

Core Fixed Income

As of June 30, 2026



Minnesota State Board of Investment Non-Retirement Bond Fund

KEY FACTS

Inception Date	01 December 2017
Market Value ('000)	2,168,895
Benchmark	Bloomberg U.S. Aggregate Bond Index
Avg Annual Investment Management Fee as of 03.30.26	0.09%

FUND OBJECTIVE

Over the most recent five-year period, the actual portfolio shall have a realized active risk level relative to the benchmark not to exceed 1.5 where active risk is the annualized standard deviation of the Manager's excess returns relative to the benchmark. A portfolio information ratio of 0.50 or greater over the most recent five-year period, where the information ratio is the annualized excess return over the benchmark, net of fees and expenses, divided by the annualized standard deviation of excess return over the benchmark.

INVESTMENT STRATEGY

The Core Fixed Income Strategy is an actively managed, multi-sector, investment grade fixed income strategy that emphasizes relative-value based sector allocation, research-based security selection, and modest duration and yield curve positioning.

PORTFOLIO MANAGEMENT

Gregory Peters, Co-Chief Investment Officer and Co-Head
Richard Piccirillo, Co-Head
Robert Tipp, Co-Head
Matthew Angelucci, Portfolio Manager
Tyler Thorn, Portfolio Manager

MARKET

Markets through June 2026 remained focused on the balance between resilient economic growth and persistent inflation pressures, as investors weighed strong labor market conditions, continued AI-driven investment, and evolving Federal Reserve policy. Economic activity remained solid, supported by business investment, consumer spending, and ongoing AI-related capital expenditures, while labor market conditions continued to tighten despite a moderation in payroll growth. Inflation remained elevated, particularly within the services sector, though broader price pressures continued to show signs of gradual moderation.

The Federal Reserve maintained its policy rate at 3.50%–3.75% during the quarter but adopted a more hawkish tone under new Chair Kevin Warsh, emphasizing a renewed commitment to restoring inflation to its 2.0% target. Policymakers highlighted persistent inflation risks stemming from labor market strength, ongoing AI-related investment, potential tariff actions, and geopolitical uncertainty. As a result, market expectations shifted toward a higher likelihood of future rate increases, contributing to upward pressure on shorter-term Treasury yields and a flatter yield curve. While economic growth remained resilient, investors continued to navigate an environment characterized by elevated inflation, evolving monetary policy, and ongoing geopolitical risks.

PORTFOLIO

The portfolio outperformed the benchmark by 9 bps (net) during Q2 through a culmination of industry/issue selection and sector allocation. An overweight in investment grade corporates and non-agency commercial mortgage backed securities were major drivers of outperformance. Positioning in Banking and Cable & Satellite issuers such as JP Morgan Chase & Co and Charter Communications Inc. detracted from returns. Excess returns from duration and curve positioning were flat.

Portfolio Performance Net Returns



	Last 3 Months %	1 Year %	2 Year %	3 Year %	5 Year %	7 Year %	Since Inception %
Net	0.76	4.19	5.31	4.72	0.28	1.54	2.08
Benchmark	0.67	3.79	4.93	4.16	0.08	1.22	1.75
Increment (Net)	+0.09	+0.40	+0.38	+0.57	+0.20	+0.32	+0.33

MNSBICORE

Benchmark: Bloomberg U.S. Aggregate Bond Index

For historical benchmark details please see Important Information page.

The Since Inception performance is measured as of: 12/01/2017. Performance reported in USD

Refer to Portfolio Summary glossary for definitions

Core Fixed Income

As of June 30, 2026



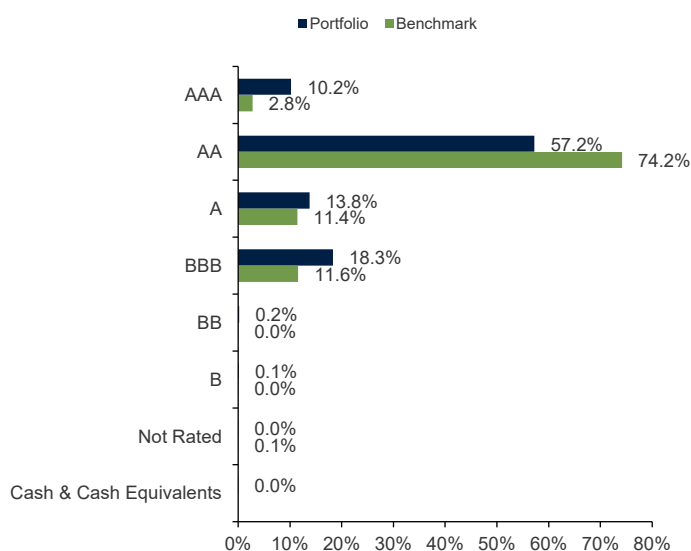
Portfolio Characteristics

	Portfolio	Benchmark
NAV ('000)	2,168,895	
Effective Duration (yrs)	5.82	5.80
Effective Convexity	0.43	0.43
Effective Yield (%)	4.91	4.74
Weighted Average Life (yrs)	8.12	8.14
Option Adjusted Spread (bps)	42	26
Average Coupon (%)	3.69	3.74
Average Quality (Moody's)	Aa3	Aa2
Number of Holdings	844	14173

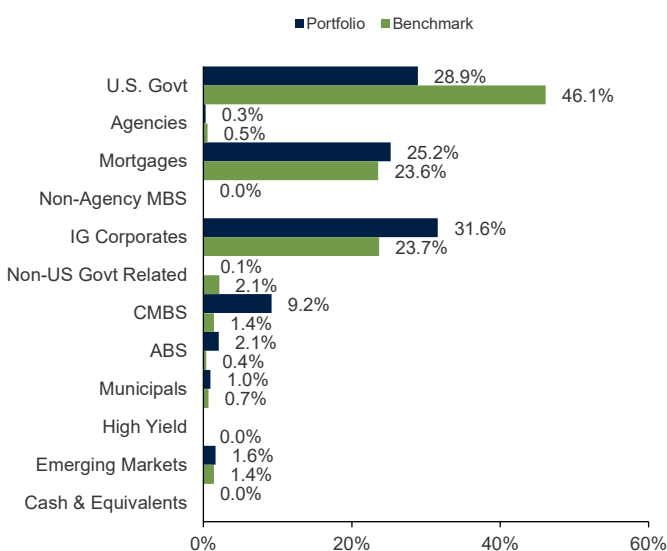
Top 10 Issuers by Portfolio Weight

Issuer	Portfolio (%)
UNITED STATES OF AMERICA	34.3
FEDERAL NATIONAL MORTGAGE ASSOCIATION	10.4
FEDERAL HOME LOAN MORTGAGE CORPORATION	8.8
SANTANDER AUTO	1.7
MORGAN STANLEY	1.6
JPMORGAN CHASE & CO	1.3
CITIGROUP INC	1.0
WELLS FARGO & COMPANY	0.8
BANK OF AMERICA CORP	0.8
GOLDMAN SACHS GROUP INC/THE	0.7

Quality Allocation



Sector Allocation



Footnotes

Performance

Past performance is not a guarantee or a reliable indicator of future results. Portfolio returns are calculated using internal market value. Benchmark returns are calculated from an internal attribution model, therefore, may differ slightly from published returns. Net returns are based on an estimated fee rate and net of management fees only.

Quality Allocation

This methodology will rate a security the highest rating of the ratings agencies (Moody's, S&P, and Fitch). If only one rating agency rates a security, then that one rating will be used.

The Composite Rating(s) (Quality) is developed by Company using ratings issued by ratings agencies. Ratings are statements of opinion and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the market value of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice. Although ratings provided by S&P Global Market Intelligence (together with its affiliates, "S&P") may be used as an input in creating the Composite Rating, S&P does not sponsor, endorse or promote the Composite Rating. S&P shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs or losses caused by negligence) in connection with any use of the Composite Rating or any ratings used as an input thereto. To the extent that the Composite Rating has been created using a rating provided by S&P, such rating was used under license from S&P and S&P reserves all rights with respect to such rating.

MNSBICORE

Benchmark: Bloomberg U.S. Aggregate Bond Index

For historical benchmark details please see Important Information page.

The Since Inception performance is measured as of: 12/01/2017. Performance reported in USD

Refer to Portfolio Summary glossary for definitions

Core Fixed Income

Glossary of Terms

- **Average Coupon:** The sum of the par weighted average coupon rates for each of the securities in the portfolio
- **Average Quality:** The sum of the weighted average quality ratings for each of the securities in the portfolio. The rating of a fixed income security is the investment quality as determined by a Nationally Recognized Statistical Rating Organization (e.g. Moody's, S&P, and Fitch). These rating agencies rate securities on the basis of risk and the issuer's ability to make interest payments
- **Beta Coefficient:** A measure of a security's volatility relative to the overall market. Represents the susceptibility of a portfolio's return to movements in the market as a whole. A beta of one implies that the security moves with the market, a beta greater than one implies a security is more volatile than the market, and a beta less than one implies that the security will be less volatile than the market
- **Current Yield:** The annual rate of return on a fixed income security or portfolio. It is calculated as the annual coupon rate divided by the current market price
- **Effective Convexity:** Refers to the nonlinear relationship between the value of a fixed income instrument and its yield. During large shifts in yields, the price of a bond with no embedded options will increase or decrease greater than that predicted by duration, due to the convex nature of the yield curve. Convexity approximates this curvature of the price-to-yield relationship and is added to the calculation to better estimate the price change (similar to effective duration, effective convexity assumes cash flows change due to yield curve movements)
- **Effective Duration (option adjusted duration):** Effective duration also measures sensitivity of a bond's price to a change in interest rates but takes into consideration the change in a bond's cash flows due to embedded options. It requires the use of a complex model for pricing bonds that adjusts the price of the bond to reflect changes in the value of the bond's "embedded options" based on the probability that the option will be exercised due to interest rate movements
- **Effective Yield:** Unlike current yield, effective yield assumes compounded reinvestment of the coupon payment using the coupon rate
- **Information Ratio:** A measure of risk-adjusted performance. It measures a portfolio manager's ability to produce excess returns relative to its tracking error. The higher information ratio the greater the risk-adjusted return
- **Key Rate Duration:** Key Rate Durations (KRDs) measure an asset's or portfolio's price sensitivity to independent shifts along the yield curve at selected "key" points. KRDs are computed by decreasing and increasing each individual key spot rate by some number of basis points (e.g., ± 50 bps or ± 100 bps) and re-computing the security's price given that shift, holding all other spot rates along the term structure constant
- **Modified Duration:** The approximate percentage change in price for a hundred basis point change in yield assuming that cash flows are fixed as rates change
- **Option Adjusted Spread:** Option-Adjusted Spread (OAS) is the average spread of a security, quoted in basis points, over the entire Treasury curve after factoring out the value of embedded options. Often used as an indicator of the relative value of a security
- **Sharpe Ratio:** A measure of risk-adjusted performance relative to the risk-free rate. The Sharpe ratio is calculated by subtracting the risk-free rate from the rate of return for the portfolio, and dividing the result by the standard deviation of the portfolio returns. A higher Sharpe ratio indicates better historical risk-adjusted performance
- **Spread Duration:** Measures the security's sensitivity to changes in yield spreads. Yield spreads are the incremental yield over comparable Treasury securities that a security is currently delivering. The calculation is identical to that for effective duration except that the security's effective spread is adjusted up and down rather than interest rates
- **Standard Deviation:** A statistical measurement of dispersion measuring volatility of portfolio (security) returns. A larger standard deviation represents a more volatile investment
- **Tracking Error (ex-ante):** Measures the expected variation of the portfolio's return versus its benchmark due to active positioning
- **Tracking Error (ex-post):** Measures the amount the portfolio's performance varies from that of its benchmark. It is the standard deviation of the portfolio's excess return versus its benchmark
- **Weighted Average Life:** Denotes the weighted average time in years to receipt of principal. For bonds with bullet maturities, the WAL is the years to maturity. For amortizing bonds, the WAL is principal weighted by time and will give an average time to receipt of a one dollar of principal. For mortgage products the average life is computed assuming base case prepayments. For callable bonds, the average life provided is the "average life to worst". The WAL is often used to determine which Treasury yield will be the benchmark for pricing the security
- **Yield to Maturity:** The rate that discounts future cash flows to the current market price, bonds IRR (Internal Rate of Return)
- **Yield to Worst:** Provides lowest yield possible for a security given the current price, taking into account both call dates and maturity

Important Information



Important Information

For Professional Investors only. All investments involve risk, including the possible loss of capital.

PGIM is the principal asset management business of Prudential Financial, Inc. and a trading name of PGIM, Inc. and its global subsidiaries and affiliates. PGIM, Inc. is an investment adviser registered with the U.S. Securities and Exchange Commission (the "SEC"), and is a Prudential Financial, Inc. ("PFI") company. Registration with the SEC as an investment adviser does not imply a certain level or skill or training. PFI of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom. Prudential, PGIM, their respective logos and the Rock symbol are service marks of PFI and its related entities, registered in many jurisdictions worldwide.

These materials are for informational or educational purposes. The information is not intended as investment advice and is not a recommendation about managing or investing assets. In providing these materials, PGIM is not acting as your fiduciary. Clients seeking information regarding their particular investment needs should contact their financial professional.

This document may contain confidential information and the recipient hereof agrees to maintain the confidentiality of such information. Distribution of this information to any person other than the person to whom it was originally delivered and to such person's advisers is unauthorized, and any reproduction of this document, in whole or in part, or the divulgence of any of its contents, without PGIM's prior written consent, is prohibited. This document contains the current opinions of the manager and such opinions are subject to change. Certain information in this document has been obtained from sources that PGIM believes to be reliable as of the date presented; however, PGIM cannot guarantee the accuracy of such information, assure its completeness, or warrant such information will not be changed. The information contained herein is current as of the date of issuance (or such earlier date as referenced herein) and is subject to change without notice. PGIM has no obligation to update any or all such information; nor do we make any express or implied warranties or representations as to its completeness or accuracy. Any information presented regarding the affiliates of PGIM is presented purely to facilitate an organizational overview and is not a solicitation on behalf of any affiliate.

These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument or any investment management services. These materials do not constitute investment advice and should not be used as the basis for any investment decision.

This material may contain examples of the firm's internal ESG research program and is not intended to represent any particular product's or strategy's performance or how any particular product or strategy will be invested or allocated at any particular time. PGIM's ESG policies and procedures, rankings and factors may change over time, in PGIM's discretion. ESG investing is qualitative and subjective by nature; there is no guarantee that the criteria used or judgment exercised by PGIM will reflect the beliefs or values of any investor. Information regarding certain ESG practices may be obtained through third-party reporting, which may not be accurate or complete, and PGIM depends on this information to evaluate a company's commitment to, or implementation of, ESG practices. ESG norms differ by region. Accounts managed by PGIM may or may not hold instruments issued by any of the issuers that may be discussed herein. Nothing contained herein should be construed as limiting the investments or strategies that PGIM can pursue when managing a client account. There is no assurance that PGIM's ESG investing techniques will be successful.

These materials do not take into account individual client circumstances, objectives or needs. No determination has been made regarding the suitability of any securities, financial instruments or strategies for particular clients or prospects. The information contained herein is provided on the basis and subject to the explanations, caveats and warnings set out in this notice and elsewhere herein. Any discussion of risk management is intended to describe PGIM's efforts to monitor and manage risk but does not imply low risk. No risk management technique can guarantee the mitigation or elimination of risk in any market environment. Any risk metrics or portfolio characteristics provided are not, and should not be construed as, the past or projected performance of the strategy presented or any investment, which will be impacted by a number of factors not reflected herein. These materials do not purport to provide any legal, tax or accounting advice. These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation.

Any financial indices referenced herein as benchmarks are provided for informational purposes only. The use of benchmarks has limitations because portfolio holdings and characteristics will differ from those of the benchmark(s), and such differences may be material. You cannot make a direct investment in an index. Factors affecting portfolio performance that do not affect benchmark performance may include portfolio rebalancing, the timing of cash flows, credit quality, diversification, and differences in volatility. In addition, financial indices do not reflect the impact of fees, applicable taxes or trading costs which reduce returns. Unless otherwise noted, financial indices assume reinvestment of dividends.

Any forecasts, estimates and certain information contained herein are based upon proprietary research and should not be interpreted as investment advice, as an offer or solicitation, nor as the purchase or sale of any financial instrument. Forecasts and estimates have certain inherent limitations, and unlike an actual performance record, do not reflect actual trading, liquidity constraints, fee. These materials are not intended as an offer or solicitation with respect to the purchase or sale of any security or other financial instrument or any investment management services and should not be used as the basis for any investment decision. PGIM and its affiliates may make investment decisions that are inconsistent with the recommendations or views expressed herein, including for proprietary accounts of PGIM or its affiliates.

Any performance targets contained herein are subject to revision by PGIM and are provided solely as a guide to current expectations. There can be no assurance that any product or strategy described herein will achieve any targets or that there will be any return of capital.

Important Information



Target annualized excess returns are presented on both a gross and net basis solely for the purpose of detailing the anticipated risk and reward characteristics of the strategy in order to facilitate comparisons with other investment types. Gross targets do not reflect the deduction of fees and other expenses to be borne by accounts using the strategy, which will reduce returns and, in the aggregate, may be substantial. Net targets reflect the deduction of model fees and expenses equal to the highest fees borne by a portfolio utilizing the strategy. The target returns presented herein are not a prediction, projection, expectation or guarantee of future performance. There are significant risks and limitations in using target returns, including targets that are based upon assumptions regarding future events and situations, which may prove not to be accurate or may not materialize. Further, the target returns stated herein are based on an assumption that economic, market and other conditions will not deteriorate and, in some cases, will improve. The target returns are also based on models, estimates and assumptions about performance believed to be reasonable under the circumstances, but actual returns of the strategy and its investments will depend on, among other factors, the ability to consummate attractive investments, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the targeted returns are based. PGIM believes that the target returns for the strategy and each investment type reflect in part a measure of the risk PGIM will be taking with respect to the strategy and investments in that investment type. There can be no assurance that any investments, any of the investment types or the strategy will achieve comparable returns to those targeted herein or that PGIM will be able to implement its investment strategy and investment approach or achieve its investment objectives. Target returns do not take into account cash flows into and out of the portfolio, as well as other factors, which could have an impact on actual performance of a client utilizing the strategy. Accordingly, target returns should not be used as a primary basis for an investor's decision to invest in the strategy.

Tracking Error (TE) is one possible measurement of the dispersion of a portfolio's returns from its stated benchmark; it is the standard deviation of such excess returns. TE figures are representations of statistical expectations falling within "normal" distributions of return patterns. Normal statistical distributions of returns suggests that approximately two thirds of the time the annual gross returns of the accounts will lie in a range equal to the benchmark return plus or minus the TE if the market behaves in a manner suggested by historical returns. Targeted TE therefore applies statistical probabilities (and the language of uncertainty) and so cannot be predictive of actual results. In addition, past tracking error is not indicative of future TE and there can be no assurance that the TE actually reflected in your accounts will be at levels either specified in the investment objectives or suggested by our forecasts.

In the **United Kingdom**, information is issued by PGIM Limited with registered office at Grand Buildings, 1-3 Strand, Trafalgar Square, London, WC2N 5HR, which is authorised and regulated by the Financial Conduct Authority ("FCA") of the United Kingdom (Reference No. 193418). In the **European Economic Area** ("EEA"), information may be issued by PGIM Investments (Ireland) Limited, PGIM Netherlands B.V. or PGIM Limited depending on the jurisdiction. PGIM Investments (Ireland) Limited, with registered office at 2nd Floor, 5 Earlsfort Terrace, Dublin 2, Ireland, is authorised and regulated by the Central Bank of Ireland (Reference No. C470709) and operates on the basis of a European passport and through its branches in Italy, Germany and the Netherlands. PGIM Netherlands B.V., with registered office at Eduard van Beinumstraat 6, 1077CZ, Amsterdam, The Netherlands, is authorised by the Autoriteit Financiële Markten ("AFM") in the Netherlands (Registration No. 15003620) and operates on the basis of a European passport. In certain EEA countries, information is, where permitted, presented by PGIM Limited in reliance on provisions, exemptions or licenses available to PGIM Limited including those available under temporary permission arrangements following the exit of the United Kingdom from the European Union. This information is issued by PGIM Limited, PGIM Investments (Ireland) Limited and/or PGIM Netherlands B.V. to persons in the UK who are professional clients as defined under the rules of the FCA and/or to persons in the EEA who are professional clients as defined in the relevant local implementation of Directive 2014/65/EU (MiFID II). In **Switzerland**, information is issued by PGIM Limited, through its representative office in Zurich with registered office at Limmatquai 4, 8001 Zürich, Switzerland, which is authorised and regulated by the Swiss Financial Market Supervisory Authority ("FINMA"). This information is issued to persons in Switzerland who are professional or institutional clients within the meaning of Art.4 para 3 and 4 FinSA. In **Singapore**, information is presented by PGIM (Singapore) Pte. Ltd., a regulated entity with the Monetary Authority of Singapore under a Capital Markets Services License to conduct fund management and an exempt financial adviser. The information is issued by PGIM Singapore for the general information of "institutional investors" pursuant to Section 304 of the Securities and Futures Act 2001 of Singapore (the "SFA") and "accredited investors" and other relevant persons in accordance with the conditions specified in Section 305 of the SFA. In **Japan**, information is presented by PGIM Japan Co. Ltd. ("PGIM Japan") and/or PGIM Real Estate (Japan) Ltd. ("PGIMREJ"). Both PGIM Japan and PGIMREJ are registered Financial Instruments Business Operator registered with the Financial Services Agency of Japan offers investment management services in Japan. PGIMREJ is a Japanese real estate asset manager registered with the Kanto Local Finance Bureau of Japan. In **South Korea**, information is presented by PGIM, Inc., which is licensed with the Financial Service Commission of South Korea to provide cross-border discretionary investment management services directly to South Korean qualified institutional investors. In **Hong Kong**, information is provided by PGIM (Hong Kong) Limited, a regulated entity with the Securities & Futures Commission in Hong Kong to professional investors as defined in Section 1 of Part 1 of Schedule 1 of the Securities and Futures Ordinance (Cap.571). In **Australia**, information is issued by PGIM (Australia) Pty Ltd ("PGIM Australia") for the general information of its wholesale clients (as defined in the Corporations Act 2001). PGIM Australia is an Australian financial services ("AFS") licence holder (AFS licence number 544946). In **Canada**, pursuant to the international adviser registration exemption in National Instrument 31-103, PGIM, Inc. is informing you that: (1) PGIM, Inc. is not registered in Canada and is advising you in reliance upon an exemption from the adviser registration requirement under National Instrument 31-103; (2) PGIM, Inc.'s jurisdiction of residence is New Jersey, U.S.A.; (3) there may be difficulty enforcing legal rights against PGIM, Inc. because it is resident outside of Canada and all or substantially all of its assets may be situated outside of Canada; and (4) the name and address of the agent for service of process of PGIM, Inc. in the applicable Provinces of Canada are as follows: in **Québec**: Borden Ladner Gervais LLP, 1000 de La Gauchetière Street West, Suite 900 Montréal, QC H3B 5H4; in **British Columbia**: Borden Ladner Gervais LLP, 1200 Waterfront Centre, 200 Burrard Street, Vancouver, BC V7X 1T2; in Ontario: Borden Ladner Gervais LLP, 22 Adelaide Street West, Suite 3400, Toronto, ON M5H 4E3; in **Nova Scotia**: Cox & Palmer, Q.C., 1100 Purdy's Wharf Tower One, 1959 Upper Water Street, P.O. Box 2380 -Stn Central RPO, Halifax, NS B3J 3E5; in **Alberta**: Borden Ladner Gervais LLP, 530 Third Avenue S.W., Calgary, AB T2P R3.

© 2026 PFI and its related entities.