA in order to invest through the SBI.

### Investment Option

#### Investment Options

Non-Retirement Equity Fund  
Non-Retirement Bond Fund  
Non-Retirement Money Market Fund

Investments with the State Board of Investment are subject to the policies and procedures established by the State Board of Investment

Investments carry a risk of loss, and the participating entity is responsible for determining its risk tolerance and investing accordingly. Funds needed for operations or short-term obligations should be kept at your local financial institution in an appropriate account; your trust account with the SBI is not intended for operating or short-term funds.

### Contribution, Withdrawal And Transfer Procedures

All contributions, withdrawals, and transfers must be requested through PERA, the trust administrator. PERA requires five-business days' notice for all transactions. Please contact PERA for the required forms. Once a trade has been entered, it cannot be cancelled.

### Fees

#### Administrative Fees

The trust administrator fee is \$500 per plan per year. The SBI administrative fee is 0.008%. This represents an annual charge of \$0.08 per \$1,000. Administrative fees are deducted by the SBI on a quarterly basis using the order below.

First: Non-Retirement Money Market Fund  
Second: Non-Retirement Equity Fund  
Third: Non-Retirement Bond 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 6-8 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 emailed to the 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.
- Online access to your Plan's account is available and includes downloadable current balances, transactions and past statements.



# Qualifying Governmental Entities

## Procedures

Qualifying Governmental Entities authorized to invest in the Non-Retirement Equity Fund must follow the appropriate statute in determining the investable amount for any eligible funds. (See *Minnesota Statutes*, Section [118A.09](#).)

### How To Open A Plan Account With The SBI

All Qualifying Governmental Entities will need to contact Public Employees Retirement Association (PERA) to open an account. PERA will then forward the account information to SBI. Once the account is setup, the SBI will send credentials and instructions for accessing and using the website. The website will give the governmental entity online access including account current balance, posted/pending transactions, and statements. Each entity must maintain a Long-Term Equity Investment Account Agreement with PERA in order to invest through the SBI.

### Investment Option

**Investment Option**  
Non-Retirement Equity Fund

Investments with the State Board of Investment are subject to the policies and procedures established by the State Board of Investment

Equity investments carry a risk of loss, and all Qualifying Governmental Entities are responsible for determining their risk tolerance for equities and investing accordingly. Funds needed for operations or short-term obligations should be kept at your local financial institution in an appropriate account; your account with the SBI is not intended for operating or short-term funds.

The SBI's Executive Director reserves the right to suspend or close an account, or restrict withdrawals or transfers from an account if the Executive Director determines that excessive trading has occurred with respect to the account, or that such action is appropriate under the circumstances.

### Contribution, Withdrawal And Transfer Procedures

All contributions, withdrawals, and transfers must be requested through PERA, the account administrator. PERA requires five-business days' notice for all transactions. Please contact PERA for the required forms. Once a trade has been entered, it cannot be cancelled.

### Fees

#### Administrative Fees

Administrative Fees that will appear on your statement are deducted annually by the account administrator, PERA, and quarterly by the SBI at the account level, not at the investment option level.

The account administrator charges a one-time fee of \$2,500 when the account is opened and \$500 per plan per year. The SBI administrative fee is 0.008%. This represents an annual charge of \$0.08 per \$1,000.

#### 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 page 5 of this Prospectus for investment management fee information for each of the Non-Retirement Equity Fund.**

### Reporting

- Monthly reports, statement notifications, and other correspondence from the SBI will be emailed to the contact person on file with the SBI.
- Monthly reports contain current balances, performance, administrative fees (if applicable for the month), and any transactions that may have occurred during the month.
- Online access to Plan accounts is available and includes downloadable current balances, transactions and past statements.

### PERA Contact Information

Public Employees Retirement Association  
60 Empire Drive, Suite 200  
St. Paul, MN 55103-2088  
TEL (651) 296-3636  
FAX (651) 297-2547  
PERA Accounting: [PERA.accounting@mnpera.org](mailto:PERA.accounting@mnpera.org)

### SBI Contact Information

Minnesota State Board of Investment  
60 Empire Drive, Suite 355  
St. Paul, MN 55103-3555  
TEL (651) 296-3328  
FAX (651) 296-9572  
Shirley Baribeau: [shirley.baribeau@state.mn.us](mailto:shirley.baribeau@state.mn.us) and  
SBI Accounting Team: [acctg.sbi@state.mn.us](mailto:acctg.sbi@state.mn.us)



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# Non-Retirement Funds 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, 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 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>.