



Supplemental Investment Fund Summary

The Minnesota Supplemental Investment Fund (SIF) is a multi-purpose investment platform that offers a range of investment options to state and local public employees. This investment platform provides some or all of the investment options to the Public Employees Retirement Association (PERA) Defined Contribution Plan, local pension plans and the Statewide Volunteer Firefighter plan.

A wide diversity of investment goals exists among the Fund's participants. In order to meet those needs, the Fund has been structured much like a "family of mutual funds." Participants may allocate their investments among one or more accounts that are appropriate for their needs, within the statutory requirements and rules established by the participating organizations. Participation in the Fund is accomplished through the purchase or sale of shares in each account. All returns are net of investment management fees.

Investment Option Descriptions

- Balanced Fund - a balanced portfolio utilizing both common stocks and bonds
- U.S. Stock Actively Managed Fund - an actively managed, U.S. common stock portfolio.
- U.S. Stock Index Fund - a passively managed, common stock portfolio designed to broadly track the performance of the U.S. stock market.
- Broad International Stock Fund - a portfolio of non-U.S. stocks that incorporates both active and passive management.
- Bond Fund - an actively managed, bond portfolio.
- Money Market Fund - a portfolio utilizing short-term, liquid debt securities.
- Stable Value Fund - a portfolio of stable value instruments, including security backed contracts and insurance company and bank investment contracts.
- Volunteer Firefighter Account - a balanced portfolio only used by the Statewide Volunteer Firefighter Plan.

	<u>Ending Market Value</u>	<u>Last Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>	<u>Option Since</u>
BALANCED FUND	\$112,686,711	-5.4%	5.8%	12.3%	10.7%	9.9%	01/1980
U.S. ACTIVELY MANAGED FUND	92,682,216	-6.6	8.8	18.7	16.3	14.6	07/1986
U.S. STOCK INDEX FUND	443,997,301	-5.3	12.3	18.5	15.6	14.4	07/1986
BROAD INTERNATIONAL STOCK FUND	151,924,804	-5.7	-1.4	8.2	7.3	6.2	09/1994
BOND FUND	107,328,254	-6.5	-4.4	2.5	2.8	2.9	07/1986
MONEY MARKET FUND	618,545,249	0.0	0.1	0.9	1.2	0.8	07/1986
STABLE VALUE FUND	1,707,365,891	0.4	1.9	2.3	2.3	2.2	11/1994
VOLUNTEER FIREFIGHTER ACCOUNT	148,881,216	-5.6	2.0	9.2	8.1	7.5	01/2010

Note:

The Market Values for the Money Market Fund, the Stable Value Fund, and the Total Supplemental Investment Fund also include assets held through other plans.



Supplemental Investment Fund Performance

Balanced Fund

The primary investment objective of the Balanced Fund is to gain exposure to publicly traded U.S. equities, bond and cash in a diversified investment portfolio. The Fund seeks to maximize long-term real rates of return, while limiting short-run portfolio return volatility. The Balanced Fund is invested in a balanced portfolio of common stocks and bonds. Common stocks provide the potential for significant capital appreciation, while bonds act as a deflation hedge and provide portfolio diversification. The benchmark is a blend of 60% Russell 3000/35% Bloomberg U.S. Aggregate/5% 3 Month T-Bills.

	<u>Ending Market Value</u>	<u>Last Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
BALANCED FUND	\$112,686,711	-5.4%	5.8%	12.3%	10.7%	9.9%
SIF BALANCED FUND BENCHMARK		-5.2%	5.6%	11.7%	10.2%	9.5%
Excess		-0.2%	0.2%	0.6%	0.4%	0.4%

U.S. Actively Managed Fund

The U.S. Stock Actively Managed Fund's investment objective is to generate above-average returns from capital appreciation on common stocks. The U.S. Stock Actively Managed Fund is invested primarily in the common stocks of U.S. companies. The managers in the account also hold varying levels of cash.

	<u>Ending Market Value</u>	<u>Last Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
U.S. ACTIVELY MANAGED FUND	92,682,216	-6.6	8.8	18.7	16.3	14.6
Russell 3000		-5.3	11.9	18.2	15.4	14.3
Excess		-1.3	-3.2	0.4	0.9	0.3



Supplemental Investment Fund Performance

U.S. Stock Index Fund

The investment objective of the U.S. Stock Index Fund is to generate returns that track those of the U.S. stock market as a whole. The Fund is designed to track the performance of the Russell 3000 Index, a broad-based equity market indicator. The Fund is invested 100% in common stock.

	<u>Ending Market Value</u>	<u>Last Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
U.S. STOCK INDEX FUND	\$443,997,301	-5.3%	12.3%	18.5%	15.6%	14.4%
Russell 3000		-5.3%	11.9%	18.2%	15.4%	14.3%
Excess		0.0%	0.4%	0.3%	0.2%	0.1%

Broad International Stock Fund

The investment objective of the Broad International Stock Fund is to earn a high rate of return by investing in the stock of companies outside the U.S. Portions of the Fund are passively managed and semi-passively managed. These portions of the Fund are designed to track and modestly outperform, respectively, the return of developed markets included in the MSCI World ex USA Index. A portion of the Fund is "actively managed" by several international managers and emerging markets specialists who buy and sell stocks in an attempt to maximize market value. The International Equity Benchmark is currently the MSCI ACWI ex USA (net).

	<u>Ending Market Value</u>	<u>Last Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
BROAD INTERNATIONAL STOCK FUND	151,924,804	-5.7	-1.4	8.2	7.3	6.2
International Equity Benchmark		-5.4	-1.5	7.5	6.7	5.5
Excess		-0.2	0.1	0.8	0.5	0.6



Supplemental Investment Fund Performance

Bond Fund

The investment objective of the Bond Fund is to exceed the return of the broad domestic bond market by investing in fixed income securities. The Bond Fund invests primarily in high-quality, government and corporate bonds that have intermediate to long-term maturities, usually 3 to 20 years. The Bond Fund benchmark is the Bloomberg U.S. Aggregate.

	<u>Ending Market Value</u>	<u>Last Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
BOND FUND	\$107,328,254	-6.5%	-4.4%	2.5%	2.8%	2.9%
Bloomberg U.S. Aggregate		-5.9%	-4.2%	1.7%	2.1%	2.2%
Excess		-0.5%	-0.3%	0.8%	0.7%	0.7%

Money Market Fund

The investment objective of the Money Market Fund is to protect principal by investing in short-term, liquid U.S. Government securities. The Fund is invested entirely in high-quality, short-term U.S. Treasury and Agency securities. The average maturity of the portfolios is less than 90 days. Please note that the Market Value for the Money Market Fund reflects assets held through the Deferred Compensation Plan as well.

	<u>Ending Market Value</u>	<u>Last Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
MONEY MARKET FUND	618,545,249	0.0	0.1	0.9	1.2	0.8
ICE BofA US 3-Month Treasury Bill		0.0	0.1	0.8	1.1	0.6
Excess		0.0	0.1	0.1	0.1	0.1



Supplemental Investment Fund Performance

Stable Value Fund

The investment objectives of the Stable Value Fund are to protect investors from loss of their original investment and to provide competitive interest rates using somewhat longer-term investments than typically found in a money market fund. The Fund is invested in a well-diversified portfolio of high-quality fixed income securities with strong credit ratings. The Fund also invests in contracts issued by highly rated insurance companies and banks which are structured to provide principal protection for the Fund's diversified bond portfolios, regardless of daily market changes. The Stable Value Fund Benchmark is the 3-year Constant Maturity Treasury Bill +45 basis points. Please note that the Market Value for the Stable Value Fund reflects assets held through the Deferred Compensation Plan as well.

	<u>Ending Market Value</u>	<u>Last Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
STABLE VALUE FUND	\$1,707,365,891	0.4%	1.9%	2.3%	2.3%	2.2%
Fixed Interest Blended Benchmark		0.5%	1.3%	1.3%	1.8%	1.6%
Excess		-0.1%	0.6%	1.0%	0.5%	0.7%

Volunteer Firefighter Account

The Volunteer Firefighter Account is different than other SIF program options. It is available only to the local entities that participate in the Statewide Volunteer Firefighter Plan (administered by PERA) and have all of their assets invested in the Volunteer Firefighter Account. There are other volunteer firefighter plans that are not eligible to be consolidated that may invest their assets through other SIF program options. The investment objective of the Volunteer Firefighter Account is to maximize long-term returns while limiting short-term portfolio return volatility. The account is invested in a balanced portfolio of domestic equity, international equity, fixed income and cash. The benchmark for this account is 35% Russell 3000, 15% MSCI ACWI ex USA (net), 45% Bloomberg U.S. Aggregate, 5% 3 Month T-Bills.

	<u>Ending Market Value</u>	<u>Last Qtr</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
VOLUNTEER FIREFIGHTER ACCOUNT	148,881,216	-5.6	2.0	9.2	8.1	7.5
SIF Volunteer Firefighter Account BM		-5.3	2.0	8.5	7.6	7.0
Excess		-0.3	-0.0	0.7	0.5	0.5