

# MONTANA

## BOARD OF INVESTMENTS

## BOARD ADOPTED POLICY

POLICY NUMBER: 40.942

EFFECTIVE DATE: November 30, 2021

TITLE: Investment Objectives and Guidelines  
University of Montana - Missoula

SUPERSEDES: April 20, 2021

BOARD ADOPTION: November 30, 2021

REVIEWED:

### I. Appendix III: Operating Funds: Investment Objectives and Guidelines

- A. Schedule III-C: Investment Objectives and Guidelines University of Montana – Missoula.
- B. Approved Date of Schedule: April 2, 2019.
- 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 University of Montana - Missoula investments under the guidance of the Board.
- B. University of Montana - Missoula account consists of operating funds from a variety of campus activities. A portion of the portfolio is unlikely to be needed for liquidity purposes and may seek higher returns as deemed appropriate.

### III. Statement of Purpose

- A. The purpose of these objectives and guidelines is to:
  1. Establish the investment objectives and performance standards of the University of Montana - Missoula 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 University of Montana - Missoula 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, the Short-Term Investment Pool (STIP) benchmark, and the Bloomberg/Barclays 1-5 Year Treasury Index, each weighted proportionately to the portfolio's holdings, over a five (5) year moving average.
- C. Time Horizon
  1. University of Montana - Missoula is an operating 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.

Adopted: November 30, 2021

Revised

Reviewed

D. Investment Guidelines

1. The Board will have full discretion to manage the University of Montana - Missoula 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. University of Montana – Missoula may only invest in the following:
  - a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
  - b) TFIP.
  - c) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of forty percent (40%) of the market value of the portfolio will be invested in the TFIP based on annual average market value.
  2. A maximum of forty-five percent (45%) in individual U.S. Government securities based on annual average market value.
  3. A maximum maturity of five (5) years for individual U.S. Government securities.
  4. A minimum of fifteen percent (15%) or \$10 million in the STIP, whichever is greater, based on annual average market value.
- 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