

# MONTANA

## BOARD OF INVESTMENTS

## BOARD ADOPTED POLICY

**POLICY NUMBER:** 40.915

**EFFECTIVE DATE:** November 30, 2021

**TITLE:** Investment Objectives and Guidelines  
Older Montanans Trust Fund

**SUPERSEDES:** April 20, 2021

**BOARD ADOPTION:** November 30, 2021

**REVIEWED:**

### I. Appendix I: Trust Funds: Investment Objectives and Guidelines

- A. Schedule I-O: Investment Objectives and Guidelines Older Montanans Trust Fund.
- B. Approved Date of Schedule: February 14, 2018.
- C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.

### II. Introduction

- A. The purpose of this policy statement is to provide a framework for the Older Montanans Trust Fund investments under the guidance of the Board.
- B. The Older Montanans Trust Fund was created in Section 52-3-115, MCA, to establish new, innovative services or to expand existing services for the benefit of Montana residents sixty (60) years of age or older that will enable those Montanans to live an independent lifestyle in the least restrictive setting and will promote the dignity of and respect for those Montanans.

### III. Statement of Purpose

- A. The purpose of these objectives and guidelines is to:
  1. Establish the investment objectives and performance standards of the Older Montanans Trust Fund account.
  2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

### IV. Investment Objective

- A. Strategic
  1. The objective of the Older Montanans Trust Fund portfolio is to attain above benchmark total return within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.
- B. Performance
  1. Success in achieving this objective will be measured by comparing the risk and return of the account to the Trust Funds Investment Pool (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio's holdings, over a five (5) year moving average.

C. Time Horizon

1. Older Montanans Trust Fund is a permanent account. The Board expects to meet or exceed all objectives over a long-term investment horizon. Over shorter periods, the anticipated market volatility, and specific actions, including risk mitigation efforts of the Board may lead to unfavorable, but expected deviation from these objectives.

D. Investment Guidelines

1. The Board will have full discretion to manage the Older Montanans Trust Fund portfolio consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

E. Permitted Investments

1. The Older Montanans Trust Fund may only invest in the following:
  - a) TFIP.
  - b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A minimum of ninety-five percent (95%) of the market value of the portfolio will be invested in the TFIP.

- G. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

Authority: Montana Constitution, Article VIII, Section 13  
Section 2-15-1808, MCA  
Section 17-1-113, MCA  
Sections 17-6-201 through 17-6-205, MCA  
Section 52-3-115, MCA