



Volunteer Firefighter Account

Managed by the Minnesota State Board of Investment
Available through the Minnesota Supplemental Investment Fund



2024 Investment Prospectus

Calendar-Year Data as of December 31, 2023



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Message from Executive Director and Chief Investment Officer

The Minnesota State Board of Investment (SBI) is pleased to present the Volunteer Firefighter Account Investment Prospectus for the calendar year ended December 31, 2023 (CY23). With this issue, the brochure's publication date changes from a fiscal year cycle (July 1 to June 30) to a calendar year cycle (January 1 to December 31). As a result, the share values and rates of returns shown for each account will differ from past issues. This Prospectus provides information on the assets, performance, fees, and general descriptions of each asset group comprising the Volunteer Firefighter Account managed by the SBI. The Volunteer Firefighter Account is the investment option available to volunteer fire relief associations that join the Statewide Volunteer Firefighter (SVF) Plan, administered by the Public Employees Retirement Association (PERA).

The Volunteer Firefighter Account is a diversified portfolio with an asset allocation consistency of 35% domestic equities, 15% international equities, 45% fixed income, and 5% cash. The objective of the account is to offer a balanced investment approach that will provide favorable long-term risk-adjusted returns. In general, economic and market conditions have a dominant influence on the returns available to any investor. There may be periods in which the returns for the Volunteer Firefighter Account are low or even negative.

As of December 31, 2023, the Volunteer Firefighter Account assets totaled over \$177.5 million from 235 volunteer fire relief associations. The Volunteer Firefighter Account returned +14.7% for the year ended December 31, 2023. The custom benchmark, which represents the policy-weighted performance of the underlying asset group benchmarks, returned +14.0% for the year ended December 31, 2023.

It is a privilege to lead the SBI team and to serve the volunteer firefighters who participate in the SVF. We will remain singularly focused on our mission and continue to build upon the strong foundation that has made the SBI such a well-respected institutional investor. On behalf of all of us at the SBI, thank you for your continued support.

Respectfully submitted,

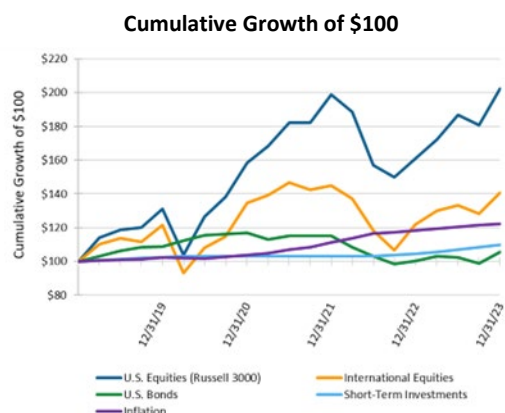


Jill E. Schurtz
Executive Director and Chief Investment Officer

Calendar Year in Review

Capital Markets Performance

Last Five Years Ending December 31 and Annualized Returns



Performance of Capital Markets

Asset Class/Benchmark	Calendar Year Returns (%)					Annualized Returns (%)	
	2023	2022	2021	2020	2019	3 Year	5 Year
U.S. Equities							
Russell 3000	26.0	-19.2	25.7	20.9	31.0	8.5	15.2
International Equities							
MSCI ACWI ex USA (net)	15.6	-16.0	7.8	10.7	21.5	1.5	7.1
U.S. Bonds							
Bloomberg U.S. Aggregate	5.5	-13.0	-1.5	7.5	8.7	-3.3	1.1
Short-Term Investments							
ICE BofA 3-Month Treasury Bill	5.0	1.5	0.1	0.7	2.3	2.2	1.9
Inflation Rate							
Consumer Price Index CPI-U	3.3	6.4	7.2	1.3	2.3	5.6	4.1

Calendar Year Commentary

The **U.S. equity market**, as measured by the Russell 3000 index, rose +26.0% for the year ended December 31, 2023. Growth stocks, as measured by the Russell 3000 Growth Index (+41.2%), outperformed value stocks by a wide margin (the Russell 3000 Value Index gained +11.7%). Performance within the U.S. market was dominated by seven of the largest cap names in the index, dubbed the “Magnificent Seven” (Microsoft, Apple, Alphabet, Amazon, Nvidia, Meta, and Tesla), which collectively returned nearly +117%. More broadly, large-cap stocks outperformed small-cap stocks during the year. The Russell 1000 Index of large-cap companies rose +26.6%, while the Russell 2000 Index of small-cap companies rose just +16.9%.

The **U.S. bond market**, as measured by the Bloomberg U.S. Aggregate Bond Index, rose +5.5% for the year ended December 31, 2023. Interest rates experienced significant swings during the year in response to shifting expectations for the path of monetary policy tightening from the Fed. Returns on U.S. Treasury securities ultimately benefitted from the Fed’s decision in September to pause its tightening campaign in response to slowing inflation. Corporate bonds, bank loans, securitized credit, and other credit-sensitive securities outperformed Treasuries as continued strong economic and corporate fundamentals drove investor demand for credit.

International equity markets returned +15.6% for the year ended December 31, 2023, as measured by the Morgan Stanley Capital International All Country World Index excluding United States net of taxes on dividends (MSCI ACWI ex USA Index net), which represents both developed and emerging international markets outside the United States. Emerging markets (EM) returned +9.8% for the year. Within EM equities, Chinese stocks suffered from a sluggish economy hit by weak consumer spending and a pullback in foreign investment. In contrast, developed European markets including Germany, France, and Denmark saw strong returns during the year. Japan also was a top performer, helped by a weaker currency and an improved economic growth outlook.

The **cash, or short-term investment market**, as measured by the ICE BofA 3-Month U.S. Treasury Bill Index, returned +5.0% for the year ended December 31, 2023. The returns on very short maturity fixed income securities, which are more sensitive to changes in the Fed’s overnight policy rate, were boosted by continued rate hikes by the Fed during the year.

Volunteer Firefighter Account Performance¹ (%)

Underlying SIF Investment Options	As of December 31, 2023				Calendar Year Ending				
	1 Year	3 Year	5 Year	10 Year	2023	2022	2021	2020	2019
U.S. Equity Index Fund	26.0	8.7	15.4	11.6	26.0	-19.2	26.2	21.2	31.1
Broad International Equity Fund	15.6	2.8	8.2	4.5	15.6	-13.7	9.0	11.3	22.4
Bond Fund	7.0	-3.1	1.8	2.4	7.0	-14.1	-1.1	9.7	9.7
Money Market Fund	5.4	2.5	2.1	1.4	5.4	1.9	0.1	0.7	2.4
Volunteer Firefighter Account	14.7	2.2	7.7	6.0	14.7	-15.2	9.7	14.7	18.3
<i>Volunteer Firefighter Account Composite Benchmark²</i>	14.0	2.0	7.2	5.7	14.0	-14.7	9.0	13.1	18.0

¹ Average annual returns include terminated manager performance and reflect the deduction of investment management expenses but does not include SBI administrative fees. Performance greater than one year is annualized. Past performance does not guarantee future results.

² The Composite Benchmark figures aggregate the performance of the underlying asset class benchmarks according to their target weights.

Volunteer Firefighter Account

Overview

Establishment and Investment Structure

Established by *Minnesota Statutes*, Chapter [353G](#), the Statewide Volunteer Firefighter (SVF) Plan was created for eligible local volunteer fire relief associations.

The Supplemental Investment Fund (SIF), established by *Minnesota Statutes*, Section [11A.17](#), enables the SBI to provide efficient investment solutions for various public retirement plans and funds. The SIF structure allows the SBI to offer eligible participating plans the ability to invest in the same asset-class investment options used by the state's pension retirement funds and other retirement plans. In 2010, the Volunteer Firefighter Account was established as a SIF investment option specifically for investing the assets of the SVF Plan.

When a volunteer fire relief association elects to join the SVF Plan, its assets are invested in the Volunteer Firefighter Account on December 31 of the year it elects to join.

Assets in the Volunteer Firefighter Account

The Volunteer Firefighter Account's investment management structure represents a diversified strategy utilizing active and passive management across equities, fixed income, and cash. As of December 31, 2023, approximately \$177.5 million in total Volunteer Firefighter Account assets was allocated among the four SIF investment options listed below.

SIF Investment Options	Assets as of 12/31/23
U.S. Equity Index Fund	\$ 62,069,825
Broad International Equity Fund	\$ 26,834,147
Bond Fund	\$ 79,885,170
Money Market Fund	\$ 8,749,348
Volunteer Firefighter Account	\$ 177,538,490

List of Holdings

For a complete list of holdings, visit msbi.us/asset-listings.

Changes within the SIF Investment Options

One investment manager was removed from the Broad International Equity Fund during the 2023 calendar year. The assets of that manager were reallocated to other managers within the Broad International Equity Fund.

Management of Assets

The SBI is responsible for selecting and monitoring the external investment managers that manage the assets of the Volunteer Firefighter Account. The table below provides a list of the external investment managers for the SIF investment options.

Account Expenses

Investment management fees charged by the external managers and SBI administrative expenses for managing the Volunteer Firefighter Account are listed on page 4 of this Prospectus. The investment management fee and SBI administrative fee are subject to change. Please contact the SBI with any questions regarding SBI fund expenses associated with your account.

Additionally, Public Employees Retirement Association (PERA) charges an annual administrative fee. Please contact PERA with any questions regarding this fee.

External Investment Management of SIF Investment Options

Below are the external investment managers for the respective SIF investment options as of December 31, 2023.

Broad International Equity Fund

Acadian Asset Management
Columbia Threadneedle
Earnest Partners
Fidelity Institutional Asset Management
J.P. Morgan Investment Management
Macquarie Investment Management Advisers
Marathon Asset Management
Martin Currie
Morgan Stanley Investment Management
Neuberger Berman Investment Advisers
Pzena Investment Management
Record Currency Management
State Street Global Advisors
The Rock Creek Group

U.S. Equity Index Fund

BlackRock Institutional Trust Company

Bond Fund

BlackRock Financial Management
Dodge & Cox
Goldman Sachs Asset Management
Neuberger Berman Investment Advisers
Western Asset Management Company

Money Market Fund

State Street Global Advisors

Volunteer Firefighter Account

Investment Option: Volunteer Firefighter Account

The **Volunteer Firefighter Account*** (“Account”) utilizes a diversified, balanced investment approach. The objective of the Account is to earn a return from both capital appreciation (increases in market value) and current yield (dividends from stocks and interest on bonds). The policy allocation targets also consider the objectives of protecting against adverse economic environments and controlling short-term portfolio return volatility. To achieve these objectives, the Account is invested in a mix of domestic equities, international equities, bonds, and cash. As of December 31, 2023, the market value of the Account was approximately \$177.5 million.

Asset Allocation

The Account uses four underlying investment options. The asset class breakdown is listed below.

Domestic Equity	35%
International Equity	15%
Fixed Income	45%
Cash Equivalent	5%
Total Volunteer Firefighter Account	100%

The Account’s investment management structure combines active and passive management.

The **Domestic Equity** segment invests in the U.S. Equity Index Fund, a passively managed portfolio that tracks the returns of the Russell 3000 Index.

The **International Equity** segment invests in the Broad International Equity Fund, which uses active and passive strategies to invest in a broad range of developed and emerging markets outside the U.S. The Fund’s benchmark is the MSCI ACWI ex USA Index (net). Typically, a majority of the Fund is invested in the largest international equities markets (Japan, United Kingdom, France, Switzerland, and Canada). Most of the remainder is invested in other well-established markets in Europe and the Pacific region.

The **Fixed Income** segment invests in the Bond Fund, which is actively managed and seeks to earn returns in excess of the Bloomberg Aggregate U.S. Bond Index. The Fund invests in high quality corporate bonds, mortgage securities, U.S. Government issues, as well as higher-yielding debt issues below investment grade.

The **Cash** segment is invested in the Money Market Fund, a strategy using short-term, high-quality money market instruments. The Fund’s performance is measured against the ICE BofA 3-Month Treasury Bill.

Investment Management

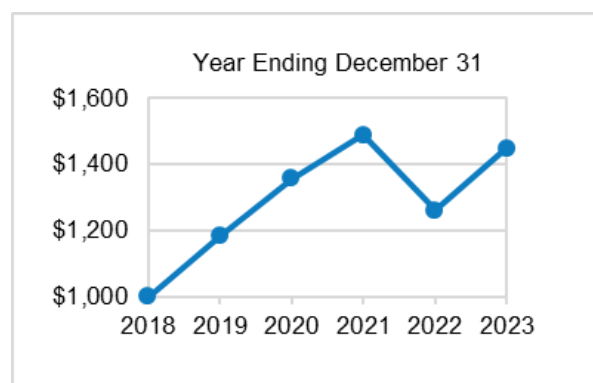
See page 3 for a listing of the investment managers included in the Volunteer Firefighter Account strategy.

Valuation

Participating entities own shares in the Account, much like a mutual fund. The share value is determined daily and is based on the aggregated market value of the entire Account. Any dividend or interest income is reinvested in the Account at the time it is earned. Investment returns reflect all realized and unrealized gains and losses generated by the Account.

Investment Performance

The graph below shows how \$1,000 would have grown over the past five years had it been invested in the Volunteer Firefighter Account. Cumulatively, \$1,000 would have grown to \$1,448.



The table below displays the Account’s share values and returns for the last five years. The annualized (annual compounded) return during this three- and five-year period was +2.2% and +7.7%, respectively. The rate of return for the Account is calculated after investment management fees are paid but before administrative fees are deducted.

Year Ending December 31		
Year	Share Value (\$)	Rate of Return (%)
2023	25.66	14.7
2022	22.38	-15.2
2021	26.39	9.7
2020	24.07	14.7
2019	20.98	18.3

Account Expenses†

The average annual investment management fee for the Volunteer Firefighter Account for CY23 was 0.09%. The investment management fee is charged by the external investment managers responsible for investing the Account’s assets. Additionally, the SBI charges an administrative fee. The annual administrative fee charged in CY23 was 0.009%. The total Account expense (the combination of the investment management fee and SBI administrative fee) in CY23 was approximately 0.10% or \$0.99 per \$1,000 invested.

* A factsheet for this Account is available on the SBI’s website at msbi.us/SIF#facts.

† Investment management fees and administrative fees are subject to change.

Volunteer Firefighter Account

Volunteer firefighter plans must follow the appropriate individual statutes in determining the amount to be invested in any eligible fund(s). (See *Minnesota Statutes*, Chapter [353G](#).)

How to Open a Statewide Volunteer Firefighter (SVF) Plan Account

All volunteer fire relief associations must contact Public Employees Retirement Association (PERA) if interested in transferring into the SVF Plan. PERA will coordinate with the SBI to set up an account. Once the account is established, the SBI will send credentials and instructions for accessing and using the SVF Plan website, which will contain information regarding the account balance, posted/pending transactions, and statements.

Contribution, Withdrawal and Transfers

All contributions, withdrawals, and transfers must be requested through PERA, the plan administrator. Please contact PERA for the required forms.

Investment Option

Volunteer Firefighter Account

Fees[†]

Administrative Fees

PERA's administrative fees are deducted directly from the SVF Plan's funds on an annual basis.

The SBI administrative fee in CY23 was 0.009%. This represents an annual charge of \$0.09 per \$1,000. The SBI deducts administrative fees quarterly.

Investment Management Fees

There are no "front-end" or "back-end" fees charged on contributions, withdrawals, or transfers. All transactions are made using the daily share value established for the Account.

Investment management fees are deducted from the investment earnings in each underlying Fund before the share value for the Account 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 page 4 of this Prospectus for investment management fee information for the Volunteer Firefighter Account.

PERA Contact

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

SBI Contact

Minnesota State Board of Investment
60 Empire Drive, Suite 100
St. Paul, MN 55103-3555
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FAX (651) 296-9572
Investment Items:
Amanda Allen: Amanda.Allen@state.mn.us
Account Questions:
Shirley Baribeau: Shirley.Baribeau@state.mn.us and
SBI Accounting Team: acctg.sbi@state.mn.us

[†]Investment management fees and administrative fees are subject to change. Please contact the SBI with any questions regarding SBI fund expenses associated with your account.



Volunteer Firefighter Account 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.

Executive Director and Staff

The Board retains an Executive Director/CIO 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>.

Board Members

Governor Tim Walz
Attorney General Keith Ellison
State Auditor Julie Blaha
Secretary of State Steve Simon

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/CIO, staff, consultants, and with the advice of various committees.

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>.