



# Volunteer Firefighter Account

Managed by the Minnesota State Board of Investment

Available through the Minnesota Supplemental Investment Fund

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## 2025 Investment Prospectus

Calendar-Year Data as of December 31, 2024

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# Message from Executive Director and Chief Investment Officer

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The Minnesota State Board of Investment (SBI) is pleased to present the Volunteer Firefighter Account Investment Prospectus dated December 31, 2024. 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 Minnesota fire departments that join the Statewide Volunteer Firefighter (SVF) Plan, administered by the Public Employees Retirement Association (PERA).

The Volunteer Firefighter Account is a diversified portfolio comprised 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, 2024, the Volunteer Firefighter Account assets totaled over \$253.2 million from 288 fire departments. The Volunteer Firefighter Account returned +10.4% for the year ended December 31, 2024. The custom benchmark, which represents the policy-weighted performance of the underlying asset group benchmarks, returned +9.7% for the year ended December 31, 2024.

It is an honor to lead the SBI team in service to volunteer firefighters who participate in the Statewide Volunteer Firefighter Plan. We 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 trust and support.

Respectfully submitted,

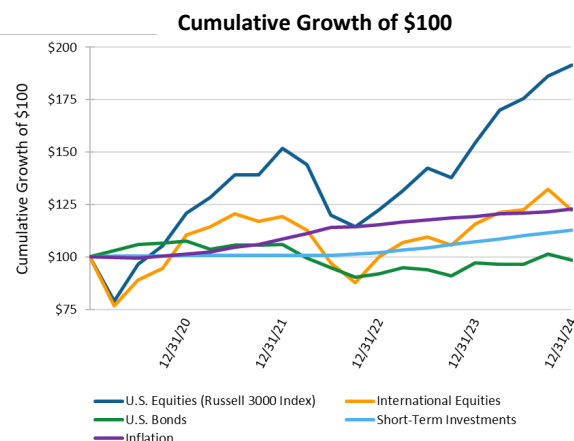


Jill E. Schurtz  
Executive Director and Chief Investment Officer

# 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 Performance (%)					Annualized Performance (%)	
	2024	2023	2022	2021	2020	3 Year	5 Year
<b>U.S. Equities</b>							
Russell 3000 Index	23.8	26.0	-19.2	25.7	20.9	8.0	13.9
<b>International Equities</b>							
MSCI ACWI ex U.S. Index (net)	5.5	15.6	-16.0	7.8	10.7	0.8	4.1
<b>U.S. Bonds</b>							
Bloomberg U.S. Aggregate Index	1.3	5.5	-13.0	-1.5	7.5	-2.4	-0.3
<b>Short-Term Investments</b>							
ICE BofA 3-Month Treasury Bill	5.3	5.0	1.5	0.0	0.7	3.9	2.5
<b>Inflation Rate</b>							
Consumer Price Index CPI-U	2.9	3.3	6.4	7.2	1.3	4.2	4.2

## Calendar Year 2024 Commentary

The **U.S. equity market**, as measured by the Russell 3000 index, rose +23.8% for the year ended December 31, 2024. Growth stocks, as measured by the Russell 3000 Growth Index (+32.5%), outperformed value stocks by a wide margin (the Russell 3000 Value Index gained +14.0%). Performance within the U.S. market continued to be heavily influenced 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 roughly half of the total performance of the Russell 3000 during the calendar year as robust consumer spending and expectations of Fed rate cuts helped to propel markets higher. More broadly, large-cap stocks outperformed small-cap stocks during the year. The Russell 1000 Index of large-cap companies rose +24.5%, while the Russell 2000 Index of small-cap companies rose just +11.5%.

The **U.S. bond market**, as measured by the Bloomberg U.S. Aggregate Bond Index, rose +1.3% for the year ended December 31, 2024. Returns on U.S. Treasury securities were largely flat during the year in response to the Fed’s decision to pause its tightening campaign beyond the anticipated three cuts in 2024 in response to sticky 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 +5.5% for the year ended December 31, 2024, as measured by the Morgan Stanley Capital International All Country World Index excluding U.S. net of taxes on dividends (MSCI ACWI ex U.S. Index net), which represents both developed and emerging international markets outside the U.S. Emerging markets (EM) returned +7.5% for the year. Within EM equities, Chinese stocks rebounded sharply in the second half of the year after concerns over weak consumer spending and a pullback in foreign investment faded. Developed international markets, including Canada, Japan, Germany, and France, all posted strong returns for the calendar year despite U.S. dollar strength acting as a headwind for much of the year.

The **cash, or short-term investment market**, as measured by the ICE BofA 3-Month Treasury Bill Index, returned +5.3% for the year ended December 31, 2024. Yields on very short maturity fixed income securities, which are sensitive to changes in the Fed’s overnight policy rate, remained elevated as the Fed paused rate cuts during the year.

## Volunteer Firefighter Account Performance<sup>1</sup> (%)

Underlying SIF Investment Option	As of December 31, 2024			Calendar Year-End				
	3 Year	5 Year	10 Year	2024	2023	2022	2021	2020
U.S. Equity Index Fund	8.1	14.1	12.6	23.8	26.0	-19.2	26.2	21.2
Broad International Equity Fund	2.4	5.5	5.7	7.8	15.6	-13.7	9.0	11.3
Bond Fund	-2.2	0.3	1.9	1.9	7.0	-14.1	-1.1	9.7
Money Market Account	4.3	2.7	2.0	5.5	5.4	1.9	0.1	0.7
<b>Volunteer Firefighter Account</b>	<b>2.4</b>	<b>6.2</b>	<b>6.4</b>	<b>10.4</b>	<b>14.7</b>	<b>-15.2</b>	<b>9.7</b>	<b>14.7</b>
<i>Volunteer Firefighter Account Composite Benchmark<sup>2</sup></i>	2.2	5.6	6.0	9.7	14.0	-14.7	9.0	13.1

<sup>1</sup>Average annual performance includes terminated manager performance. Performance reflects the deduction of investment management fees. Performance greater than one year is annualized. Past performance does not guarantee future results.

<sup>2</sup>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 in 2009 by Minnesota Statutes, Chapter [353G](#), the Statewide Volunteer Firefighter (SVF) Plan was created for eligible fire departments as an option for existing volunteer firefighter pension plans and for fire departments that do not currently have a pension plan for their volunteer firefighters.

The Volunteer Firefighter Account was established as the investment option specifically for investing the assets of the SVF Plan. This investment option is part of the Supplemental Investment Fund (SIF) platform. The Supplemental Investment Fund platform was established by Minnesota Statutes, Section [11A.17](#), and 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.

When a fire department 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 approach utilizes active and passive strategies across equities, fixed income, and cash. As of December 31, 2024, approximately \$253.2 million in total Volunteer Firefighter Account assets was allocated as listed in the table below.

SIF Investment Options	Assets as of 12/31/2024
U.S. Equity Index Fund	\$ 90,083,458
Broad International Equity Fund	\$ 37,351,163
Bond Fund	\$ 113,921,709
Money Market Account	\$ 11,892,953
<b>Volunteer Firefighter Account</b>	<b>\$ 253,249,283</b>

### List of Holdings

For a list of domestic and international equities, fixed income, and cash equivalent securities owned by the SBI, visit [msbi.us/asset-listings](https://msbi.us/asset-listings).

### Calendar Year 2024 Changes

In the Broad International Equity Fund, two investment managers were removed during the 2024 calendar year. The assets invested by those managers were reallocated to other managers within the Broad International Equity Fund.

In the Bond Fund, one investment manager was removed during the 2024 calendar year. The assets of that manager were reallocated to other managers within the Bond 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 each of the 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, the Public Employees Retirement Association (PERA) charges an annual administrative fee. Please contact PERA with any questions regarding this fee.

## External Investment Management

Below are the external investment managers for the components of the Volunteer Firefighter Account as of December 31, 2024.

### 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  
Pzena Investment Management  
Record Currency Management  
State Street Global Advisors

### U.S. Equity Index Fund

BlackRock Institutional Trust Company

### Bond Fund

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

### Money Market Account

State Street Global Advisors

# Volunteer Firefighter Account

## Investment Option: Volunteer Firefighter Account

The **Volunteer Firefighter Account**<sup>1</sup> ("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, 2024, the market value of the Account was approximately \$253.2 million.

### Asset Allocation

The Account uses four underlying asset classes, allocated as follows:

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

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 U.S. 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 Account, a strategy using short-term, high-quality money market instruments. The Account's performance is measured against the ICE BofA 3-Month Treasury Bill Index.

### Investment Management

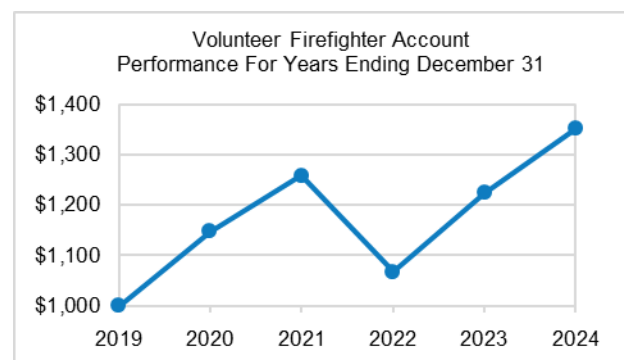
See page 3 for a listing of the investment managers included in the Volunteer Firefighter Account strategy.

### 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 \$1,350.



The table below displays the Account's share values and returns for the last five years. The annualized (annual compounded) performance during this three- and five-year period was +2.4% and +6.2%, respectively. The rate of return for the Account is calculated after investment management fees are paid but before administrative fees are deducted.

Years Ending December 31		
Year	Share Value (\$)	Rate of Return (%)
2024	28.33	10.4
2023	25.66	14.7
2022	22.38	-15.2
2021	26.39	9.7
2020	24.07	14.7

### Account Expenses<sup>2</sup>

The average annual investment management fee for the Volunteer Firefighter Account for CY24 was 0.08%. 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 CY24 was 0.01%. The total Account expense (the combination of the investment management fee and SBI administrative fee) in CY24 was approximately 0.09% or \$0.92 per \$1,000 invested.

<sup>1</sup>A factsheet for this Account is available on the [SBI website](#).

<sup>2</sup>Investment management fees and administrative fees are subject to change.

# Volunteer Firefighter Account

## Procedures

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

Fire departments and 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<sup>1</sup>

#### Administrative Fees

The **PERA** administrative fee is deducted directly from the SVF Plan's funds on an annual basis.

The **SBI** administrative fee in CY24 was 0.01%. This represents an annual charge of \$0.11 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 Information

Public Employees Retirement Association  
60 Empire Drive, Suite 200  
St. Paul, MN 55103  
Phone: (651) 296-3636  
Fax: (651) 297-2547  
PERA Accounting Team: [PERASVF@mnpera.org](mailto:PERASVF@mnpera.org)

### SBI Contact Information

Minnesota State Board of Investment  
60 Empire Drive, Suite 100  
St. Paul, MN 55103  
Phone: (651) 296-3328  
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**Investment Questions:**  
Amanda Allen: [Amanda.Allen@state.mn.us](mailto:Amanda.Allen@state.mn.us)  
**Account Questions:**  
Shirley Baribeau: [Shirley.Baribeau@state.mn.us](mailto:Shirley.Baribeau@state.mn.us) and  
SBI Accounting Team: [acctg.sbi@state.mn.us](mailto:acctg.sbi@state.mn.us)

<sup>1</sup>Investment management fees and administrative fees are subject to change. Please contact PERA with any questions regarding PERA administrative fees, and the SBI with any questions regarding SBI administrative fees or investment management fees.



# Volunteer Firefighter Account Investment Prospectus

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## About the SBI

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### 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.

### 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.

### Executive Director and Staff

The Board retains an Executive Director/CIO and staff to meet the objectives of the Board, execute its policies, and manage the SBI's day-to-day investment activities and operations. A listing of SBI staff can be found on the SBI website at <https://msbi.us/staff>.

### 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>.

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