

# MONTANA

## BOARD OF INVESTMENTS

## BOARD ADOPTED POLICY

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POLICY NUMBER: 40.949

EFFECTIVE DATE: June 22, 2023

TITLE: Investment Objectives and Guidelines  
Montana State Library Trust

SUPERSEDES: NEW

BOARD ADOPTION: June 22, 2023

REVIEWED: June 22, 2023

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### I. Introduction

- A. The purpose of this policy is to provide a framework for the Montana State Library 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 State Library Trust was established under Section 22-1-226, MCA, “for providing library service to Montanans, including those who, because of disability, cannot read standard print.”
- D. The Board will have full discretion to manage the Montana State Library 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. 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.
- F. The Trust is a permanent fund. Unexpended revenue at the end of the fiscal year remains in the Trust.

### II. Statement of Purpose

- A. The purpose of these objectives and guidelines is to:
  1. Establish the investment objectives and performance standards of the Montana State Library 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 State Library Trust portfolio is to attain above benchmark total return within the parameters of this policy with an emphasis on investment income and preservation of principal.
- 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.

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Adopted: June 22, 2023

Revised:

Reviewed: June 22, 2023

C. Time Horizon - Montana State Library 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 State Library Trust may only invest in:
  1. TFIP;
  2. STIP; or
  3. Any cash vehicle at the Custodial Bank.

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 22-1-226, MCA