

Characteristics Of The Conservative Investment Options

The two investment options offered by MSRS plans that are characterized as conservative are the Stable Value Account¹ and the Money Market Account². While they share a common investment objective of preserving principal, the Stable Value and Money Market options use different approaches to achieve that objective. Please review the comparison below:

	Stable Value	Money Market
Objective	<ul style="list-style-type: none"> • Preservation of Principal³ • Provide a high level of liquidity for investor withdrawals • Over time, generate yields and stable returns consistent with short to intermediate-duration, high-quality, fixed-income assets 	<ul style="list-style-type: none"> • Preservation of Principal³ • Provide a high level of liquidity for investor withdrawals • Generate yields consistent with short-duration, high-quality cash, and cash equivalent assets
May appeal to investors looking for Please refer to the chart on page 3.	A conservative investment that aims to: <ul style="list-style-type: none"> • maintain the value of the principal³ investment plus earned interest, & • deliver stable returns that over the long-run have historically exceeded the inflation rate and short-term interest rates, such as the rates earned in Money Market investments. Past performance is not a guarantee of future results.	A conservative investment that aims to: <ul style="list-style-type: none"> • maintain the value of the principal³ investment, & • earn competitive short-term interest rates
Investment Strategy	<ul style="list-style-type: none"> • Invest in high-quality, diversified, short-to-intermediate term fixed-income investments, plus • investment contracts, with a goal of preserving principal³ and accrued interest as well as stable, positive crediting rates. 	Invest in high-quality cash and cash equivalent securities with high credit ratings and short-term maturities.
Types of Underlying Investments	<ul style="list-style-type: none"> • U.S. Dollar-denominated investments only, generally rated as “investment grade” at time of purchase. • Investments may include: U.S. Treasury Securities, U.S. Agency Securities, Taxable Municipal Securities, Asset-Backed Securities, Certificates of Deposit, Corporate Bonds, Mortgage-Backed Securities, Cash Equivalents such as Money Market instruments rated investment grade at time of purchase. 	<ul style="list-style-type: none"> • U.S Dollar-denominated investments only. • Investments may include: U.S. Treasury Securities, U.S. Agency Securities, Asset-Backed Securities, Corporate Bonds, Mortgage-Backed Securities, Certificate of Deposits, Bankers’ Acceptances, Supranational and Sovereign Debt, Repurchase Agreements, Funding Agreements, and Money Market Funds.
Interest Rate Change Responsiveness	<ul style="list-style-type: none"> • Yields typically move more gradually as interest rates change compared to a money market option. This results from the combined benefits of longer term investments and stable value investment contracts. • Generally, have an average maturity of 3 to 3.5 years, based on investment holdings with short-to-intermediate term maturities 	<ul style="list-style-type: none"> • Yields are highly responsive to changes in short-term interest rates. • Generally have an average maturity of 2 to 3 months, based on investment holdings with short-term maturities.

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	Stable Value	Money Market
Transfer Restrictions	Generally, a transfer from a Stable Value option to a Money Market option must be transferred to another investment option offered in a Plan for 90-days before transferring to a Money Market option. ⁴	None
Principal Investment Risks⁵	Interest rate risk Liquidity risk Investment contract risk Issuer default risk Issuer credit risk	Interest rate risk Liquidity risk Issuer default risk Issuer credit risk
Additional Information	Available only within tax-qualified, defined contribution plans (e.g. 401(k), 457(b) plans) and 529 education savings plans. Not insured nor guaranteed by the FDIC or other federal/state agency.	Offered both within and outside of tax-qualified, defined contribution plans (e.g. 401(k), 403(b), 457(b) plans) and 529 education savings plans. Not insured nor guaranteed by the FDIC or other federal/state agency

¹ **The Stable Value Account** is available to the Minnesota Deferred Compensation Plan, Health Care Savings Plan and the Unclassified Employees Retirement Plan. Galliard Capital Management is the Investment Manager.

² **The Money Market Account** is available in the Minnesota Deferred Compensation Plan, the Health Care Savings Plan, the Unclassified Employees Retirement Plan and the Hennepin County Supplemental Plan. State Street Global Advisors is the Investment Manager.

³ **Principal** refers to the initial amount of money contributed to an investment option including any subsequent contributions.

⁴ **An equity wash** is a contractual provision in stable value that requires any transfer a participant makes from stable value to a competing option (for example, a money market fund or a short-term bond fund) to first invest in another investment option not designated as a competing option for a period of time, usually 90 days. This provision is designed to reduce arbitrage, thereby protecting the participants and the stable value returns over the long term.

⁵ **Principal Investment Risks**

Investments are subject to a variety of risks and there is no guarantee that its objectives will be achieved.

- **Interest Rate Risk:** Debt securities, such as notes and bonds, are subject to interest rate risk. Interest rate risk is the risk that if market interest rates increase, the

resale value of certain debt securities, including U.S. Government obligations, may decline. Debt securities with longer durations are generally more sensitive to interest rate changes than those with shorter durations although in certain situations shorter duration securities may decline in price more dramatically than longer duration securities. Changes in market interest rates do not affect the coupon rate payable on an existing debt security, unless the instrument has adjustable or variable rate features, which can also mitigate its exposure to interest rate risk. Changes in market interest rates may also extend or shorten the duration of certain types of instruments, such as asset-backed securities, thereby affecting their value and returns.

- **Liquidity risk:** This risk generally relates to the degree to which a security can be easily sold or converted into cash. In a stable value fund, liquidity risk relates to participants' ability to access funds without market value risk or other penalties. At the Fund level, liquidity risk means the ability to meet Participant withdrawals without having to sell investments at distressed prices. While the Investment Advisor maintains a portion of the Fund as cash or cash equivalents to facilitate Participant withdrawals, there is no guarantee that under all circumstances this amount will be adequate. For Underlying Securities, liquidity risk is the risk that a security cannot be sold at the time desired, or cannot

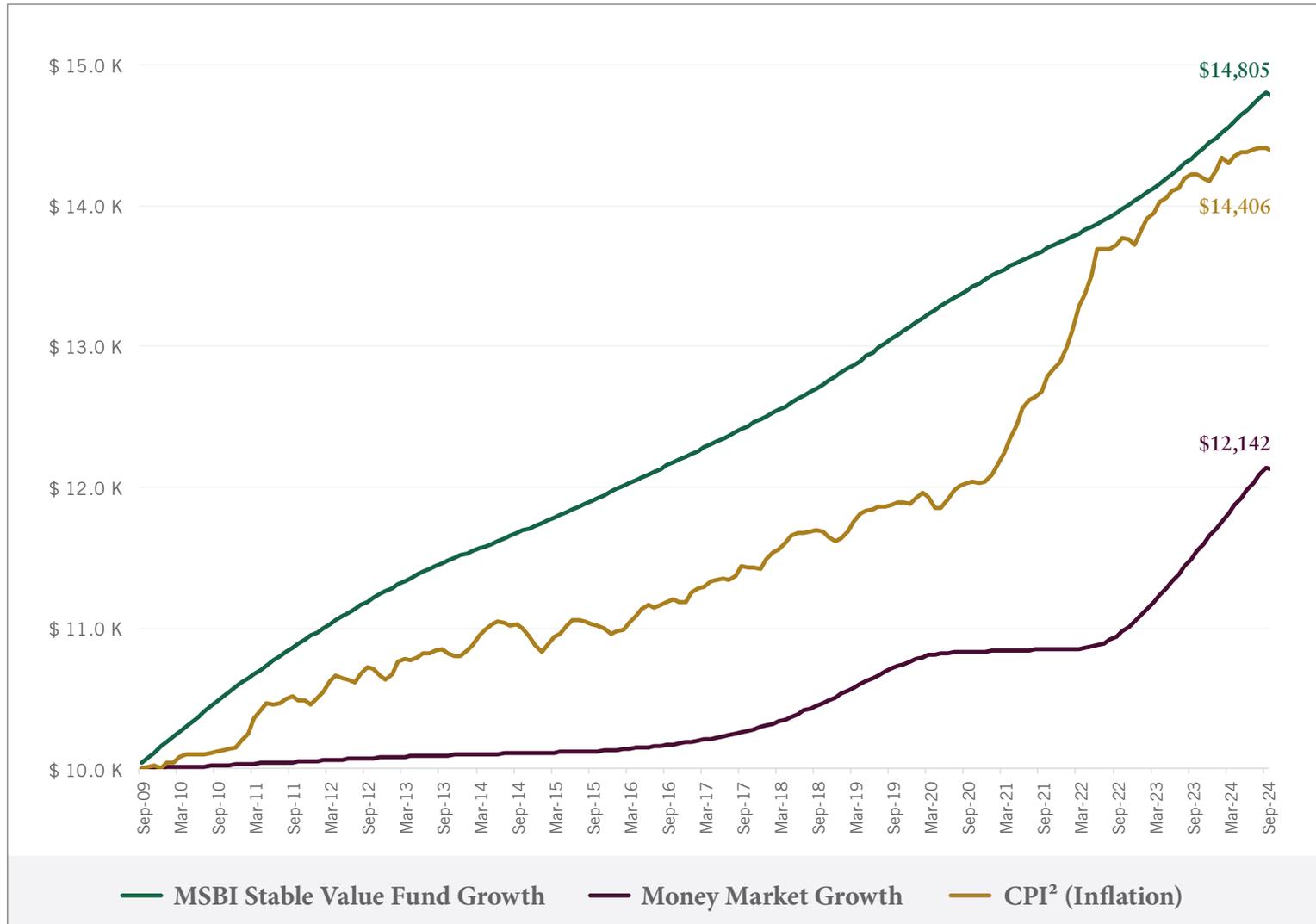
be sold without adversely affecting the price. Certain securities may attract less interest and/or fewer buyers and sellers (that is, be less liquid) and their prices may be more volatile than other securities. In addition, the differing securities market structures and various potential administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends, may reduce liquidity and adversely affect the value of some securities. If the Fund invests in a collective investment trust or money market fund then that trust or fund may also have its own liquidity restrictions.

- **Investment contract risk** is the risk that the issuer will default on its obligation under the contract or that another event of default may occur under the contract rendering it invalid; that the contract will lapse before a replacement contract with favorable terms can be secured; or that the occurrence of certain other events including employer-initiated events, could cause the contract to lose its book value withdrawal features. These risks may result in a loss to a contract holder.
- **Issuer default risk** is the possibility that instruments the Fund holds will not meet scheduled interest and/or principal payments.
- **Issuer credit risk** is the risk that an issuer of debt securities will default on its obligations, resulting in losses to the investor.

A stable value option is not federally guaranteed and has interest rate, inflation and credit risks. Guarantees are subject to the terms and conditions of the group annuity contract or funding agreement and the claims-paying ability of the insurer. Carefully consider the investment option's objectives, risks, fees and expenses. Call 800-657-5757 or visit mrs.state.mn.us for a prospectus, summary prospectus for SEC-registered products or disclosure document for unregistered products, if available, containing this information. Read each carefully before investing. You could lose money by investing in a money market fund. Although the fund seeks to preserve the value of your investment at \$1 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect the sponsor to provide financial support to the fund at any time.

Stable Value Fund Growth of \$10k As of September 30, 2024

Growth of \$10,000 Over 15 Years¹ – September 2009 to September 2024



¹ The growth of \$10,000 is an illustration based on the growth of returns of the MSBI Stable Value Fund (before fees) since September 2009 through September 2024.

² Consumer Price Index.

Performance data quoted represents past performance and is not a guarantee or prediction of future results. The investment return and principal value of an investment will fluctuate so that, when redeemed, shares/units may be worth more or less than their original cost. Current performance may be lower or higher than performance data shown. For performance data current to the most recent month end, please visit empower.com.

Galliard Capital Management, LLC, produced the Stable Value Fund Growth of \$10k chart based on the following data sources: Stable Value Fund – Galliard Capital Management; Money Market Fund – State Street Global Advisors; CPI – U.S. Bureau of Labor Statistics.