

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.948

EFFECTIVE DATE: June 22, 2023

TITLE: Investment Objectives and Guidelines
Montana End of Watch Trust

SUPERSEDES: NEW

BOARD ADOPTION: June 22, 2023

REVIEWED: June 22, 2023

I. Introduction

- A. The purpose of this policy is to provide a framework for the Montana End of Watch Trust under the guidance of the Board.
- B. All Separately Managed Accounts are governed by the Separately Managed Accounts Investment Policy Statement, Policy 40.900.
- C. The Montana End of Watch Trust was established by the 2023 Legislature in SB 294 to provide benefits to Montana law enforcement officers killed or catastrophically injured in the line of duty. The Trust is to be funded with \$10 million on July 1, 2023. The Legislature may provide additional funding. Donations are allowed into the fund.
- D. The Board will have full discretion to manage the Montana End of Watch Trust portfolio consistent with this policy. 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. The Trust is permanent. Earnings of the Trust will be transferred to the Department of Justice monthly. Unexpended earnings will be retained in the Trust. Unexpended earnings may be appropriated if monthly obligations exceed the current available earnings in the Trust. If this portion of the Trust is appropriated in any fiscal year, the state treasurer shall transfer that same amount from the general fund to the Trust the following year.
- F. 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 situations where 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.

II. Statement of Purpose

- A. The purpose of these objectives and guidelines are to:
 1. Establish the investment objectives and performance standards of the Montana End of Watch Trust; and
 2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

III. Investment Objectives

- A. Strategic - The objective of the Montana End of Watch Trust fund portfolio is to attain above benchmark total return within the parameters of this policy with an emphasis on investment income and preservation of principal.

Adopted: June 22, 2023

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- B. Performance - Success in achieving this objective will be measured by comparing the risk and return of the fund to the Trust Funds Investment Pool (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark, weighted proportionately to the portfolio's holdings, over a five (5) year rolling average.
- C. Time Horizon - Montana End of Watch Trust 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 by the Board may lead to unfavorable, but expected deviation from these objectives.

IV. Permitted Investments

- 1. The Montana End of Watch Trust may only invest in the following:
 - 1. TFIP; and
 - 2. STIP.

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
Chapter 774, Laws of 2023 (House Bill No. 819)