

Legislative Commission on Pensions and Retirement

August 28, 2013

Overview

by the

Minnesota State Board of Investment

MINNESOTA STATE BOARD OF INVESTMENT

Members

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

INVESTMENT ADVISORY COUNCIL

17 Members

10 Members from the Local Community

Commissioner of Management and Budget

Executive Director of MSRS

Executive Director of PERA

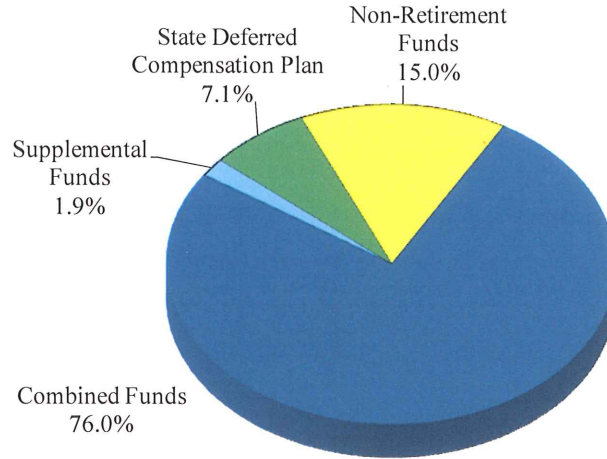
Executive Director of TRA

Two Active Employees

One Retired Employee

Internal Staff of 22

FUNDS UNDER MANAGEMENT



6/30/2013 Market Value (Billions)

Retirement Funds

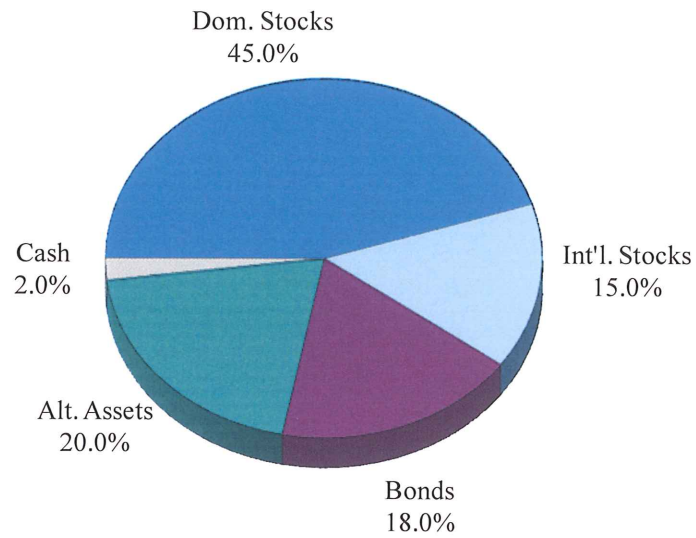
Combined Funds	\$52.1
Supplemental Investment Fund	1.3
- Excluding Deferred Compensation Plan Assets	
State Deferred Compensation Plan	4.9

Non-Retirement Funds

Assigned Risk Plan	0.3
Permanent School Fund	0.9
Environmental Trust Fund	0.7
Miscellaneous Trust Accounts	0.1
Other Post Employment Benefits Accounts	0.4
State Cash Accounts	7.9

Total	\$68.6
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Asset Allocation

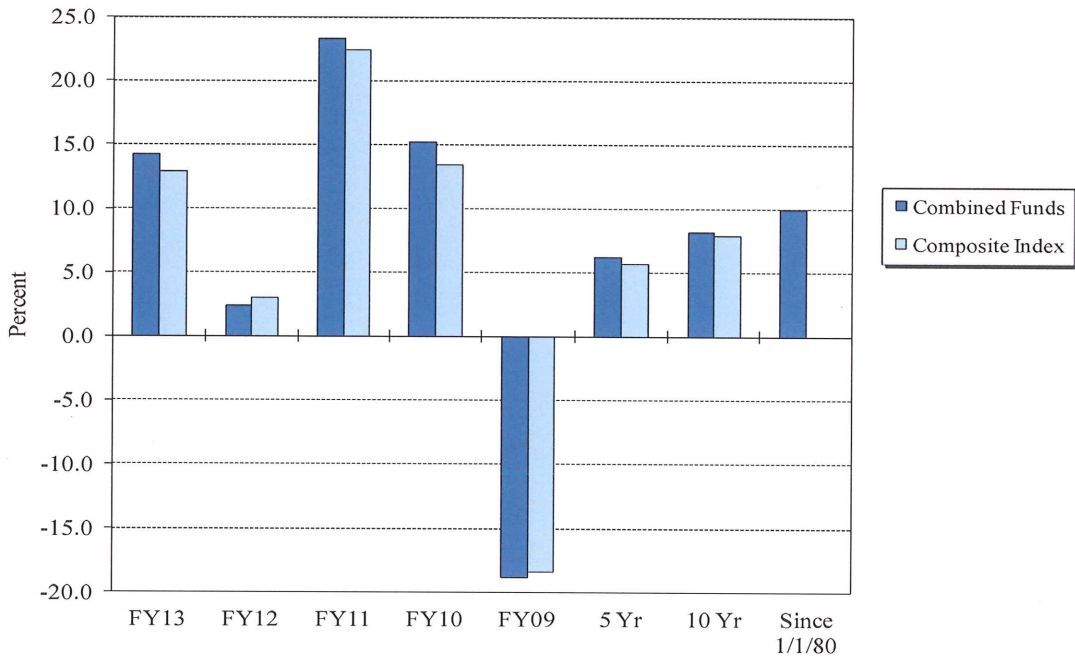


	Policy Targets
Domestic Stocks	45.0%
Int'l Stocks	15.0
Bonds	18.0
Alternative Assets*	20.0
Cash	2.0
	100.0%

*Any uninvested allocation is held in bonds.

**COMBINED FUNDS
(LONG TERM PERFORMANCE)
Thru 6/30/13**

**Total Fund
vs.
Composite**



**Annualized Returns
Periods Ending June 30, 2013**

	FY13	FY12	FY11	FY10	FY09	5 Yr.	10 Yr.	Since 1/1/80*
Combined Funds	14.2%	2.4%	23.3%	15.2%	-18.8%	6.2%	8.2%	10.0%
Composite	12.9	3.0	22.4	13.4	-18.4	5.7	7.9	N/A
Difference	+1.3	-0.6	+0.9	+1.8	-0.4	+0.5	+0.3	N/A

* SBI audited data available back to 1/1/80 (33.5 years as of 6/30/13). Composite inception date is 1/1/84.

**Total Portfolio
Long-Term Capital Market Expectations
Return and Volatility**

	<u>Real Rate of Return</u>	<u>Nominal Return</u>	<u>Volatility</u>
2008 Asset Allocation Study	6.36%	9.36%	13.41%
2011 Study	5.36	8.36	13.43
BlackRock	5.56	8.56	14.35
PCA	5.59	8.59	13.16
Wilshire	4.27	7.27	12.84
Credit Suisse	6.49	9.49	14.19
Goldman	5.12	8.12	14.05
JP Morgan	4.34	7.34	13.02
UBS	6.32	9.32	11.78
State Street	4.03	7.03	13.26
Inflation		3.00	