

**House Committee on
State Government Finance**

March 17, 2011

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 Investment Community

Commissioner of Finance

Executive Director of MSRS

Executive Director of PERA

Executive Director of TRA

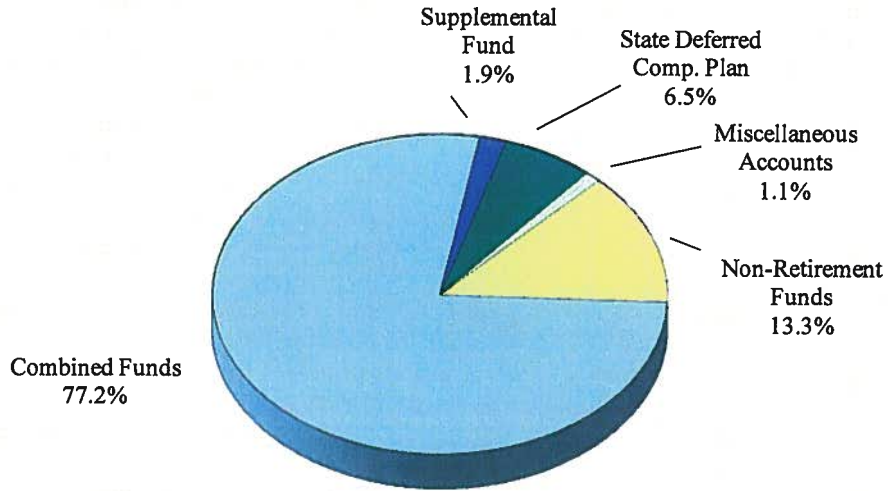
Two Active Employees

One Retired Employee

Internal Staff of 21

EXECUTIVE SUMMARY

Funds Under Management



	6/30/2010 Market Value (Billions)
Retirement Funds	
Combined Funds	\$40.5
Supplemental Investment Fund	1.0
- Excluding Deferred Compensation Plan Assets	
State Deferred Compensation Plan	3.4
Non-Retirement Funds	
Assigned Risk Plan	0.3
Permanent School Fund	0.7
Environmental Trust Fund	0.5
State Cash Accounts	5.5
Miscellaneous Accounts	0.6
Total	\$52.5

Investment Results

Combined Funds

COMBINED FUNDS

Objective #1:

Provide Real Return Over 20 Years

Provide real rates of return that are 3-5 percentage points greater than the rate of inflation over moving 20 year periods.

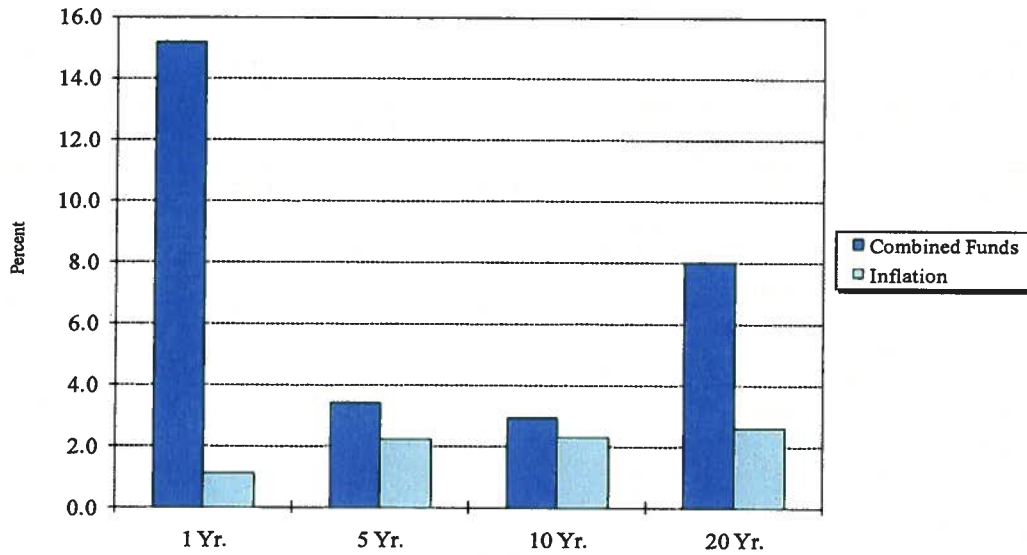
Objective #2:

Match or Exceed Composite Market Index Over 10 Years

Match or outperform a composite market index weighted in a manner that reflects the long-term asset allocation of the Combined Funds over moving 10 year periods.

COMBINED FUNDS

Total Fund vs. Inflation

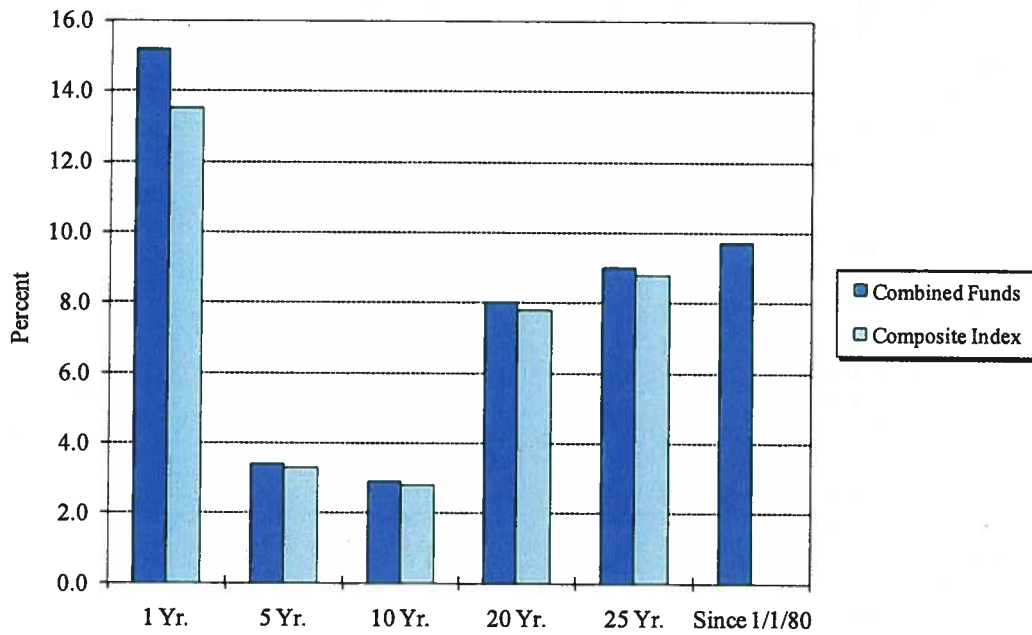


Annualized Returns Periods Ending June 30, 2010

	1 Yr.	5 Yr.	10 Yrs.	20 Yrs.
Combined Funds	15.2%	3.4%	2.9%	8.0%
Inflation (CPI)	1.1	2.2	2.3	2.6
Difference	+14.2	+1.2	+0.6	+5.4

**COMBINED FUNDS
(LONG TERM PERFORMANCE)
THRU 6/30/10**

**Total Fund
vs.
Composite**



**Annualized Returns
Periods Ending June 30, 2010**

	1 Yr.	5 Yrs.	10 Yr.	20 Yr.	25 Yr.	Since 1/1/80*
Combined Funds	15.2%	3.4%	2.9%	8.0%	9.0%	9.7%
Composite	13.5	3.3	2.8	7.8	8.8	N/A
Difference	+1.7	+0.1	+0.2	+0.2	+0.2	N/A

* SBI audited data available back to 1/1/80 (30 ½ years as of 6/30/10).

BIENNIAL BUDGET

General Fund Appropriations

	<u>FY 2012</u>	<u>FY 2013</u>
Agency Request	\$146,000	\$146,000
Governor Recommendation	\$146,000	\$146,000

The balance of the SBI's budget is funded by billing those organizations for which it provides investment services. The total SBI budget, which is currently recommended to be \$3,272,500 is annually reviewed by the Board's Administrative Committee and approved by the Board.