

SBI

Minnesota State Board of Investment

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Minnesota Non-Retirement Fund Trusts and Other Participating Entities



July 1, 2018 Investment Prospectus

Managed by the Minnesota State Board of Investment



Minnesota State Board of Investment | 60 Empire Drive | Suite 355 | St. Paul, Minnesota 55103-3555
Phone: 651.296.3328 Fax: 651.296.9572 website: <http://mn.gov/sbi> e-mail: minn.sbi@state.mn.us

MAKE SURE YOU ARE USING THE CORRECT PROSPECTUS FOR NON-RETIREMENT FUNDS

The State Board of Investment (SBI) has established various Non-Retirement Funds to provide certain Minnesota public sector entities the opportunity to invest in a U.S. equity index fund, a U.S. bond fund, and a money market fund to facilitate the achievement of its investment objectives. The funds are available to those non-retirement entities that are authorized to invest in these asset classes with the SBI.

The SBI Staff has developed three fund prospectuses for our non-retirement investors. Given the broad array of organizations who are authorized to invest in these funds, each prospectus is tailored to a specific group based on their statutory authorization and specific operational procedures which govern their use.

The three fund prospectuses are described below:

- **Non-Retirement Fund for Qualifying Governmental Entities**
 - This prospectus provides information and procedures specific to those participating non-retirement entities authorized to invest with the State Board of Investment 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.
- **Non-Retirement Funds for Other Postemployment Benefit Trusts (OPEBs)**
 - This prospectus provides information and procedures specific to those participating non-retirement entities authorized to invest with the State Board of Investment 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.
- **Non-Retirement Funds for Trust and Other Participating Entities**
 - This prospectus provides information and procedures to all non-retirement participating entities authorized to invest with the State Board of Investment 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.

Please ensure that you refer to the appropriate prospectus for your organization. In some cases, your organization may have more than one type of non-retirement account with the State Board of Investment. If you have any questions regarding which prospectus is appropriate for your organization's needs, please contact Shirley Baribeau, in our office, at (651) 296-3328 or via e-mail at shirley.baribeau@state.mn.us.

Non-Retirement Fund - Trusts and Other Participating Entities

Executive Director's Letter

July 1, 2018

I am pleased to present to you the Non-Retirement Fund Prospectus and Annual Report for Trusts and Other Participating Entities for the fiscal year ended June 30, 2018. This information provides you with the performance, fees, and general descriptions for each of the investment options managed by the State Board of Investment (SBI).

For the fiscal year ending June 30, 2018 the U.S. equity market performance remained strong as the steady recovery from the Great Recession continued. The U.S. economy, as measured by real GDP, grew 2.9% from one year earlier and the U.S. labor markets reached its lowest unemployment rate of 4.0%. During fiscal 2018, the Federal Reserve increased the federal funds target rate three times, from 1.00–1.25% to 1.75–2.00%. Strong economic growth, low unemployment and stable price pressures have made it easier for Fed officials to agree on a policy of gradually lifting rates.

The U.S. equity markets posted positive performance while the bond markets were negative for the fiscal year ending June 30, 2018. The S&P 500 Index, a proxy for the U.S. equity markets, returned 14.4% and the U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, returned -0.4%.

In general, economic and market conditions have a dominant influence on the returns available to any investor. As an investor in the Minnesota Non-Retirement Funds, or any other investment program, you should be prepared for periods in which the returns on financial investments may be low, or even negative. You should be aware that this possibility 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 State Board of Investment manages the Non-Retirement Fund to provide competitive long-term returns. I encourage you to carefully review each of the accounts available to you and to choose those options that meet your own investment needs and risk and return objectives.

On behalf of the Board Members, members of the Investment Advisory Council and the SBI staff, I would like to express our gratitude to you for your continued support and participation in the investment funds presented in this prospectus. The Minnesota State Board of Investment seeks to enhance the management and performance of the assets under its control. If you have any questions regarding the Board's investment policies and procedures, please contact the Minnesota State Board of Investment at 60 Empire Drive, Suite 355, St. Paul, MN 55103-3555, (651) 296-3328, or via e-mail at minn.sbi@state.mn.us. We welcome your inquiries.

Respectfully submitted,



Mansco Perry III
Executive Director and Chief Investment Officer
State Board of Investment

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Non-Retirement Fund – Trusts and Other Participating Entities

Reporting Agency

Minnesota State Board of Investment (SBI)

<http://mn.gov/sbi>

60 Empire Drive, Suite 355

St. Paul, MN 55103-3555

(651) 296-3328

Investment Options/Risk Spectrum

	<u>Fund Name</u>	<u>Asset Type</u>	<u>Management Approach</u>
Higher Risk	Non-Retirement Equity Fund	U.S. stocks	Passive
	Non-Retirement Bond Fund	Bonds	Active management
Lower Risk	Non-Retirement Money Market Fund	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.

External Portfolio Management

The SBI offers three basic funds to help entities reach their financial goals. The external investment managers of these funds are shown below.

Non-Retirement Equity Fund

BNY Mellon Asset Management
North America Corporation,
Boston, MA

Non-Retirement Bond Fund

Prudential Global Investment Management,
Newark, NJ

Non-Retirement Money Market Fund

State Street Global Advisors,
Boston, MA

Fees

Administrative Fees:

The Administrative Fees that will appear on your statement are deducted quarterly by the SBI at the account level, not at the investment option level. The current SBI administrative charge is approximately \$ 0.06 per \$1,000.

Investment Fees:

See individual fund descriptions on pages 7-9 for specific investment fees.

Non-Retirement Fund – Trusts and Other Participating Entities

Summary

What Are The Non-Retirement Funds?

The State Board of Investment established the various Non-Retirement Funds to provide certain 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 facilitate the achievement of its investment objectives. The funds are available to those non-retirement entities that are authorized to invest in these asset classes with the SBI. Currently, all or some of these options are available to designated trust funds, local Other Postemployment Benefit (OPEB) trusts, Qualifying Governmental Entities, and other state and public sector entities. Participants may allocate their investments among one or more funds that are appropriate for their needs and are within the rules and eligibility established for the participating entities.

What Investment Options Are Offered?

There are a total of three investment options and each one offers different advantages and risks. As of June 30, 2018, participating plans invested a total of \$3.5 billion with the Funds.

Fund Options	Assets as of 6/30/2018 (in thousands)
Non-Retirement Equity Fund	\$ 2,201,226
Non-Retirement Bond Fund	\$ 1,148,361
Non-Retirement Money Market Fund	\$ 101,405
Total Assets Invested	\$ 3,450,992

How Often Are The Funds Priced?

Share values in each non-retirement fund are priced on a daily basis. Contributions, withdrawals or transfers of any funds may occur on any business day during the month. (See procedures, pages 10-11.)

Which Options Are Best For My Organization?

Only the participating entity can answer that question. The variety of options has been designed to give the participating entity flexibility to use one or more funds in designing an investment portfolio that reflects the participating entity personal investment needs and objectives.

It is not the intent of the State Board of Investment to advise entities regarding their choice among funds. This information is provided solely as an aid in selecting the most appropriate types of investments for an entities particular circumstances.

May An Entity Change The Way They Invest Their Contributions?

Yes, but the guidelines vary among entities. You should contact your trust administrator for more specific information.

What Securities Are Owned By The Fund?

A listing is not provided in this Prospectus due to the large number of holdings owned in each of the funds. Please contact the SBI if you would like a complete list of holdings or you can access the list on our website at <http://mn.gov/sbi>.

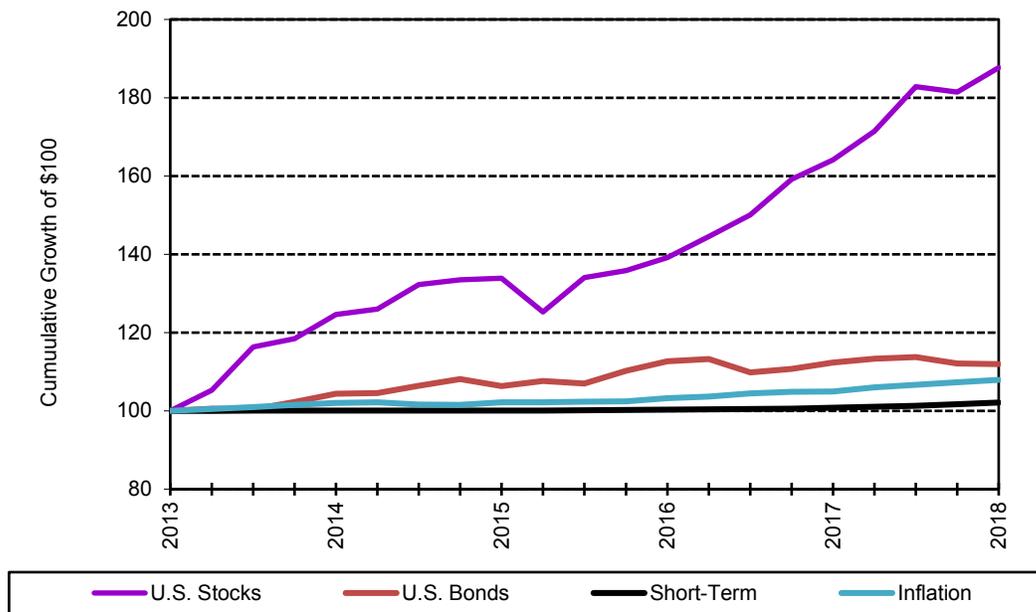
What If An Entity Has An Account Or Administrative Fee Inquiry?

Any questions about your account should be directed to the appropriate trust administrator or reporting agency identified on the page 3. Your trust administrator handles all changes in the way you invest your contributions and maintains your records on the status of your fund. Your trust administrator or reporting agency has the authority to deduct a fee for administrative expenses after fund share values have been calculated. Participating entities should contact their trust administrator or reporting agency for more information regarding trust administrative expenses.

The Capital Market Year in Review

Cumulative Growth and Performance

Cumulative Growth of \$100
Last Five Fiscal Years ending June 30



Performance of Capital Markets
Last Five Fiscal Years Ending June 30

	Fiscal Year Ending					Annualized Returns Ending June 30, 2018	
	2018	2017	2016	2015	2014	3 Yrs	5 Yrs
U.S. Stocks							
S&P 500	14.4%	17.9%	4.0%	7.4%	24.6%	11.9%	13.4%
U.S. Bonds							
BB Barclays U.S. Aggregate	-0.4%	-0.3%	6.0%	1.9%	4.4%	1.7%	2.3%
Short-Term Investments							
90-Day Treasury Bill	1.4%	0.5%	0.2%	0.0%	0.1%	0.7%	0.4%
Inflation Rate							
Consumer Price Index-Urban	2.8%	1.7%	1.0%	0.1%	2.1%	1.8%	1.5%

Fiscal Year 2018 in Review

Commentary and Relative Performance

How Have Stocks, Bonds And Other Investments Performed?

The U.S. stock market, as measured by the S&P 500 index, increased 14.4% for fiscal year ending June 30, 2018. Within the S&P 500, the Information Technology sector was the best performing sector with a 31.2% return, while the Consumer Staples sector was the worst performing sector with a -4.1% return.

The U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, returned -0.4% for the fiscal year. Within the bond market, Asset Backed Securities (ABS) were the best performers with a 0.4% return for the year while Corporates had the lowest return of -0.8% for the year.

Agency Mortgage-Backed Securities (MBS) returned 0.2%, Commercial Mortgage-Backed Securities (CMBS) had a -0.3% return, followed by U.S. Treasuries with a -0.7% return.

How Did Returns In The Non-Retirement Funds Compare For Fiscal Year 2018?

The **Non-Retirement Equity Fund** slightly trailed its benchmark, the S&P 500.

Performance Ending 6/30/18	1 Yr
Non-Retirement Equity Fund	14.3%
S&P 500 Index	14.4%

The **Non-Retirement Bond Fund** matched its benchmark, the Bloomberg Barclays Capital U.S. Aggregate Bond Index.

Performance Ending 6/30/18	1 Yr
Non-Retirement Bond Fund	-0.4%
BB Barclays U.S. Aggregate	-0.4%

The **Non-Retirement Money Market Fund** matched its benchmark. This gain is similar to the returns for money market accounts offered by mutual funds and banks.

Performance Ending 6/30/18	1 Yr
Non-Retirement Money Market Fund	1.4%
90-Day Treasury Bill	1.4%

Special Note Regarding Your Individual Account Performance.

The actual performance of your investments in the Non-Retirement Funds may be somewhat higher or lower than the reported fund performance due to the timing of contributions and withdrawals within your account. Note that performance calculations may also differ due to rounding.

Non-Retirement Equity Fund

The Non-Retirement Equity Fund has a market value over \$2.2 billion. The objective of the fund is to generate returns that track the returns of the S&P 500 Index. The fund invests in 500 large-cap stocks and is designed to replicate the returns produced by the S&P 500. The S&P 500 is a stock market index that reflects U.S. large-cap stocks. The fund is **invested primarily in U.S. stocks.**

Why Would An Entity Choose This Fund?

This option will be attractive to you if you believe that, over time, stocks will provide higher returns than other investments. You should note, however, that the Non-Retirement Equity Fund is passively managed. This means that no attempt is made to identify specific stocks that will perform better than others. Instead, the fund is designed to perform in line with the U.S. large-cap stocks.

The returns from the fund will rise and fall directly with movement in the stock market. As with all options that use common stocks, you must be willing to accept returns that vary widely in the short-term. In the long-term, the fund should average higher returns than you could obtain by placing your contributions in a fixed income or money market type fund.

Who Manages The Fund?

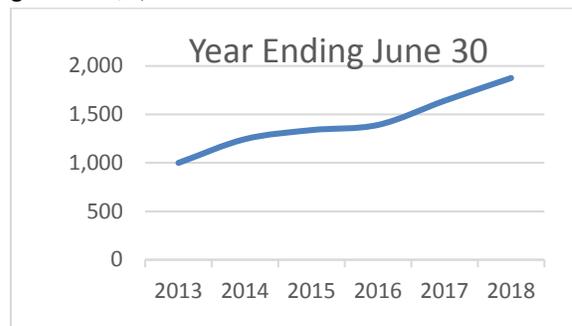
The Non-Retirement Equity Fund is managed by BNY Mellon Asset Management North America Corporation.

How Is The Value Of This Fund Determined?

You own shares in the fund, much like you would in 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. Your investment returns are measured by changes in the share value and reflect all realized and unrealized gains (or losses) generated by the fund.

What Is The Past Investment Performance Of This Fund?

The graph below shows how \$1,000 invested in the fund on June 30, 2013 has grown. Cumulatively, \$1,000 would have grown to \$1,875.



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 13.4%.

Fiscal Year Ending June 30		
	Share Value	Rate of Return
2014	\$41.50	24.5%
2015	43.70	7.5
2016	44.49	4.0
2017	51.37	17.9
2018	57.60	14.3

Investment Fees

The rate of return for this fund is calculated after investment manager fees but before administrative fees are deducted. The annual fund investment manager fee will be approximately \$0.05 per \$1,000 invested (0.5 basis point).

Top 5 Holdings	
Security Name	Portfolio Weight
Apple Inc.	3.8
Microsoft Corp	3.1
Amazon	2.8
Facebook	1.9
Berkshire Hathaway Inc Class B	1.5

Risk-Return Statistics	Ending June 30, 2018		
	1 Yr	3 Yrs	5 Yrs
Excess Return	-0.1	0.0	0.0
Portfolio Standard Deviation % (1)	8.5	10.1	9.8
Benchmark Standard Deviation % (1)	8.6	10.2	9.8
Tracking Error (2)	0.1	0.1	0.1

(1) Standard Deviation is a measure of the portfolio's rate of return volatility.
(2) Tracking Error is the standard deviation of the portfolio's excess return.

Non-Retirement Bond Fund

The Non-Retirement Bond Fund has a market value of over \$1.1 billion. The objective of this fund is to invest in fixed income securities (bonds) to generate returns from interest income and capital appreciation.

Interest income and capital appreciation (increases in the market value of the assets) are the sources of returns for the fund. The fund invests the large majority of its assets in high quality government, corporate bonds and mortgage securities that have intermediate to long-term maturities, usually 3 to 20 years. The manager of the fund also may attempt to earn returns by anticipating changes in interest rates and adjusting bond holdings accordingly.

The fund is **invested entirely in fixed income securities**. No stocks are held in the fund. Cash reserves may fluctuate over time depending on the investment managers economic forecast.

Why Would An Entity Choose This Fund?

The Non-Retirement Bond Fund is a moderately conservative investment option. It will be attractive if you want an investment option that avoids common stocks, but you also want the potential for greater returns than you can obtain from money market type funds.

The returns from this fund generally will move in the opposite direction of interest rate changes. You must be willing to assume some risk with your investment, because the fund could report losses in periods when interest rates are rising or during periods of economic stress.

Who Manages The Fund?

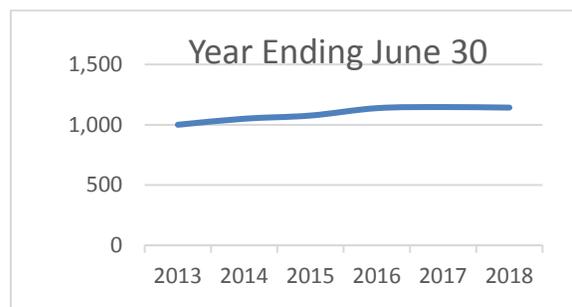
The Non-Retirement Bond Fund is managed by Prudential Global Investment Management.

How Is The Value Of This Fund Determined?

You own shares in the fund, much like you would in 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. Your investment returns are measured by changes in the share value and reflect all realized and unrealized gains (or losses) generated by the fund.

What Is The Past Investment Performance Of This Fund?

The graph below shows how \$1,000 invested in the fund on June 30, 2013 has grown. Cumulatively, \$1,000 would have grown to \$1,142.



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 five year period was 2.7%.

Fiscal Year Ending June 30		
	Share Value	Rate of Return
2014	\$1,102.10	5.0%
2015	1,099.47	2.5
2016	1,129.81	5.7
2017	1,106.95	0.8
2018	1,070.74	-0.4

Investment Fees

The rate of return for this fund is calculated after investment manager fees are deducted but before administrative fees. The annual fund investment manager fee will be approximately \$0.99 per \$1,000 invested (9.9 basis points).

Top 5 Sector Weights		
	Non-Retirement Bond Fund	BB Barc U.S. Agg
Security Name	Weight (MV*)	Weight (MV*)
Corporate	39%	26%
U.S. Treasury	22	40
Mortgage Pass Through	14	29
ABS	7	2
CMBS	18	3

*MV = Market Value

Fixed Income Characteristics Ending June 30, 2018		
	Non-Retirement Bond Fund	BB Barclays U.S. Agg
Effective Duration (1)	6.2	6.0
Coupon Rate (2)	3.6	3.2
Yield to Maturity (3)	3.5	3.3
Moody's Rating (4)	A1	Aa2

- (1) The average % change in the portfolio return given a 1 percentage point shift in the yield curve.
- (2) The average coupon rate of all bonds in portfolio weighted by market value.
- (3) The annual internal rate of return on the bonds if held to maturity.
- (4) Average quality rating in the portfolio weighted by market value.

Non-Retirement Money Market Fund

The return in the Non-Retirement 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 by investing in high-quality, short-term instruments.

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**.

Why Would An Entity Choose This Fund?

The Non-Retirement Money Market Fund is a conservative investment option. You would choose the fund if you want to maintain the value of your original investment while earning competitive short-term interest rates.

The returns from the fund will vary much less than investments that include stocks or bonds and should closely follow the rise and fall in short-term interest rates.

Who Manages The Fund?

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 Board's cash reserves.

How Is The Value Of This Fund Determined?

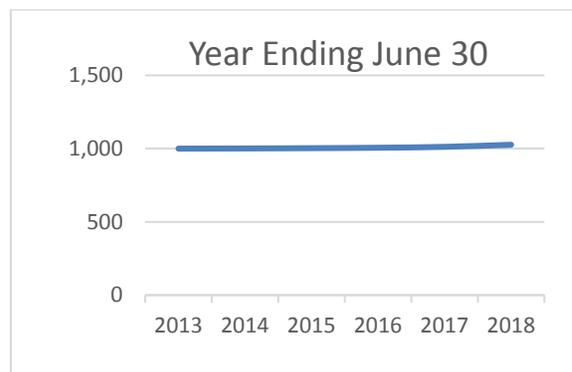
The share value for the Non-Retirement Money Market Fund is uniformly priced at \$1.00 per share. There is no assurance that the portfolio will be able to maintain a stable net asset value of \$1.00 per share. Interest earnings are credited on a daily basis by purchasing additional shares on your behalf.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

What Are The Risks?

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.

What Is The Past Investment Performance Of This Fund?

The graph below shows how \$1,000 invested on June 30, 2013 has grown. Cumulatively, \$1,000 would have grown to \$1,015.



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 0.5%.

Fiscal Year Ending June 30	Rate of Return
2014	0.1%
2015	0.2
2016	0.3
2017	0.6
2018	1.4

Investment Fees

The rate of return for this fund is calculated after investment manager fees but before administrative fees are deducted. The annual fund investment manager fee will be approximately \$0.22 per \$1,000 invested (2.2 basis points).

Procedures – Trusts and Other Participating Entities*

All investment options in the Non-Retirement Fund are available to the account holders. Non-Retirement entities need to follow their individual statute in determining the amount invested in any eligible fund(s). (See *Minnesota Statutes*, various)

How To Open An Account With The SBI

When purchasing shares in the Fund for the first time, the entity must complete two forms and return them to the SBI. All the forms referenced in this procedure can be downloaded from the SBI website at <http://mn.gov/sbi>, or by contacting the SBI via phone or e-mail.

- The **Contact Form** provides the SBI with the permanent address of the entity and the name, telephone number and e-mail address of the contact person for the entity. Monthly reports, statement notifications, and other correspondence from the SBI will be mailed and/or e-mailed to the contact person at the e-mail address provided. SBI will e-mail credentials and instructions about activating and using the access and transaction website within five business days of receiving the Contact Form.
- The **Wire Instruction 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 will be sent to the named financial institution via the wire instructions provided. The Wire Instruction Form must be notarized before returning to SBI.

Contribution, Withdrawal And Transfer Procedures

An entity may contribute, withdraw or transfer shares in the Fund on any business day of the month using one of two methods. **You must give the SBI five business days advance notice for withdrawals:**

- The SBI has no ability to cancel a trade once it has been entered.
- Instruct the SBI to make the transaction by completing the Transaction Form. This form tells 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 the entity must sign the form and send it to SBI before 2:00 PM five business days prior to having the funds wired (no same day trades are allowed).**
- You may choose to enter your trades online. If you wish to use this method, you must have completed and sent to the SBI the Contact Form and the Wire Instruction Form. Once the forms are received by the SBI 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 \$1,000,000.00 (one million dollars) or greater, you must notify the SBI prior to entering for internal control purposes.

Contributions

Contributions must be made by wire and **all Plans must give the SBI five business days advance notice for contributions:**

- If you instruct the SBI to process a contribution that was wired to the SBI's custodian bank, you must notify 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 bank (State Street Bank) using the wire instructions below.
- If you instruct the SBI to process an online contribution using the access and transaction Plan website, you must make the contribution via wire transfer using the wire instructions below.

Wire Instructions For Wiring Contributions To State Street Bank

STATE STREET/BOSTON/PUBLIC FUNDS FOR
THE STATE OF MINNESOTA CREDIT GP31
CREDIT DDA#59845743
ATTN: Matthew Terlaje
ABA#0110 000 28

Withdrawals

The SBI will return withdrawn amounts to the entity **only** by means of a wire transfer. Withdrawals will be sent to the financial institution via wire instructions as shown on your Wire Instruction Form on file with the SBI. The SBI will need a minimum of five business days notice for any withdrawals.

Your investment in the Fund should be viewed as a long-term investment. Investments carry a risk of loss, and the 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 account with the SBI is not intended for maintaining operating or short-term funds.

Procedures – Trusts and Other Participating Entities* (Cont.)

Investment Management Fees

There are no “front-end” or “back-end” loads or other administrative fees charged on contributions, withdrawals or transfers in the Fund. All transactions are made using the daily share value established for each Fund.

Investment Management Fees are deducted from the investment earnings in each Fund before the daily share value for the Fund is computed. These deductions will vary from Fund to Fund and from year to year depending on the actual management costs incurred.

Please refer to pages 7-9 of this prospectus for investment management fee information for each of the Funds.

Administrative Fees

Administrative fees are deducted directly from the Plan’s funds quarterly in the following order of priority:

- First: Non-Retirement Money Market Fund
- Second: Non-Retirement Equity Fund
- Third: Non-Retirement Bond Fund

Reporting

Monthly reports, statement notifications, and other correspondence from the SBI will be mailed and/or e-mailed to the contact person at the e-mail address provided by the Plan on the Contact Form on file with the SBI. Monthly reports display current balances, performance and any transactions that may have occurred during the month.

Online access to your Plan’s account status is available and includes downloadable current balances, transactions and past statements.

To Change Contact Person Or Financial Institution Information

Allow five business days for processing a change to a contact person or financial institution information on file with the SBI. A Plan must submit a newly completed Contact Form to update a contact on file with SBI, or Wire Instructions Form to change banking information.

To Contact The SBI:

Shirley Baribeau
Minnesota State Board of Investment
60 Empire Drive
Suite 355
St. Paul, MN 55103-3555
TEL (651) 296-3328
FAX (651) 296-9572
Email: shirley.baribeau@state.mn.us

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

Non-Retirement Fund – Trusts and Other Participating Entities

State Board of Investment

Members

The State Board of Investment (SBI), with the advice of the Investment Advisory Council (IAC), establishes investment policies for all funds under its control. These investment policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. The Board's membership is specified in the Minnesota Constitution and is composed of the officers listed below. The Board's duties, powers, and investment authority are contained in *Minnesota Statutes*, Chapter 11A.

Governor Mark Dayton
State Auditor Rebecca Otto
Secretary of State Steve Simon
Attorney General Lori Swanson

Investment Advisory Council

The Legislature has established an Investment Advisory Council to advise the Board and its staff on investment related matters. The Board appoints ten members experienced in finance and investments. The Commissioner of Minnesota Management and Budget and the Executive Directors of the three statewide retirement systems are permanent members of the IAC. Two active employee representatives and one retiree representative are appointed to the IAC by the Governor.

Gary Martin, Chair	Chief Investment Officer	Macalester College
Kim Faust, Vice Chair	Vice President and Treasurer	Fairview Health Services
Denise Anderson	Governor's Appointee	Active Employee Representative
Doug Anderson	Executive Director	Public Employees Retirement Association
Kerry Brick	Manager, Pension Investments	Cargill, Inc.
Dennis Duerst	President, 3M Investment Management Corp	3M Company
Myron Frans	Commissioner	Minnesota Management and Budget
Susanna Gibbons	Managing Director, Carlson Funds Enterprise	Carlson School of Management, UMN
Morris Goodwin, Jr.	Sr. Vice President and CFO	American Public Media Group
Wei Huang	Chief Investment Officer	The St Paul & Minnesota Community Foundations
Erin Leonard	Executive Director	Minnesota State Retirement System
Malcolm W. McDonald	Director & Corporate Secretary, Retired	Space Center, Inc.
Carol Peterfeso	Chief Treasury and Investment Officer	University of St. Thomas
Jay Stoffel	Executive Director	Teachers Retirement Association
Shawn Wischmeier	Chief Investment Officer	Margaret A. Cargill Philanthropies

Executive Director and Staff

To carry out its mission, SBI retains an Executive Director, an internal investment staff and external investment managers to execute its policies.

Mansco Perry III, *Executive Director and Chief Investment Officer*
Charlene Olson, *Executive Assistant*

Senior Leadership Team

LeaAnn M. Stagg, *Asst. Exec. Director & Chief Operating Officer*
Paul T. Anderson, *Director, Investment Administration*
Andrew Krech, *Director, Private Markets*
Michael J. Menssen, *Director, Debt Management*
John Mulé, *Manager, Legal and Legislative Policy*

Investment Staff

Patricia Ammann, *Investment Officer*
Nathan Blumenshine, *Investment Officer*
Cassandra Boll, *Investment Officer*
Tammy Brusehaver, *Investment Officer*
Stephanie Gleeson, *Investment Officer*
Aaron D. Griga, *Investment Officer*

Investment Staff (continued)

Steven P. Kuettel, *Investment Officer*
Jonathan Stacy, *Investment Officer*

Administrative Staff

Kailee Anderson, *Accounting Officer*
Shirley Baribeau, *Controller*
Julie Grill, *Accounting Officer, Intermediate*
Kathy Leisz, *Information Technology Specialist 3*
Melissa Mader, *Office Admin. Specialist, Intermediate*
William J. Nicol, *Investment Accounting Specialist*
Kelly Nordstrom, *Office Administrative Specialist*
Iryna Shafir, *Compliance Analyst*

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**The Minnesota Non-Retirement Fund is managed by
the Minnesota State Board of Investment**



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State Auditor Rebecca Otto
Secretary of State Steve Simon
Attorney General Lori Swanson

Executive Director and Chief Investment Officer:

Mansco Perry III