

POLICY NUMBER: 40.945

EFFECTIVE DATE: February 16, 2022

TITLE: Investment Objectives and Guidelines  
Lubrecht Experimental Forest

SUPERSEDES: N/A

BOARD ADOPTION: February 16, 2022

REVIEWED:

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

- A. Schedule I-AK: Investment Objectives and Guidelines Lubrecht Experimental Forest.
- B. Approved Date of Schedule: TBA.
- 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 Lubrecht Experimental Forest investments under the guidance of the Board.
- B. Lubrecht Experimental Forest is managed by the W.A. Franke College of Forestry and Conservation at the University of Montana as an outdoor classroom for the students and as a recreational retreat for the public. Lubrecht Experimental Forest has ski and hiking trails, lodging, and conference services. The College of Forestry and Conservation executed a contract to sell carbon-offset credits to energy producing companies and are now able to use those funds for the ongoing perpetual maintenance of the Forest.

### III. Statement of Purpose

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

### IV. Investment Objective

- A. Strategic
  - 1. The Board's primary objective is to achieve long term capital appreciation in excess of inflation.
  - 2. The Board's secondary objective is to provide investment income that assists the Lubrecht Experimental Forest account in maintaining the forest into perpetuity. Both objectives must be compatible with the Board's risk tolerance and prudent investment practices. The Board seeks to maintain a long-term perspective in formulating and implementing investment policies and evaluating investments.
- B. Performance
  - 1. Success in achieving this objective will be measured by comparing the risk and return of the account to the S&P 500 for domestic equities, MSCI ACWI Ex US Index for international equities, Trust Funds Investment Pool benchmark, and the Short-Term Investment Pool benchmark, each weighted proportionately to the portfolio's holdings, over a five (5) year moving

average.

C. Time Horizon

1. Lubrecht Experimental Forest is a perpetual 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 Lubrecht Experimental Forest 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. Lubrecht Experimental Forest may only invest in the following:
  - a) Public Equities
  - b) TFIP
  - c) STIP or any cash vehicle at the Custodial Bank

F. Other Restrictions

1. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be invested in public equities.
  2. A maximum of twenty percent (20%) in TFIP.
  3. A maximum of ten percent (10%) in the STIP and other cash equivalents.
- 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