Table of Contents
State Board of Investment

Agency Profile 1

State Board of Investment — Agency Profile

www.msbi.us

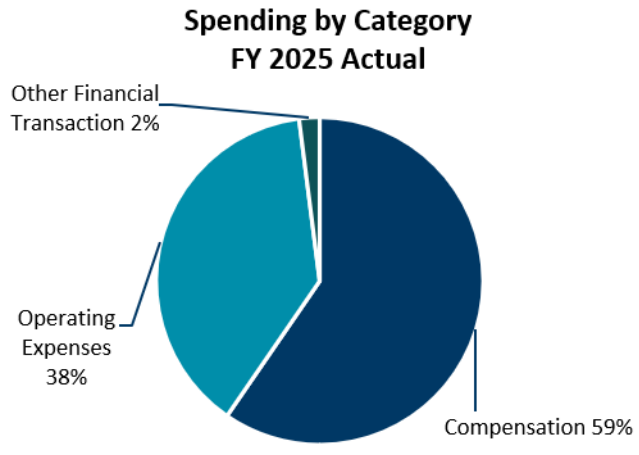
AT A GLANCE

- The Minnesota State Board of Investment (SBI) is responsible for investing approximately $170.8 billion in total assets as of June 30, 2026.
- Assets under management have grown by 111%, from $80.9 billion to $170.8 billion, in the ten-year period since June 30, 2016. (Figure 3.)
- The SBI manages cash for 400+ state agency accounts, totaling $29.3 billion as of June 30, 2026.
- The SBI manages funds for 516 different plans, including defined benefit pension plans, tax-advantaged savings plans, non-retirement plans, state-sponsored savings plans, and volunteer firefighter associations.
- The three largest plans are the statewide retirement systems: Public Employees Retirement Association (PERA), Teachers Retirement Association (TRA), and Minnesota State Retirement System (MSRS). Together, they account for $114.3 billion in pension assets, which are invested in the Combined Funds.
- The Combined Funds achieved an investment return of 15.6%, net of all investment management fees, for the fiscal year ending June 30, 2026; outperformed its stated investment objectives; and ranked at the top of its relevant peer universe (see investment performance table included below).

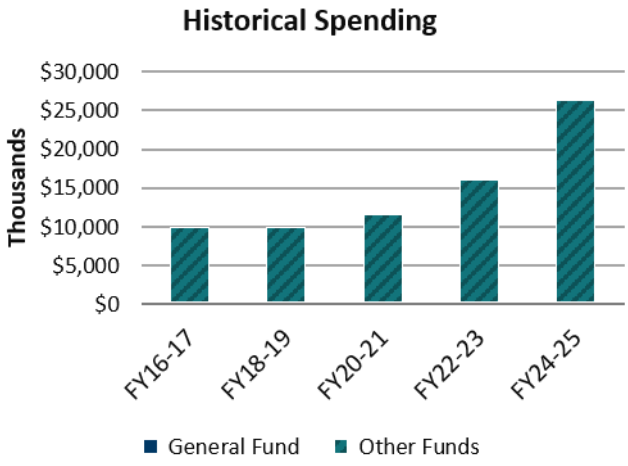
PURPOSE

The primary mission of the Minnesota State Board of Investment (SBI) is to provide investment returns to PERA, MSRS, and TRA to support the retirement security of over 870,000 Minnesota public employees and their families. The SBI was established by Article XI of the Minnesota Constitution to invest all state funds. The Board, as specified in the Constitution, is comprised of the Governor (Chair), State Auditor, Secretary of State, and the State Attorney General. All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in Minnesota Statutes, Chapter 11A and Chapter 356A. The statutory mission of the SBI is "to ensure that state and pension assets subject to this legislation will be responsibly invested to maximize the total rate of return without incurring undue risk" (M.S. 11A.01).

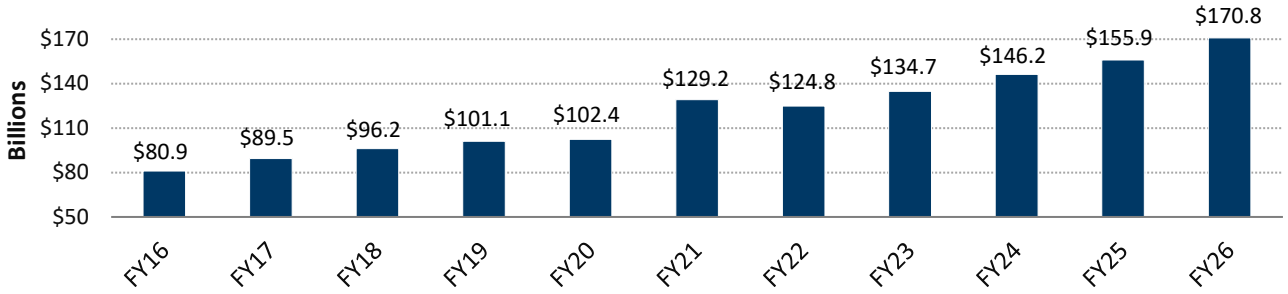
BUDGET



Source: Budget Planning & Analysis System (BPAS)



Source: Consolidated Fund Statement



Funding: The SBI's budget is funded primarily through dedicated receipts by billing its customers for the services provided. In addition to customer receipts, the SBI receives a small general fund appropriation. For Fiscal Year 2026, the SBI's billing was split 99% ($14,119,000) in receipts and 1% ($139,000) from the general fund.

Beginning in Fiscal Year 2027, the SBI will no longer be receiving a general fund appropriation.

STRATEGIES

The SBI strives for excellence as a steward of the assets under its management by providing investment options that leverage the SBI's expertise and scale to build high quality investment programs at a low cost. The SBI manages each investment program according to its unique requirements, allowing for a diversified set of investment solutions to aid participating plans and agencies in achieving their goals. The SBI develops and implements investment policies and strategies for the following investment programs:

- The **Combined Funds** represent the assets of both active and retired public employees who participate in the defined benefit plans of the three Statewide Retirement Systems: PERA, MSRS, and TRA. The Combined Funds have a strategic asset allocation based on their investment objectives and the expected long-term performance of the capital markets. Plan members contribute a meaningful portion of their salaries in return for their retirement security. The SBI is responsible for prudently managing the Combined Funds to provide sufficient funds to finance the promised benefits to participants. The annual actuarial investment return assumption of 7.0% for the three Statewide Retirement Systems was approved by the legislature and signed into law in 2023. As of June 30, 2026, the total market value of the Combined Funds was $114.3 billion.
- **Other Retirement Funds** benefit from investing in the same asset class pools as the Combined Funds. These include volunteer fire relief associations, the St. Paul Teachers Retirement Fund Association, and the PERA Defined Contribution Plan. The SBI also provides investment options to the Unclassified Retirement Plan, which is administered by MSRS. As of June 30, 2026, the total market value of Other Retirement Funds was $1.8 billion.
- **Tax-Advantaged Savings Plans** provide members with a diversified, low-cost, efficient investment menu to help them select their own investment options. These plans include Minnesota Deferred Compensation Plan, Health Care Savings Plan, and Hennepin County Supplemental Retirement Plan, which are administered by MSRS. As of June 30, 2026, the total market value of Tax-Advantaged Savings Plans was $15.4 billion.
- The investment lineup offered to **State-Sponsored Savings Plans**, which include the MN College Savings Plan and MN ABLE Plan, encourages and assists individuals and families to save for higher education and eligible disability expenses in the respective tax-advantaged state-sponsored plans. As of June 30, 2026, the total market value of State-Sponsored Savings Plans was $2.6 billion.
- **Non-Retirement Accounts,** which include assets of trust funds, Other Post Employment Benefit (OPEB) Plans, and Qualifying Cities and Counties, are offered broad asset class options and benefit from low institutional investment management fees managed in separately managed accounts. As of June 30, 2026, the total market value of Non-Retirement Accounts was $7.4 billion.
- **State Cash Accounts:** The SBI manages the cash balances in state agency accounts to preserve capital, meet state agency liquidity needs, and provide competitive money market rates of return. The SBI invests the cash accounts in short-term, liquid, high-quality debt securities. As of June 30, 2026, the total market value of the State Cash Accounts was $29.3 billion.

To carry out its mission, the Board retains an Executive Director/Chief Investment Officer (CIO), who is responsible for day-to-day investment decisions and management of the SBI, and for implementing, administering, and reviewing the investment policies established by the Board or mandated by statute. The Executive Director/CIO employs investment and administrative staff to assist in meeting the SBI's objectives. In performing its duties, the SBI is advised by the Investment Advisory Council (IAC), which is comprised of 17 individuals with investment and retirement fund expertise.

Responsibilities of the SBI staff include the following:

- Execute decisions made by the Board or required by state statute, or other applicable laws
- Day-to-day management of the SBI's investment program, including the selection and termination of investment managers
- Assess developments in the broad financial markets and evaluate their potential impacts on SBI operations and policies
- Recommend strategic planning alternatives to the IAC and Board
- Perform rigorous due diligence on investment strategies by continuously monitoring and evaluating investment firms and investment performance to ensure long-term investment objectives are met
- Provide internal investment management for the state agency cash accounts
- Establish and periodically update the investment objectives, asset allocation, and investment management structure for each of the programs

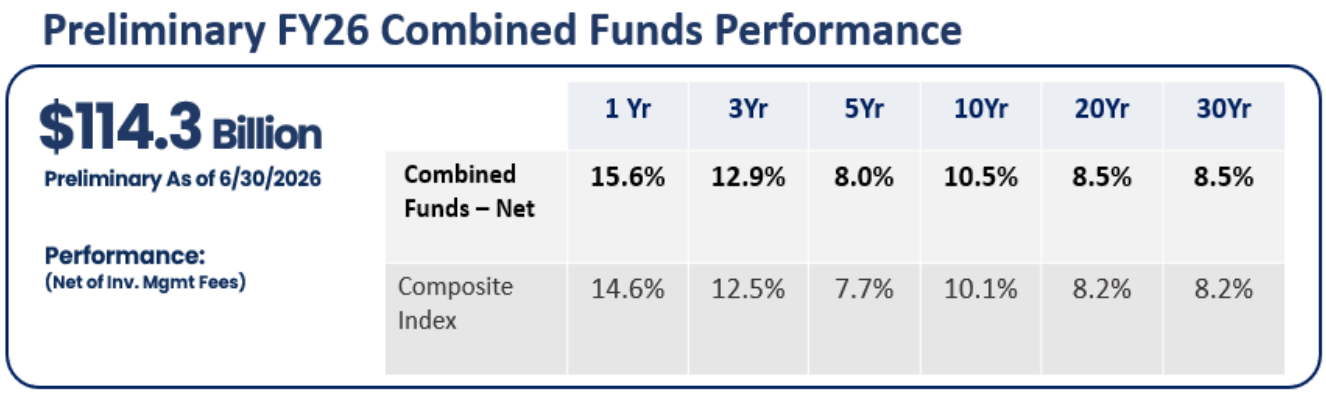
RESULTS

Part A: Performance Data

Goals (Unaudited Figures Net of all investment mgmt. fees, As of 6/30/26)

1) Meet or Exceed Composite Index over latest 10-year period		
Combined Funds 10-Year Annualized Return (Net of investment mgmt. fees)	Result	10.52%
Benchmark 10-Year Composite Annualized Return	Result	10.11%
Difference from Composite Benchmark	Result	+0.41%
2) Provide 20-year Real Return of 3-5% > inflation		
Combined Funds 20-Year Annualized Return (Net of investment mgmt. fees)	Result	8.49%
Benchmark 20-Year CPI-U	Result	2.53%
Difference from CPI Benchmark	Result	+5.96%

Historical Trend Not Applicable. *Differentials within column amounts occur due to rounding.



Part B: Evidence of Effectiveness

SBI invests state assets and cannot be evaluated using randomized control trials or evidence-based practices.

SBI Legal Authority is outlined in the following state statutes:
M.S. 11A
M.S. 356A