



LCPR Presentation January 2023

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State Board of Investment (SBI)—Governance

- Board composition is set in Article XI of Minnesota Constitution

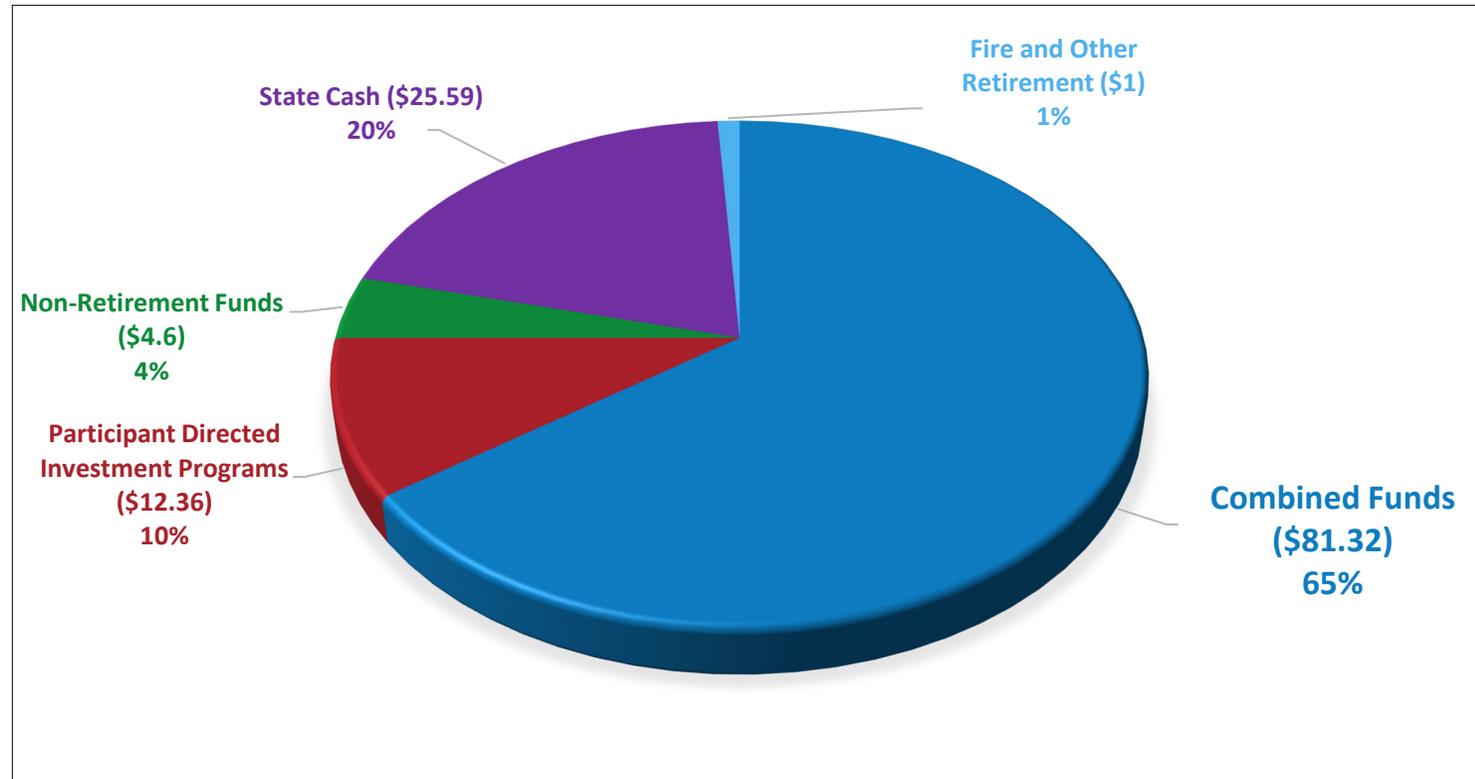
Constitutional Members of the State Board	
Governor	Tim Walz
State Auditor	Julie Blaha
Secretary of State	Steve Simon
Attorney General	Keith Ellison

- Assisted by 17-member Investment Advisory Council (IAC)
 - 10 experienced investment professionals
 - Executive directors of statewide retirement plans
 - Commissioner of Minnesota Management & Budget
 - Two active members and one retired member appointed by the governor
- Subject to annual audit by the Office of the Legislative Auditor

SBI Funds Under Management – Total Assets

As of June 30, 2022 (In \$ Billions)

- Total assets under management as of June 30, 2022: **\$124 billion**
- Assets include retirement plans, trust accounts, and state cash accounts

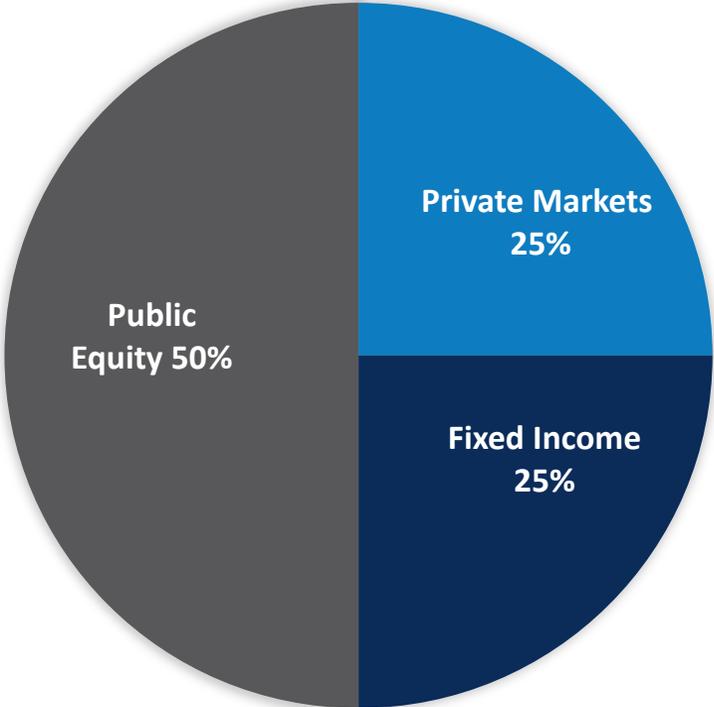
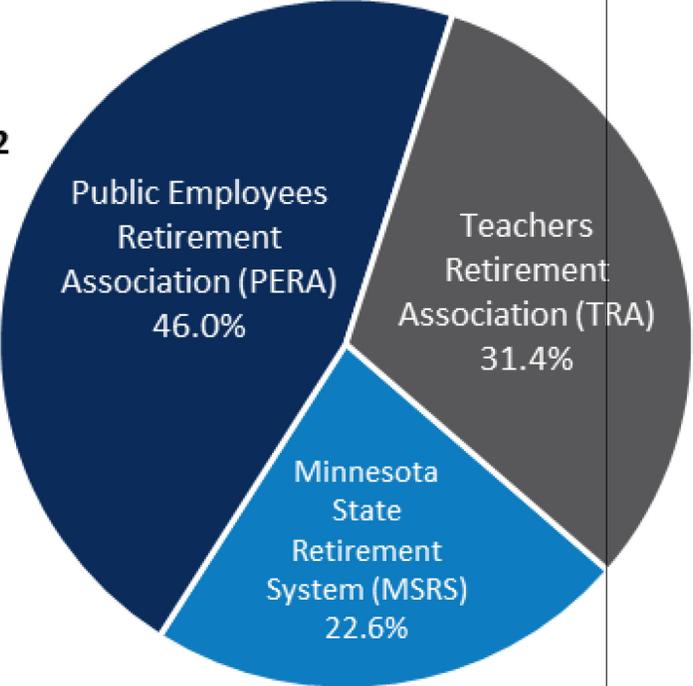


- Participant Directed Investment Programs include the Deferred Compensation Plan, Unclassified Plan, Health Care Savings Plan, and Hennepin County Supplemental Retirement Plan, Minnesota College Savings Plan, and the Achieve a Better Life Experience Plan.
- Non-Retirement Funds include statewide trusts, Assigned Risk Plan, and Other Post Employment Benefits Accounts.

Combined Funds

Constituents and Strategic Asset Allocation – June 30, 2022

Figure 2.
Composition of
Combined Funds
as of June 30, 2022

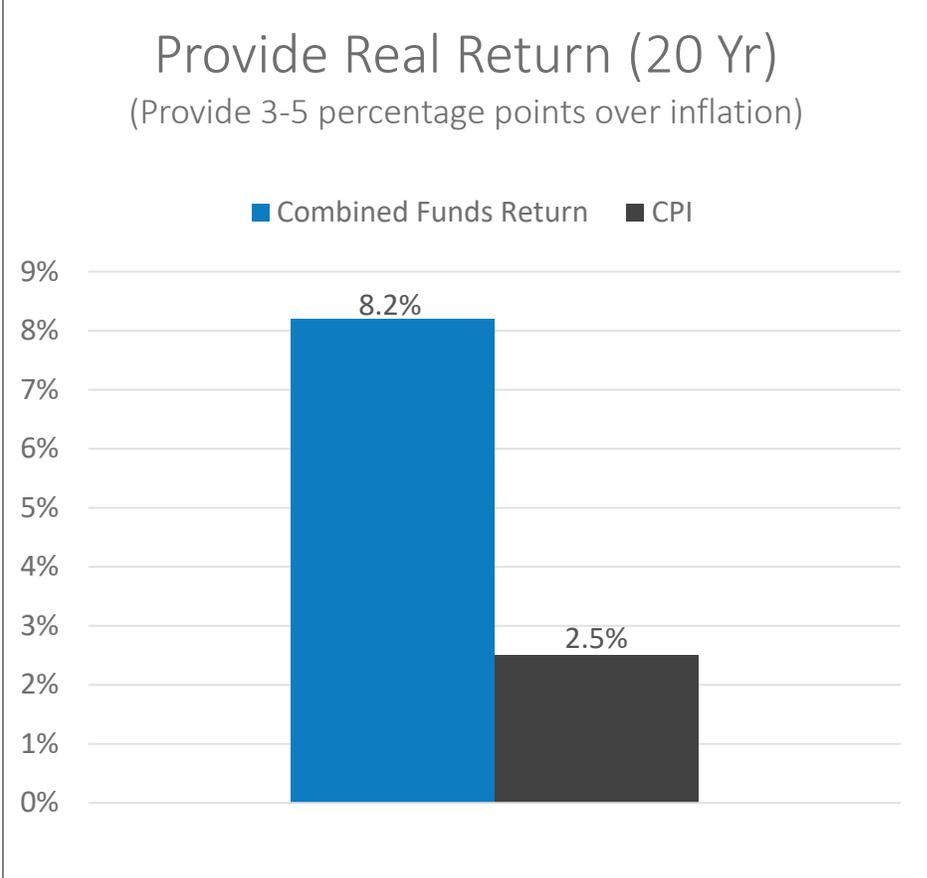
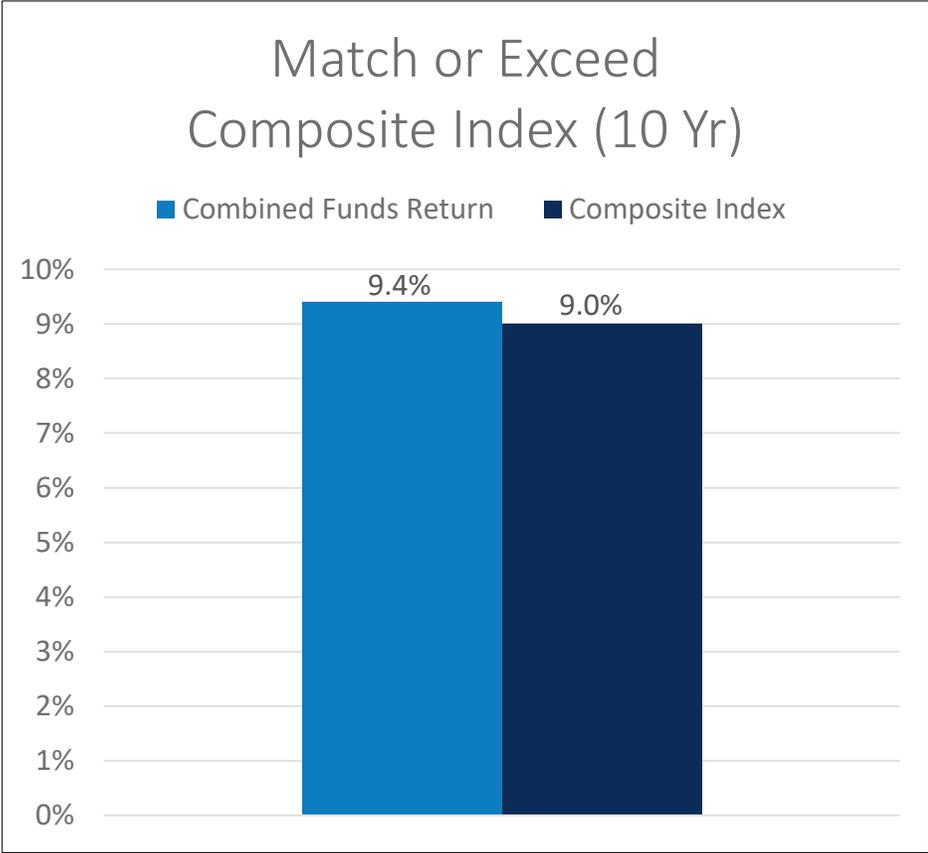


Combined Funds	In Millions
Minnesota State Retirement System (MSRS)	\$ 18,386.1
Public Employees Retirement Association (PERA)	37,378.9
Teachers Retirement Association (TRA)	25,554.9
Total Combined Funds	\$ 81,319.9

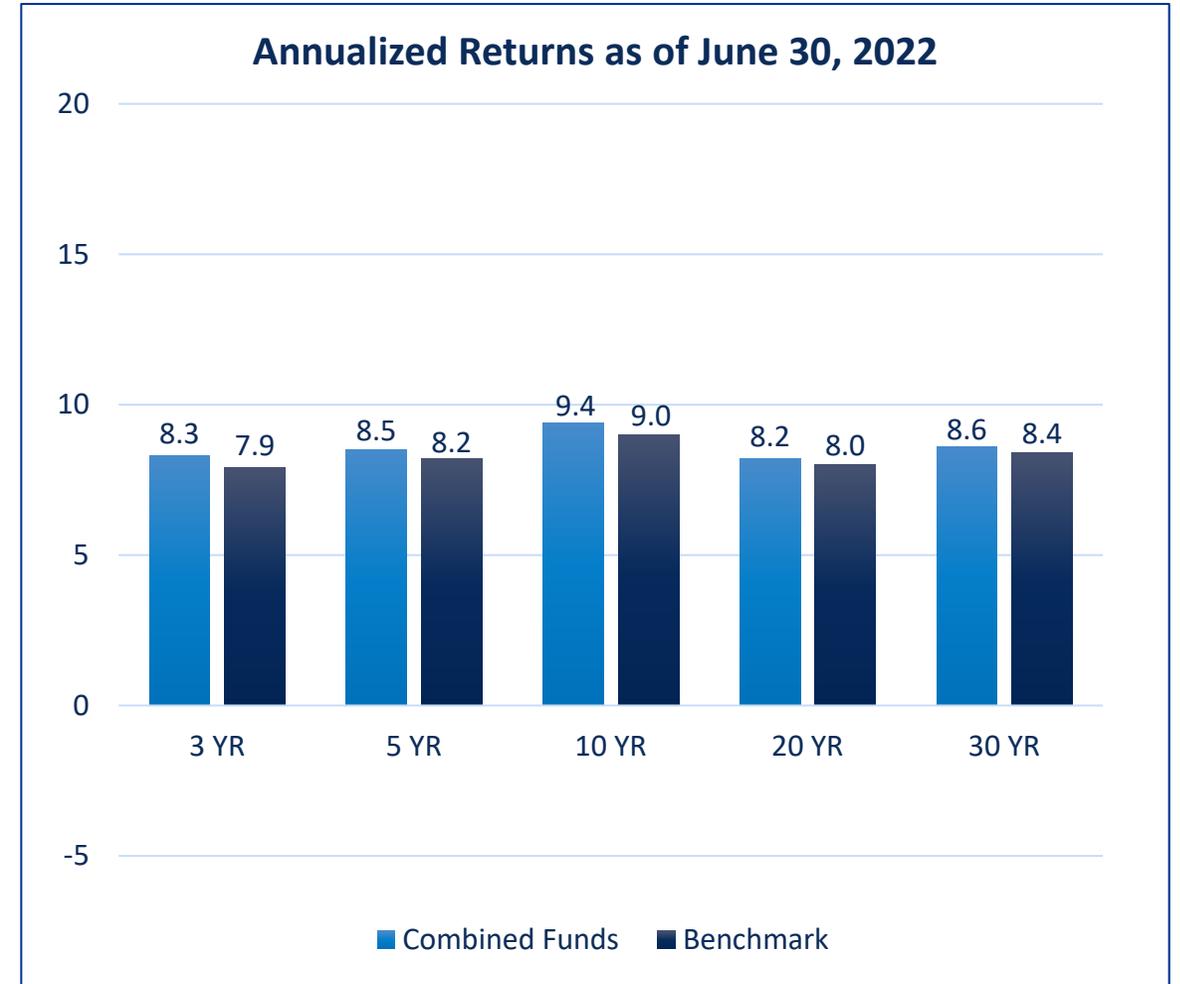
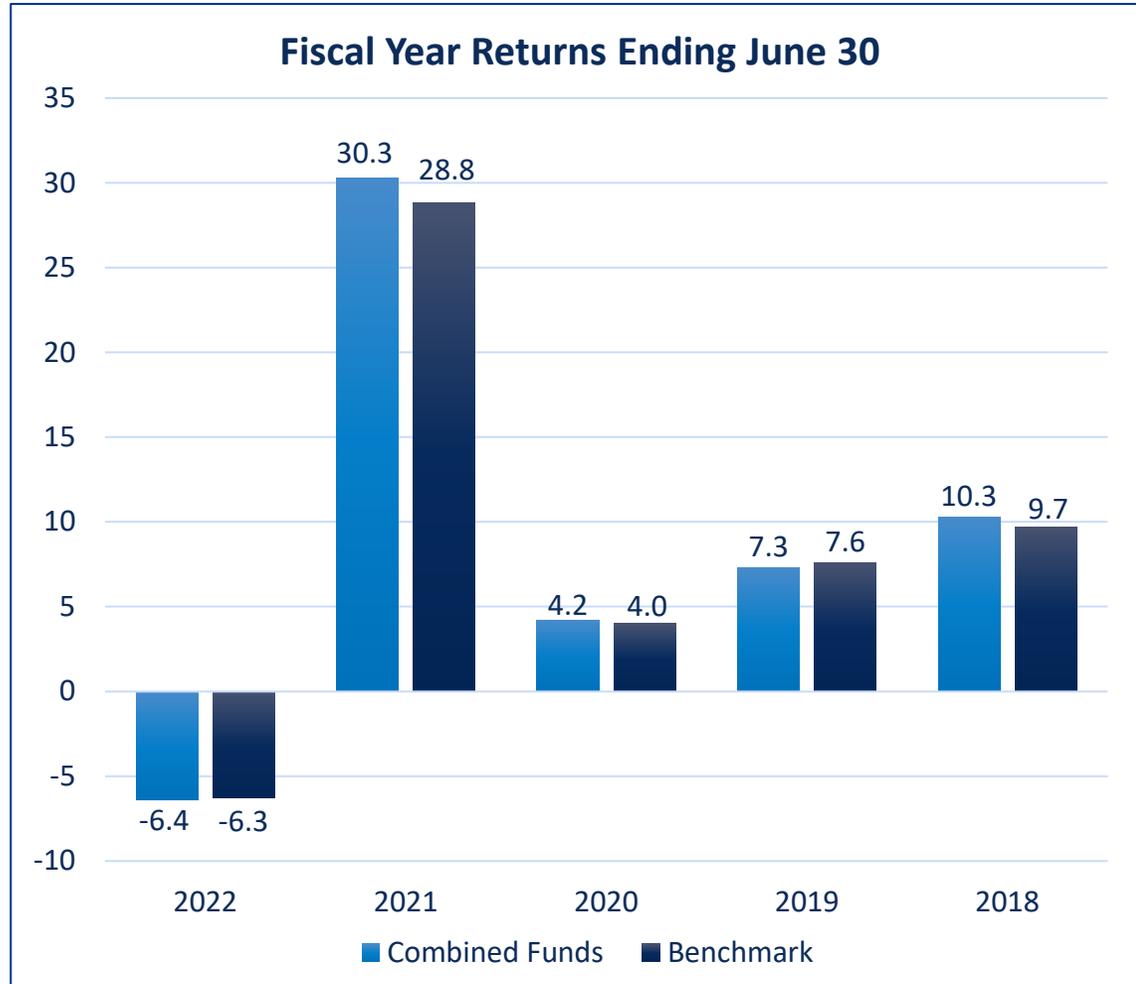
Combined Funds

Long-Term Investment Objectives

Periods ending June 30, 2022



Combined Pension Funds Investment Returns



SBI Investments and Distributions

FY 18-22

From FY '18 – 22, the MN State Board of Investment:

- Increased pension plan assets by \$30.7 billion, with a fiscal year average of \$6.1 billion;
- Distributed \$13.8 billion, net of contributions, to pay pension plan benefits, with a fiscal year average of \$2.76 billion;
- Increased non-retirement assets by \$1.45 billion, with a fiscal year average of \$291 million; and
- Earned \$840.7 million for the State's Invested Treasurers Cash assets, with a fiscal year average of \$168.1 million.

SBI Staff Overview

- Internal staff of 34
 - 23 investment staff members managing investments primarily through external investment managers in stock, bond, cash, and private markets.
 - 11 accounting and administrative staff members providing administration, reporting, and compliance support.
- Additional hires in progress
- Investment staff are compensated according to the SBI salary plan, as provided in statute.

SBI Investment Staff Responsibilities

- Manage relationships with outside investment managers including monitoring performance, performing compliance operations, and compiling reports for the Board and Investment Advisory Council (IAC);
- Conduct searches for new investment managers including performing due diligence and providing recommendations to the Executive Director, IAC, and Board;
- Manage money internally for certain state assets including state cash accounts;
- Work with pension systems and other state agencies to select and monitor investment managers for participant driven plans such as the Minnesota Deferred Compensation Plan, Minnesota College Savings Plan, Minnesota Healthcare Savings Plan, etc.

SBI Administrative and Accounting Staff Responsibilities

- Manage custodial banking and plan accounting activity to ensure proper recording and movement of assets; verify custodian asset movement;
- Develop and implement internal controls to ensure the validity of assets and reports; monitor and report on controls and investment compliance activity;
- Manage asset transfers to provide cash benefit payments, rebalance to strategic investment allocation, and increase or decrease assets invested through particular investment managers;
- Provide accounting operations for assets under internal and external management;
- Prepare financial reports and schedules for over 400 investment plans; compose and assemble reports to the IAC and Board regarding investment performance, staff recommendations, and other agenda items.