

**MONTANA SEPARATELY MANAGED ACCOUNTS  
INVESTMENT POLICY**

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## **1. Introduction:**

*This policy is effective upon adoption and supersedes all previous Investment Policies related to the investment management of the separately managed accounts that contain guidelines and objectives in the Appendices.*

Montana has more than 40 separately managed accounts or “separate accounts.” These separate accounts consist of trust, insurance and operating accounts which have been created by the state Constitution, statutorily by the legislature or as part of settlements between the state and outside entities.

Each separate account has unique investment needs. Each separate account has a defined set of guidelines and objectives that are detailed in the Appendices or within the separate account’s existing investment policy statement.

Many separate accounts participate in the Short-Term Investment Pool (STIP) and the Trust Fund Investment Pool (TFIP). The pools are commingled funds which operate similar to mutual funds. The Trust Fund Investment Pool (TFIP) and the Short-Term Investment Pool (STIP) each have their own investment policy statements.

## **2. Purpose:**

The purpose of this policy statement is to provide a broad strategic framework for separate accounts under the guidance of the Montana Board of Investments.

## **3. Legal and Constitutional Authority:**

The Montana Constitution, Article VIII, Section 13, requires that the Legislature provide for a Unified Investment Program for public funds. Section 17-6-201, MCA established the Unified Investment Program, created the Montana Board of Investments (the “Board”) and gave the Board sole authority to invest state funds, in accordance with state law and the state constitution.

The Unified Investment program for public funds must be administered by the Board of Investments in accordance with the “prudent expert principle,” defined as:

- 1) Discharging its duties with the care, skill, prudence, and diligence, under the same circumstances then prevailing that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of like character with like aims;
- 2) Diversifying the holdings of each fund to minimize the risk of loss and maximize the rate of return, unless under the circumstances it is clearly prudent not to do so; and
- 3) Discharging its duties solely in the interest of and for the beneficiaries of the funds managed.

The Board, as the investment fiduciary of the separate accounts, is responsible for establishing the investment parameters for all separate accounts.

## **4. Strategic Investment Objectives**

The strategic investment objective is unique for each separate account. The strategic investment objective for each separate account will be addressed in the guidelines and objectives in the Appendices or within the existing investment policy statement.

However, the Board’s overall objective is to achieve the highest level of investment performance compatible with each separate account’s risk tolerance and prudent investment practices. The Board seeks to maintain a long-

term perspective in formulating and implementing investment policies and evaluating investment performance subject to the specific objectives and constraints of each separate account.

## 5. Time Horizon

The time horizon is unique for each separate account. The time horizon for each separate account will be addressed in the guidelines and objectives in the Appendices or within the existing investment policy statement.

## 6. Performance Measurement

The investment policy benchmark is unique for each separate account. The investment policy benchmark for each separate account will be addressed in the guidelines and objectives in the Appendices or within the existing investment policy statement.

The investment policy benchmark approximates the return that would be achieved if the separate account implemented a passively managed portfolio. Deviations from the policy benchmark measure the contribution of active investment management in the separate account, rebalancing policy and its execution, fees and investment implementation generally.

## 7. Roles and Responsibilities:

**Board of Investments** – The Board is responsible for approving any separate account Investment Policy Statement and has the authority to manage all separate accounts as it considers prudent, and subject to such limitations as contained in law and the Constitution. The Board reviews this document periodically and, as needed, approves any changes to the policy.

As described in the Board of Investments Governance Manual, the Board delegates authority to the Executive Director, Chief Investment Officer, and other Staff to execute the day to day duties required to carry out the Board’s mission.

**Executive Director** – The Executive Director is empowered by the Board to sign any and all documents required to conduct Board business, unless there are specific written policies or instructions from the Board to the contrary. The Executive Director is responsible for the oversight of all separate accounts and the establishment of the financial reporting procedures and the collection and reporting of all income.

**Chief Investment Officer** – The Chief Investment Officer (CIO) is empowered by the Board to serve as the principal staff person responsible for overseeing the investment activities under the Board’s jurisdiction in compliance with the Board’s policies. The CIO, with the support of other staff, is responsible for recommending investment policy changes for Board approval.

**Investment Staff** – The investment staff is responsible for, but not limited to, the following:

- Managing day-to-day separate account investment operations;
- Investing separate account assets and monitoring compliance in accordance with this Policy;
- Reporting to the Board the separate account investment results and investment characteristics at least annually; and
- Reporting any deviations from Investment Policy to the Board.

**Investment Consultant** – The investment consultant assists the CIO and Staff with policy recommendations and provides advice to the Board. The investment consultant shall provide assistance to Staff as requested in conjunction with the management of all separate accounts.

## **8. Strategic Asset Allocation**

The strategic asset allocation is unique for each separate account. The strategic asset allocation for each separate account will be addressed in the guidelines and objectives in the Appendices or within the existing investment policy statement.

## **9. Rebalancing**

The actual asset allocation mix may deviate from time to time from the approved asset allocation ranges due to financial market performance, cash flows, and manager performance. Material deviations from the asset allocation ranges can alter the expected return and risk of the separate accounts. Rebalancing separate account assets to remain within the Board-approved allocation ranges is delegated to staff in consultation with the Chief Investment Officer (CIO) and the Executive Director. Any necessary rebalancing will be made in a timely manner and will take into consideration associated costs and current market conditions.

## **10. Risk Management**

### **a. Liquidity**

The liquidity requirements are unique for each separate account. Staff works closely with the representatives for each account to determine their needs. The liquidity requirements are addressed by the permitted investments and corresponding restrictions within the Investment Guidelines for each separate account or within the existing investment policy statement.

### **b. Monitoring/Reporting – Transparency**

Staff shall provide annual reporting to the Board regarding the asset allocation and performance of the separate accounts to confirm these items are known and adhere to all Investment Policy requirements and expectations.

### **c. Leverage**

Leverage is a significant risk factor. Assets in separate accounts managed directly by MBOI staff are not allowed to employ leverage.

The use of derivative securities can generate additional leverage even if the derivative is being used to reduce the risk in other investments. Individual assets in separate accounts managed directly by MBOI staff are not allowed to use derivatives.

The Short-Term Investment Pool (STIP) is not allowed to employ leverage or use derivatives. The use of leverage and derivatives within the Trust Fund Investment Pool (TFIP) is addressed within the TFIP Investment Policy.

### **d. Cash Investments**

Cash investments held in any separate account, within the TFIP or any managed account within it entail an element of credit risk. Thus, only approved cash investment vehicles are permitted. These include STIP, the custodian's STIF vehicle or any SEC registered money market fund employed by an external asset manager all of which specifically address credit risk in their respective investment guidelines.

## **11. Investment Pools**

### **a. Trust Fund Investment Pool (TFIP)**

The Trust Fund Investment Pool (TFIP) will provide separate accounts with exposure to a broad and diverse spectrum of investment grade and non-investment grade fixed income as well as real estate assets. Investment grade fixed income will be primarily managed internally. Non-investment grade fixed income will be primarily managed by external asset managers. Real estate will be managed by external asset managers.

The specific strategic objectives, performance criteria, and investment guidelines for TFIP are detailed in the Trust Fund Investment Pool (TFIP) Investment Policy.

### **b. Short-Term Investment Pool (STIP)**

The Short-Term Investment Pool (STIP) will provide separate accounts with exposure to Cash related investments. STIP will be managed internally utilizing an active investment strategy. The specific strategic objectives, performance criteria, and investment guidelines for STIP are detailed in the Short-Term Investment Pool (STIP) Investment Policy.

## **12. Securities Lending**

Section 17-1-113, MCA, authorizes the Board to lend securities held by the state. The Board may lend its publicly traded securities held in the investment pools, through an agent, to other market participants in return for compensation. Currently, through an explicit contract, State Street Bank and Trust, the state's custodial bank, manages the state's securities lending program. The Board seeks to assess the risks, such as counterparty and reinvestment risk, associated with each aspect of its securities lending program. The Board requires borrowers to maintain collateral at 102 percent for domestic securities and 105 percent for international securities. To ensure that the collateral ratio is maintained, securities on loan are marked to market daily and the borrower must provide additional collateral if the value of the securities on loan increases. In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor. From time to time, Staff or the investment manager may restrict a security from the loan program upon notification to State Street Bank. Staff will monitor the securities lending program, and the CIO will periodically report to the Board on the status of the program.

## **13. Exercise of Investor Rights**

### **a. Proxy Voting**

Per the Montana Constitution, Article VIII, Section 13 “no public funds shall be invested in private corporate capital stock” with the exception of public retirement system and state compensation insurance fund assets. Therefore, separate accounts do not participate in proxy voting.

### **b. Class Action Litigation**

Claims under state and federal securities laws arising out of losses on securities under the Board’s management are assets subject to the Board’s fiduciary duty of prudent management. The Board shall take reasonable, cost effective steps to identify, pursue and collect upon claims under securities laws for losses suffered by the Board on its investment. Accordingly, the Board maintains a detailed litigation policy, including steps outlined in the Montana Board of Investments Governance Manual, Appendix F.

#### **14. Investment Policy Review**

The Board intends to keep this Policy updated as it modifies or amends the underlying contents. As stated in the Governance Policy, “the Board shall review this Investment Policy at least annually or more frequently at the request of Board staff. Statements may only be revised in a public meeting. All Statements shall be posted on the Board’s web site for review by the public.”

# APPENDIX I:

## Trust Funds: Investment Objectives and Guidelines

### Department of Agriculture

- Schedule I-A: Noxious Weed Management Trust Fund

### Department of Environmental Quality

- Schedule I-B: Belt Water Treatment Plant Fund
- Schedule I-C: Abandoned Mine Land Reclamation Trust
- Schedule I-D: Clark Fork Site Response Action Fund
- Schedule I-E: Montana Pole Superfund Site Settlement Fund
- Schedule I-F: Streamside Tailings Operable Settlement Fund
- Schedule I-G: Upper Blackfoot Response Action and Restoration Fund
- Schedule I-H: Zortman/Landusky Long Term Water
- Schedule I-I: Zortman/Landusky Long Term Water Trust

### Department of Fish, Wildlife and Parks

- Schedule I-J: Coal Tax Park Trust Fund
- Schedule I-K: Fish, Wildlife & Parks Mitigation Trust Fund
- Schedule I-L: Real Property Trust Fund
- Schedule I-M: Wildlife Habitat Trust Fund

### Department of Health and Human Services

- Schedule I-N: Endowment for Children
- Schedule I-O: Older Montanans Trust Fund
- Schedule I-P: Tobacco Trust Fund

### Department of Justice

- Schedule I-Q: Butte Area One Restoration Fund
- Schedule I-R: Clark Fork Restoration Fund
- Schedule I-S: East Helena Compensation Fund
- Schedule I-T: Smelter Hill Uplands Restoration Fund
- Schedule I-U: Upper Clark Fork River Basin Reserve Fund
- Schedule I-V: Upper Clark Fork River Basin Restoration Fund

### Department of Natural Resources and Conservation

- Schedule I-W: Public School Trust

### Department of Revenue

- Schedule I-X: Resource Indemnity Trust Fund

### Montana Arts Council

- Schedule I-Y: Cultural Trust Fund

### Montana Historical Society

- Schedule I-Z: *Pending Historical Society Trust Funds*

### University Endowments

- Schedule I-AA: Harold Hamm Endowment
- Schedule I-AB: Potter Trust Fund

### City and County of Butte-Silver Bow

- Schedule I-AC: *Pending Butte Redevelopment Trust Authority*



**Schedule I-A**  
**Investment Objectives and Guidelines**  
**Noxious Weed Management Trust Fund**

**Effective Date of Schedule: February 14, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Noxious Weed Management Trust Fund investments under the guidance of the Board.

The Noxious Weed Management Trust Fund was established in 1985 by the Montana Legislature MCA 80-7-811. It is sponsored by the Montana Department of Agriculture. The principal amount of ten million dollars (\$10,000,000) shall remain inviolate unless appropriated by the vote of three-fourths (3/4) of the members of each house of the legislature or an emergency described in MCA 80-7-815. Principal in excess of ten million dollars (\$10,000,000) may be appropriated by a majority vote of each house of the legislature. Appropriations of the interest and income shall be used only to fund the noxious weed management program, as provided by law.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Noxious Weed Management Trust Fund account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Noxious Weed Management 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark**.

Time Horizon:

The Noxious Weed Management 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Noxious Weed Management 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Noxious Weed Management Trust Fund may only invest in the following:

1. Trust Funds Investment Pool (TFIP)

Other Restrictions:

1. A maximum of 100% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)

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.

**Schedule I-B**  
**Investment Objectives and Guidelines**  
**Belt Water Treatment Plant Fund**

**Effective Date of Schedule: February 14, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for Belt Water Treatment Plant Fund investments under the guidance of the Board.

The Belt Water Treatment Plant Fund consists of funds originated from various Montana Department of Environmental Quality sources, all of which derive from payments from the Office of Surface Mining Reclamation and Enforcement. Expenditures from the funds will be used for the operation and maintenance of the water treatment plant to be constructed in Cascade County, Montana. Expenditures are expected to begin in 2022 and follow the schedule provided by the DEQ, as updated.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Belt Water Treatment Plant Fund account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Belt Water Treatment Plant 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark, the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

The Belt Water Treatment Plant Fund a long-term expendable trust fund. 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Belt Water Treatment Plant 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 of Investments at the next scheduled quarterly Board meeting.

**Permitted Investments:**

The Belt Water Treatment Plant Fund may only invest in the following:

1. Debt obligations of the U.S. Government, including its agencies and instrumentalities
2. Trust Funds Investment Pool (TFIP)
3. Short-Term Investment Pool (STIP)

**Other Restrictions:**

1. A maximum of 99% of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
2. The maximum maturity of Government/Agency securities will be 6 years.

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.

**Schedule I-C**  
**Investment Objectives and Guidelines**  
**Abandoned Mine Land Reclamation Trust**

**Effective Date of Schedule: November 15, 2017**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment guidelines is to provide a framework for the Abandoned Mine Land Reclamation Trust fund under the guidance of the board.

The Abandoned Mine Land Reclamation Trust fund was established in December 12/01/1993 by the Montana Legislature MCA 82-2-1006. It is administered by the Montana Department of Environmental Quality. Proceeds of the fund will be expended for to pay for reclamation or drainage abatement on eligible lands or waters.

Funds for the Abandoned Mine Land Reclamation Trust Fund are held in MU11.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Abandoned Mine Land Reclamation Trust fund; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark, the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Abandoned Mine Land Reclamation Trust fund 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Abandoned Mine Land Reclamation Trust fund may only invest in the following:

1. Debt obligations of the U.S. Government, including its agencies and instrumentalities
2. Trust Fund Investment Pool (TFIP)
3. Short-Term Investment Pool (STIP)

Other Restrictions:

- A maximum of 99% of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
- The maximum maturity of Government/Agency securities will be 6 years.

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.

**Schedule I-D**  
**Investment Objectives and Guidelines**  
**Clark Fork Site Response Action Fund**

**Effective Date of Schedule: April 3, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Clark Fork Site Response Action Fund investments under the guidance of the Board.

The Clark Fork Site Response Action Fund originated in 2008, a Consent Decree was entered between the State of Montana, the United States and Atlantic Richfield Company (ARCO), in order to settle certain litigation and to provide for the funding of the remedial action at the Clark Fork River (CFR) Operable Unit. The settlement involves, among other things, payment by ARCO plus accrued interest. Those funds and the earnings from the investment of those funds are to be used by the State with oversight, input and approval from the United States EPA for the purpose of remediating the CFR over an estimated ten to twelve year period. Any funds left over after clean-up will be transferred, with EPA approval, to the Clark Fork State Restoration Account (established under the same Consent Decree). The fund balance at that time is expected to be mostly Trust Funds Investment Pool units (TFIP).

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

3. Establish the investment objectives and performance standards of the Clark Fork Site Response Action Fund account; and
4. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

The objective of the Clark Fork Site Response Action 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

The Clark Fork Site Response Action Fund is an expendable fund. Major expenditures are expected to continue through 2019, and projections through 2024 on a smaller scale. 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Clark Fork Site Response Action 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 of Investments at the next scheduled quarterly Board meeting.

**Permitted Investments:**

The Clark Fork Site Response Action Fund may only invest in the following:

2. U.S. Treasury Bonds
3. U.S. Agency Bonds
4. Trust Funds Investment Pool (TFIP)
5. Short-Term Investment Pool (STIP)

**Other Restrictions:**

2. A maximum of 20% of the market value of the portfolio will be invested in U.S. Treasury and Agency Bonds
3. A maximum of 95% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)

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.



**Schedule I-E**  
**Investment Objectives and Guidelines**  
**Montana Pole Superfund Site Settlement Fund**

**Effective Date of Schedule: November 15, 2017**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment guidelines is to provide a framework for the Montana Pole Superfund Site Settlement Fund under the guidance of the board.

The Montana Pole Superfund Site Settlement Fund was established in July 1996 through a Consent Decree among Montana Department of Environmental Quality (DEQ), the Environmental Protection Agency (EPA), Atlantic Richfield Company, Burlington Northern Railroad, Montana Resource and others. Funds and earnings from settlement proceeds are used solely for remediating hazardous substance contamination at the Montana Pole Site. The fund is administered by the DEQ. The Policy may be modified by agreement of the DEQ and EPA.

Funds for the Montana Pole Superfund Site Settlement Fund are held in MU14.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana Pole Superfund Site Settlement Fund; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark, the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Montana Pole Superfund Site Settlement Fund 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Montana Pole Superfund Site Settlement Fund may only invest in the following:

1. Debt obligations of the U.S. Government, including its agencies and instrumentalities
2. Corporate Securities rated A3/A- or better

3. Agency Mortgage Backed Securities
4. Trust Fund Investment Pool (TFIP)
5. Short-Term Investment Pool (STIP)

Other Restrictions:

- A maximum of 40% will be held in direct Government/Agency securities
- A maximum of 25% will be allowed in direct Agency Mortgage Backed Securities. It is expected there will be no allocation to this asset type.
- A maximum of 40% will be allowed in direct Corporate Securities. It is expected there will be no allocation to this asset type.
- A maximum of 80% in TFIP
- A maximum of 50% in STIP
- The maximum maturity of Government/Agency and Corporate securities will be 6 years.

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.

**Schedule I-F**  
**Investment Objectives and Guidelines**  
**Streamside Tailing Operable Settlement Fund**

**Effective Date of Schedule: April 3, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Streamside Tailing Operable Settlement Fund investments under the guidance of the Board.

The Streamside Tailing Operable Settlement Fund originated in 1998, when a Consent Decree between the State of Montana, the United States, the Atlantic Richfield Company (ARCO), and others was created in order to settle certain litigation, and to provide funding for the implementation of the remedy for the Streamside Tailings Operable Unit of the Silver Bow Creek/Butte Area (original portion) NPL Site. Funds paid by ARCO and the earnings from the investment of those funds are to be used by the State and EPA for the purpose of remediating the mine waste contamination at the Streamside Tailings Operable Unit. Any funds, including earnings, which are not ultimately required for the remediation of the Streamside Tailings Operable Unit are to be used by the State for natural resource damage restoration purposes, and will be transferred to the Upper Clark Fork Restoration Fund. The fund balance at that time is expected to be mostly Trust Funds Investment Pool units (TFIP).

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

5. Establish the investment objectives and performance standards of the Streamside Tailing Operable Settlement Fund account; and
6. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Streamside Tailing Operable Settlement 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

The Streamside Tailing Operable Settlement Fund is an expendable fund. Major expenditures are expected to continue through 2018, and projections through 2020 on a smaller scale. 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Streamside Tailing Operable Settlement 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

The Streamside Tailing Operable Settlement Fund may only invest in the following:

6. U.S. Treasury Bonds
7. U.S. Agency Bonds
8. Trust Funds Investment Pool (TFIP)
9. Short-Term Investment Pool (STIP)

Other Restrictions:

4. A maximum of 60% of the market value of the portfolio will be invested in U.S. Treasury and Agency Bonds
5. A maximum of 90% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)

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.

**Schedule I-G**  
**Investment Objectives and Guidelines**  
**Upper Blackfoot Response Action and Restoration Fund**

**Effective Date of Schedule: April 3, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Upper Blackfoot Response Action and Restoration Fund investments under the guidance of the Board.

The Upper Blackfoot Response Action and Restoration Fund originated in 2008, when a Settlement Agreement was entered between the State of Montana, the United States, Asarco, LLC (Asarco) and the Atlantic Richfield Company (ARCO), in order to settle certain bankruptcy and other claims and to provide for the funding of response and restoration actions at the Upper Blackfoot Mining Complex (UBMC). All funds paid by Asarco and ARCO and the earnings from the investment of these funds are to be used by the State, as Lead Agency, in consultation with the United States Forest Service, for the purpose of conducting response and restoration activities within the UBMC Site. These actions include the removal of the Mike Horse Impoundment as provided in the USFS Action Memorandum dated July 23, 2007, and any amendments thereto. In addition, the State would perform additional remedial and restoration work outside the scope of the Action Memorandum, including the cleanup of tailings along the Upper Blackfoot River, Beartrap Creek, and Mike Horse Creek and restoration of those streams with the intention of restoring westslope cutthroat and bull trout to the area.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

7. Establish the investment objectives and performance standards of the Upper Blackfoot Response Action and Restoration Fund account; and
8. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

The objective of the Upper Blackfoot Response Action and Restoration 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

The Upper Blackfoot Response Action and Restoration Fund is an expendable fund. 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Upper Blackfoot Response Action and Restoration 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 of Investments at the next scheduled quarterly Board meeting.

**Permitted Investments:**

The Upper Blackfoot Response Action and Restoration Fund may only invest in the following:

10. U.S. Treasury Bonds
11. U.S. Agency Bonds
12. Trust Funds Investment Pool (TFIP)
13. Short-Term Investment Pool (STIP)

**Other Restrictions:**

6. A maximum of 80% of the market value of the portfolio will be invested in U.S. Treasury and Agency Bonds
7. A maximum of 30% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)
8. A minimum of 10% of the market value of the portfolio will be invested in the Short Term Investment Pool (STIP)

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.

**Schedule I-H**  
**Investment Objectives and Guidelines**  
**Zortman/Landusky Long Term Water**

**Effective Date of Schedule: October 3, 2017**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment guidelines is to provide a framework for the Zortman/Landusky Long Term Water fund under the guidance of the board.

The Zortman/Landusky Long Term Water fund was established in June of 1999 at the request of the Montana Department of Environmental Quality. It was funded from proceeds incidental to the bankruptcy and surety bond of Zortman Mining Inc. Proceeds of the fund will be expended for environmental cleanup and treatment of water at the former mine site.

Funds for the Zortman/Landusky Long Term Water Fund are held in MU30.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Zortman/Landusky Long Term Water fund; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark, the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Zortman/Landusky Long Term Water fund 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Zortman/Landusky Long Term Water fund may only invest in the following:

1. Debt obligations of the U.S. Government, including its agencies and instrumentalities
2. Trust Fund Investment Pool (TFIP)
3. Short-Term Investment Pool (STIP)

Other Restrictions:

- A maximum of 99% of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
- The maximum maturity of Government/Agency securities will be 6 years.

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.



**Schedule I-I**  
**Investment Objectives and Guidelines**  
**Zortman/Landusky Long Term Water Trust**

**Effective Date of Schedule: October 3, 2017**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment guidelines is to provide a framework for the Zortman/Landusky Long Term Water Trust fund under the guidance of the board.

The Zortman/Landusky Long Term Water Trust fund was established in July of 2005 by the Montana Legislature. It was funded with annual transfers of \$1.2 million by the Montana Department of Environmental Quality from the Orphan Share account. The transfers were to continue until the value of the fund was projected to be \$19.3 million on January 1, 2018. Proceeds of the fund will be expended for long-term or perpetual water treatment at the Zortman and Landusky mine sites.

Funds for the Zortman/Landusky Long Term Water Trust fund are held in MU67.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Zortman/Landusky Long Term Water Trust fund; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark, the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Zortman/Landusky Long Term Water Trust fund 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Zortman/Landusky Long Term Water Trust fund may only invest in the following:

1. Debt obligations of the U.S. Government, including its agencies and instrumentalities
2. Trust Fund Investment Pool (TFIP)
3. Short-Term Investment Pool (STIP)

Other Restrictions:

- A maximum of 99% of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
- The maximum maturity of Government/Agency securities will be 6 years.

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.

**Schedule I-J**  
**Investment Objectives and Guidelines**  
**Coal Tax Park Trust Fund**

**Effective Date of Schedule: November 15, 2017**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment objectives and guidelines is to provide a framework for the Coal Tax Park Trust Fund account under the guidance of the Board.

The Coal Tax Park Trust Fund was established under MCA: 15-35-108 as a non-expendable trust fund for parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in MCA: 23-1-102

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

9. Establish the investment objectives and performance standards of the Coal Tax Park Trust Fund account;  
and
10. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

The objective of the Coal Tax Park 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Coal Tax Park 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Coal Tax Park 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Coal Tax Park Trust Fund may only invest in the following:

14. Trust Fund Investment Pool (TFIP)
15. Short-Term Investment Pool (STIP)

Other Restrictions:

9. A maximum of 97% of the market value of the portfolio will be invested in the Trust Fund Investment Pool (TFIP)

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.

**Schedule I-K**  
**Investment Objectives and Guidelines**  
**Fish, Wildlife & Parks Mitigation Trust Fund**

**Effective Date of Schedule: November 15, 2017**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment objectives and guidelines is to provide a framework for the Fish, Wildlife & Parks Mitigation Trust Fund account under the guidance of the Board.

The Fish, Wildlife & Parks Mitigation Trust Fund was established under MCA: 87-1-611 and was originally created because of an agreement between Bonneville Power Administration and the State of Montana pertaining to Wildlife Mitigation for Libby and Hungry Horse Dams. The fund provides for fish and wildlife mitigation or enhancement.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Fish, Wildlife & Parks Mitigation Trust Fund account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

The objective of the Fish, Wildlife & Parks Mitigation 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark, the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Fish, Wildlife & Parks Mitigation 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Fish, Wildlife & Parks Mitigation 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Fish, Wildlife & Parks Mitigation Trust Fund may only invest in the following:

1. Debt obligations of the U.S. Government, including its agencies and instrumentalities
2. Trust Fund Investment Pool (TFIP)
3. Short-Term Investment Pool (STIP)

Other Restrictions:

1. A maximum of 50% of the market value of the portfolio will be invested directly in U.S. Government / Agency securities; and
2. The maximum maturity of U.S. Government / Agency securities will be 6 years.
3. A maximum of 70% of the market value of the portfolio will be invested in the Trust Fund Investment Pool (TFIP); and
4. A minimum of 10% of the market value of the portfolio will be invested in the Short-Term Investment Pool (STIP).

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.

**Schedule I-L**  
**Investment Objectives and Guidelines**  
**Real Property Trust Fund**

**Effective Date of Schedule: November 15, 2017**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment objectives and guidelines is to provide a framework for the Real Property Trust Fund account under the guidance of the Board.

The Real Property Trust Fund was established under MCA: 87-1-601 as a non-expendable trust fund for the operation, development, and maintenance of real property under management of the Department of Fish, Wildlife & Parks (FWP). Money received from the sale of real property, oil, gas or mineral deposits, and from leases is deposited into this permanent fund account except as provided by MCA: 87-1-621.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Real Property Trust Fund account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

The objective of the Real Property 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Real Property 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Real Property 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Real Property Trust Fund may only invest in the following:

1. Trust Fund Investment Pool (TFIP)
2. Short-Term Investment Pool (STIP)

Other Restrictions:

1. A maximum of 97% of the market value of the portfolio will be invested in the Trust Fund Investment Pool (TFIP)

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.



**Schedule I-M**  
**Investment Objectives and Guidelines**  
**Wildlife Habitat Trust Fund**

**Effective Date of Schedule: November 15, 2017**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment objectives and guidelines is to provide a framework for the Wildlife Habitat Trust Fund account under the guidance of the Board.

The Wildlife Habitat Trust Fund was established under MCA: 87-1-242 as a non-expendable trust to secure, develop and maintain wildlife habitat. Funding is established from the sale of specific hunting licenses or permits and is subject to appropriation by the Legislature.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Wildlife Habitat Trust Fund account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

The objective of the Wildlife Habitat 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Wildlife Habitat 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Wildlife Habitat 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Wildlife Habitat Trust Fund may only invest in the following:

1. Trust Fund Investment Pool (TFIP)
2. Short-Term Investment Pool (STIP)

Other Restrictions:

1. A maximum of 97% of the market value of the portfolio will be invested in the Trust Fund Investment Pool (TFIP)

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.

**Schedule I-N**  
**Investment Objectives and Guidelines**  
**Endowment for Children**

**Effective Date of Schedule: August 22, 2017**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment objectives and guidelines is to provide a framework for the Endowment for Children Fund under the guidance of the Board.

The Endowment for Children Fund was established under MCA: 52-7-105 “to provide a permanent source of funding to support the programs and services referred to in MCA: 52-7-101 “to fund services and activities related to a broad range of child abuse and neglect prevention activities and family resource programs operated by nonprofit or public community-based educational and service organizations.”

Timing of expenditures is uncertain. Staff will rely on expenditure estimates from the Montana Department of Public Health and Human Services.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Endowment for Children; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Endowment for Children 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the fund to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark** each weighted proportionately to the portfolio’s holdings, over a five-year moving average.

Time Horizon:

Endowment for Children 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Endowment for Children 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 of Investments at the next scheduled quarterly Board meeting.

**Permitted Investments:**

The Endowment for Children may only invest in the following:

1. Trust Fund Investment Pool (TFIP)
2. Short-Term Investment Pool (STIP)

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.

**Schedule I-O**  
**Investment Objectives and Guidelines**  
**Older Montanans Trust Fund**

**Effective Date of Schedule: February 14, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Older Montanans Trust Fund investments under the guidance of the Board.

The Older Montanans Trust Fund was created in MCA 52-3-115 to establish new, innovative services or to expand existing services for the benefit of Montana residents 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.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Older Montanans Trust Fund account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

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.

**Investment Guidelines:**

The Montana Board of Investments 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 of Investments at the next scheduled quarterly Board meeting.

**Permitted Investments:**

Older Montanans Trust Fund may only invest in the following:

1. Trust Funds Investment Pool (TFIP)
2. Short-Term Investment Pool (STIP)

**Other Restrictions:**

1. A minimum of 95% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)

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.

**Schedule I-P**  
**Investment Objectives and Guidelines**  
**Tobacco Trust Fund**

**Effective Date of Schedule: February 14, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Tobacco Trust Fund investments under the guidance of the Board.

The Tobacco Trust Fund was created from the Master Settlement Agreement from the nation's largest tobacco companies to pay at least \$205 billion over 25 years (in 1999). The Tobacco Trust Fund is established in MCA 17-6-601 where forty percent of the tobacco settlement will be placed for health care benefits, services, or coverage and tobacco disease prevention (described in MCA 17-6-606). A special revenue fund account is also established in MCA 17-6-603 where nine-tenths of the interest and income derived from the trust fund must be deposited.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Tobacco Trust Fund account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

The objective of the Tobacco 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

The Tobacco 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Tobacco 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 of Investments at the next scheduled quarterly Board meeting.

**Permitted Investments:**

The Tobacco Trust Fund may only invest in the following:

1. Trust Funds Investment Pool (TFIP)
2. Short-Term Investment Pool (STIP)

**Other Restrictions:**

1. A minimum of 95% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)

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.



**Schedule I-Q**  
**Investment Objectives and Guidelines**  
**Butte Area One Restoration Fund**

**Effective Date of Schedule: May 23, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Butte Area One Restoration Fund (MBOI account MU3F) investments under the guidance of the Board.

The Butte Area One Restoration Fund originated in 2008, a Consent Decree was entered between the State of Montana, the United States and Atlantic Richfield Company (ARCO), to settle certain litigation and to provide for the funding of restoration action at the Butte Area One. Funds are used by the Natural Resource Damage Program of the Montana Department of Justice (NRDP) to restore, replace or acquire the equivalent of injured natural resources or lost services.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

11. Establish the investment objectives and performance standards of the Butte Area One Restoration Fund account; and
12. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Butte Area One Restoration 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

The Butte Area One Restoration Fund is an expendable fund. Major expenditures are expected to continue through 2019. Additional expenditures are expected in future years, as projected and periodically updated by the NRDP. 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Butte Area One Restoration 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

The Butte Area One Restoration Fund may only invest in the following:

- 16. U.S. Treasury Bonds
- 17. U.S. Agency Bonds
- 18. Trust Funds Investment Pool (TFIP)
- 19. Short-Term Investment Pool (STIP)

Other Restrictions:

- 10. A maximum of 97% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP).
- 11. A maximum of 60% of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
- 12. The maximum maturity of U.S. Treasury and Agency bonds will be 6 years.

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.

**Schedule I-R**  
**Investment Objectives and Guidelines**  
**Clark Fork Restoration Fund**

**Effective Date of Schedule: May 23, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Clark Fork Restoration Fund (MBOI account MU3H) investments under the guidance of the Board.

The Clark Fork Restoration Fund originated in 2008, a Consent Decree was entered between the State of Montana, the United States and Atlantic Richfield Company (ARCO), to settle certain litigation and to provide for the funding of restoration action the Clark Fork River, from Warm Springs Ponds to the former Milltown Reservoir. Funds are used by the Natural Resource Damage Program of the Montana Department of Justice (NRDP) to restore aquatic and terrestrial resources.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

13. Establish the investment objectives and performance standards of the Clark Fork Restoration Fund account; and
14. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Clark Fork Restoration 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

The Clark Fork Restoration Fund is an expendable fund. Expenditures are expected in future years, as projected and periodically updated by the NRDP. 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Clark Fork Restoration 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

The Clark Fork Restoration Fund may only invest in the following:

20. U.S. Treasury Bonds
21. U.S. Agency Bonds
22. Trust Funds Investment Pool (TFIP)
23. Short-Term Investment Pool (STIP)

Other Restrictions:

13. A maximum of 97% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP).
14. A maximum of 60% of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
15. The maximum maturity of U.S. Treasury and Agency bonds will be 6 years.

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.

**Schedule I-S**  
**Investment Objectives and Guidelines**  
**East Helena Compensation Fund**

**Effective Date of Schedule: May 23, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the East Helena Compensation Fund (MBOI account MU3S) investments under the guidance of the Board.

The East Helena Compensation Fund originated in 2006 through a legal settlement with and subsequent claim in bankruptcy on the ASARCO company. The action was taken for natural resource restoration damages and compensatory damages for lost use of resources. Funds will be used by the Natural Resource Damage Program of the Montana Department of Justice (NRDP) for wildlife habitat restoration, recreation and open space.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

15. Establish the investment objectives and performance standards of the East Helena Compensation Fund account; and
16. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the East Helena Compensation 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

The East Helena Compensation Fund is an expendable fund. Major expenditures are expected in future years, as projected and periodically updated by the NRDP. 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the East Helena Compensation 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

The East Helena Compensation Fund may only invest in the following:

24. U.S. Treasury Bonds
25. U.S. Agency Bonds
26. Trust Funds Investment Pool (TFIP)
27. Short-Term Investment Pool (STIP)

Other Restrictions:

16. A maximum of 97% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP).
17. A maximum of 60% of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
18. The maximum maturity of U.S. Treasury and Agency bonds will be 6 years.

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.

**Schedule I-T**  
**Investment Objectives and Guidelines**  
**Smelter Hill Uplands Restoration Fund**

**Effective Date of Schedule: May 23, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Smelter Hill Uplands Restoration Fund (MU3I) investments under the guidance of the Board.

The Smelter Hill Uplands Restoration Fund originated in 2008, a Consent Decree was entered between the State of Montana, the United States and Atlantic Richfield Company (ARCO), to settle certain litigation and to provide for the funding of restoration action on lands injured by emissions from the Anaconda Smelter. Funds are used by the Natural Resource Damage Program of the Montana Department of Justice (NRDP) to remediate and restore damaged lands.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

17. Establish the investment objectives and performance standards of the Smelter Hill Uplands Restoration Fund account; and
18. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Smelter Hill Uplands Restoration 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

The Smelter Hill Uplands Restoration Fund is an expendable fund. Expenditures are expected in future years, as projected and periodically updated by the NRDP. 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Smelter Hill Uplands Restoration 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

The Smelter Hill Uplands Restoration Fund may only invest in the following:

- 28. U.S. Treasury Bonds
- 29. U.S. Agency Bonds
- 30. Trust Funds Investment Pool (TFIP)
- 31. Short-Term Investment Pool (STIP)

Other Restrictions:

- 19. A maximum of 97% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP).
- 20. A maximum of 60% of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
- 21. The maximum maturity of U.S. Treasury and Agency bonds will be 6 years.

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.



**Schedule I-U**  
**Investment Objectives and Guidelines**  
**Upper Clark Fork River Basin Reserve Fund**

**Effective Date of Schedule: May 23, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Upper Clark Fork River Basin Reserve Fund (MU22) investments under the guidance of the Board.

The Upper Clark Fork River Basin Reserve Fund originated in 1999, a Consent Decree was entered between the State of Montana, the United States and Atlantic Richfield Company (ARCO), to settle certain litigation and to provide for the funding of restoration action on and around the Clark Fork River and tributaries generally above the confluence of the Little Blackfoot River. Funds are used by the Natural Resource Damage Program of the Montana Department of Justice (NRDP) to cover potential cost over-runs of the Streamside Tailings Operable Unit if any and then to the Upper Clark Fork River Basin Restoration Fund.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

19. Establish the investment objectives and performance standards of the Upper Clark Fork River Basin Reserve Fund account; and
20. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Upper Clark Fork River Basin Reserve 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

The Upper Clark Fork River Basin Reserve Fund is an expendable fund. Expenditures are expected in future years, as projected and periodically updated by the NRDP. 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Upper Clark Fork River Basin Reserve 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

The Upper Clark Fork River Basin Reserve Fund may only invest in the following:

- 32. U.S. Treasury Bonds
- 33. U.S. Agency Bonds
- 34. Trust Funds Investment Pool (TFIP)
- 35. Short-Term Investment Pool (STIP)

Other Restrictions:

- 22. A maximum of 97% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP).
- 23. A maximum of 60% of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
- 24. The maximum maturity of U.S. Treasury and Agency bonds will be 6 years.

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.

**Schedule I-V**  
**Investment Objectives and Guidelines**  
**Upper Clark Fork River Basin Restoration Fund**

**Effective Date of Schedule: May 23, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Upper Clark Fork River Basin Restoration Fund (MBOI account MU21) investments under the guidance of the Board.

The Upper Clark Fork River Basin Restoration Fund originated in 1999, a Consent Decree was entered between the State of Montana, the United States and Atlantic Richfield Company (ARCO), to settle certain litigation and to provide for the funding of restoration action on and around the Clark Fork River and tributaries generally above the confluence of the Little Blackfoot River. Funds are used by the Natural Resource Damage Program of the Montana Department of Justice (NRDP) to restore, rehabilitate or replace injured natural resources.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

21. Establish the investment objectives and performance standards of the Upper Clark Fork River Basin Restoration Fund account; and
22. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Upper Clark Fork River Basin Restoration 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

The Upper Clark Fork River Basin Restoration Fund is an expendable fund. Expenditures are expected in future years, as projected and periodically updated by the NRDP. 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Upper Clark Fork River Basin Restoration 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

The Upper Clark Fork River Basin Restoration Fund may only invest in the following:

- 36. U.S. Treasury Bonds
- 37. U.S. Agency Bonds
- 38. Trust Funds Investment Pool (TFIP)
- 39. Short-Term Investment Pool (STIP)

Other Restrictions:

- 25. A maximum of 97% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP).
- 26. A maximum of 60% of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
- 27. The maximum maturity of U.S. Treasury and Agency bonds will be 6 years.

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.

**Schedule I-W  
Investment Objectives and Guidelines  
Public School Trust**

**Effective Date of Schedule: April 3, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Public School Trust investments (formerly referred to as the Trust and Legacy Fund) under the guidance of the Board.

The Public School Trust was established in 1973 by Article X, Section 2 of the Montana Constitution. The trust consists primarily of land granted to the State of Montana by the United States or other entities. The Public School Trust is administered by the Montana Department of Natural Resources.

Per Article X, Section 5 of the Montana Constitution, ninety-five percent of all interest received on fund investments and ninety-five percent of all income received from fund owned land shall be equitably apportioned to public school districts. Five percent of all interest received on fund investments and five percent of all income received from fund owned land shall be added to the Public School Trust.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

- 23. Establish the investment objectives and performance standards of the Public School Trust account; and
- 24. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Public School Trust 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Public School 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 of the Board may lead to unfavorable, but expected, deviation from these objectives.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Public School Trust 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Public School Trust may only invest in the following:

- 40. Trust Funds Investment Pool (TFIP)
- 41. Short-Term Investment Pool (STIP)

Other Restrictions:

- 28. A minimum of 95% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)

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.

**Schedule I-X**  
**Investment Objectives and Guidelines**  
**Resource Indemnity Trust Fund**

**Effective Date of Schedule: April 3, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Resource Indemnity Trust Fund investments under the guidance of the Board.

The Resource Indemnity Trust Fund is a trust that was established in 1973 by Article IX Section 2 of the Montana Constitution in the amount of \$100 million. The principal of the trust “shall forever remain inviolate”. Earnings from the fund are to be used to “improve the total environment and rectify damage to the environment” per MCA 15-38-203. The trust is administered by the Department of Revenue.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

25. Establish the investment objectives and performance standards of the Resource Indemnity Trust Fund account; and
26. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Resource Indemnity 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio’s holdings, over a five-year moving average.

Time Horizon:

Resource Indemnity 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Resource Indemnity 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Resource Indemnity Trust Fund may only invest in the following:

- 42. Trust Funds Investment Pool (TFIP)
- 43. Short-Term Investment Pool (STIP)

Other Restrictions:

- 29. A minimum of 95% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)

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.



**Schedule I-Y  
Investment Objectives and Guidelines  
Cultural Trust Fund**

**Effective Date of Schedule: April 3, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Cultural Trust Fund investments under the guidance of the Board.

The Cultural Trust Fund was created from the Coal Tax Park Acquisition Fund, which is funded by coal severance tax collections. The Cultural Trust Fund is established in MCA 15-35-108. Income from this trust fund, excluding unrealized gains and losses, must be appropriated for protection of works of art in the state capital and for other cultural and aesthetic projects.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

27. Establish the investment objectives and performance standards of the Cultural Trust Fund account; and
28. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

The objective of the Cultural 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

The Cultural 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Cultural 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

The Cultural Trust Fund may only invest in the following:

- 44. Trust Funds Investment Pool (TFIP)
- 45. Short-Term Investment Pool (STIP)

Other Restrictions:

- 30. A minimum of 95% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)

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.

**Schedule I-AA  
Investment Objectives and Guidelines  
Harold Hamm Endowment**

**Effective Date of Schedule: November 15, 2017**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Harold Hamm Endowment investments under the guidance of the Board.

The Harold Hamm Endowment was created for the benefit of Helena College via a gift from Harold W. Hamm. The endowment distributes scholarships to students and faculty in the Aviation and Maintenance Technology program on an annual basis.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Harold Hamm Endowment account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

The objective of the Harold Hamm Endowment 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Harold Hamm Endowment 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Harold Hamm Endowment 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Harold Hamm Endowment may only invest in the following:

1. Trust Fund Investment Pool (TFIP)
2. Short-Term Investment Pool (STIP)

Other Restrictions:

1. A maximum of 95% of the market value of the portfolio will be invested in the Trust Fund Investment Pool (TFIP)

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.

**Schedule I-AB**  
**Investment Objectives and Guidelines**  
**Potter Trust Fund**

**Effective Date of Schedule: February 14, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Potter Trust Fund investments under the guidance of the Board.

The Potter Loan Trust Fund was created for the benefit of Montana Tech per the Last Will and Testament of Peter Potter. The Trust is utilized by Montana Tech to provide financial aid assistance for students and to reimburse the university some administrative expenses.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Potter Trust Fund account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Potter 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Potter 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Potter 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Potter Trust Fund may only invest in the following:

1. Trust Funds Investment Pool (TFIP)
2. Short-Term Investment Pool (STIP)

Other Restrictions:

1. A maximum of 97% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)

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.

**APPENDIX II:**  
**Insurance Funds: Investment Objectives and Guidelines**

- Schedule II-A: Montana University System Group Insurance
- Schedule II-B: Montana University System Workers Compensation
- Schedule II-C: State Employee Group Benefits

**Schedule II-A**  
**Investment Objectives and Guidelines**  
**Montana University System Group Insurance**

**Effective Date of Schedule: February 14, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment objectives and guidelines is to provide a framework for the Montana University System Group Insurance account under the guidance of the Board.

The Montana University System Group Insurance account was established as the reserve for the self-insured health plan for the Montana University system.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana University System Group Insurance account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

The objective of the Montana University System Group Insurance account 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark, the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Montana University System Group Insurance account 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.



### **Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Montana University System Group Insurance 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 of Investments at the next scheduled quarterly Board meeting.

### Permitted Investments:

Montana University System Group Insurance account may only invest in the following:

1. Debt obligations of the U.S. Government, including its agencies and instrumentalities
2. Trust Funds Investment Pool (TFIP)
3. Short-Term Investment Pool (STIP)

### Other Restrictions:

1. A maximum of 50% of the market value of the portfolio will be invested in U.S. Government/U.S. Agency securities;
2. U.S. Government/U.S. Agency securities will have a maximum maturity of 5 years;
3. A maximum of 40% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP); and
4. A minimum of \$10 million will be invested in the Short-Term Investment Pool (STIP).

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.

**Schedule II-B**  
**Investment Objectives and Guidelines**  
**Montana University System Workers Compensation**

**Effective Date of Schedule: February 14, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Montana University System Workers Compensation investments under the guidance of the Board.

MUS began operations on July 1, 2003 as a self-insurance program to provide workers compensation coverage for the Montana University System. This is an operating account requiring significant liquidity. However, DLI requires the Program to maintain adequate reserves to meet the Program's anticipated and contingency funding needs in the event of adverse developments or uncharacteristically high costs, so investment in the TFIP is considered prudent to achieve a higher level of investment income.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana University System Workers Compensation account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Montana University System Workers Compensation 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Montana University System Workers Compensation 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Montana University System Workers Compensation 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 of Investments at the next scheduled quarterly Board meeting.

**Permitted Investments:**

Montana University System Workers Compensation may only invest in the following:

1. Trust Funds Investment Pool (TFIP)
2. Short-Term Investment Pool (STIP)

**Other Restrictions:**

1. A maximum of 35% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)

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.

**Schedule II-C**  
**Investment Objectives and Guidelines**  
**State Employee Group Benefits**

**Effective Date of Schedule: April 5, 2017**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment objectives and guidelines is to provide a framework for the State Employee Group Benefits account under the guidance of the Board.

The State Employee Group Benefits account was established under MCA: 2-18-808 “to establish a program under which the state may provide state employees with adequate group hospitalization, health, medical, disability, life, and other related group benefits in an efficient manner and at an affordable cost.”

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the State Employee Group Benefits account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

The objective of the State Employee Group Benefits 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark, the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio’s holdings, over a five-year moving average.

Time Horizon:

State Employee Group Benefits 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the State Employee Group Benefits 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

State Employee Group Benefits may only invest in the following:

1. Debt obligations of the U.S. Government, including its agencies and instrumentalities
2. Trust Fund Investment Pool (TFIP)
3. Short-Term Investment Pool (STIP)

Other Restrictions:

1. A maximum of 50% of the market value of the portfolio will be invested in U.S. Government/U.S. Agency securities;
2. U.S. Government/U.S. Agency securities will have a maximum maturity of 5 years;
3. A maximum of 40% of the market value of the portfolio will be invested in the Trust Fund Investment Pool (TFIP); and
4. A minimum of \$10 million will be invested in the Short-Term Investment Pool (STIP).

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.

## **APPENDIX III:**

### **Operating Funds: Investment Objectives and Guidelines**

- Schedule III-A: Montana State University
- Schedule III-B: Montana Tech
- Schedule III-C: University of Montana Operating Funds
- Schedule III-D: Treasurer's Fund
- Schedule III-E: Fish, Wildlife and Parks License Account

**Schedule III-A**  
**Investment Objectives and Guidelines**  
**Montana State University**

**Effective Date of Schedule: February 14, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for Montana State University investments under the guidance of the Board.

The Montana State University 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.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana State University account;  
and
2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Montana State University 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Montana State University 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Montana State University 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Montana State University may only invest in the following:

1. Trust Funds Investment Pool (TFIP)
2. Short-Term Investment Pool (STIP)

Other Restrictions:

1. A maximum of 30% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)

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.



**Schedule III-B  
Investment Objectives and Guidelines  
Montana Tech**

**Effective Date of Schedule: February 14, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for Montana Tech investments under the guidance of the Board.

The Montana Tech 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.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana Tech account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Montana Tech 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Montana Tech 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Montana Tech 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 of Investments at the next scheduled quarterly Board meeting.

Permitted Investments:

Montana Tech may only invest in the following:

1. Trust Funds Investment Pool (TFIP)
2. Short-Term Investment Pool (STIP)

Other Restrictions:

1. A maximum of 30% of the market value of the portfolio will be invested in the Trust Funds Investment Pool (TFIP)

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.

**Schedule III-C  
Investment Objectives and Guidelines  
University of Montana Operating Funds**

**Effective Date of Schedule: February 14, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for University of Montana Operating Funds investments under the guidance of the Board.

University of Montana Operating Funds 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.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the University of Montana Operating Funds account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the University of Montana Operating Funds 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark, the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

University of Montana Operating Funds 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the University of Montana Operating Funds 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 of Investments at the next scheduled quarterly Board meeting.

**Permitted Investments:**

University of Montana Operating Funds may only invest in the following:

1. Debt obligations of the U.S. Government, including its agencies and instrumentalities
2. Trust Funds Investment Pool (TFIP)
3. Short-Term Investment Pool (STIP)

**Other Restrictions:**

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

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.

**Schedule III-D  
Investment Objectives and Guidelines  
Treasurer's Fund**

**Effective Date of Schedule: August 21, 2018**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of this policy statement is to provide a framework for the Treasurer's Fund investments under the guidance of the Board.

The Treasurer's Fund consists of both assets of the general fund and all other surplus funds of the state not otherwise expressly segregated and invested separately.

Per MCA 17-1-111, "the state treasurer is the custodian of all money and securities of the state unless otherwise expressly provided by law." Per MCA 17-6-101, "Under the direction of the board of investments, the state treasurer shall deposit public money in the treasurer's possession and under the treasurer's control..."

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Treasurer's Fund account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

**Investment Objective:**

Strategic:

The objective of the Treasurer's 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Short-Term Investment Pool benchmark**.

Time Horizon:

The Treasurer's 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Treasurer's 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 of Investments at the next scheduled quarterly Board meeting.

### Permitted Investments:

Treasurer's Fund may only invest in the following:

1. Short Term Investment Pool (STIP).
2. Deposits held at the state's depository bank.
3. U.S. Treasury obligations.
4. Direct obligations of the U.S. mortgage agencies Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation). These obligations shall consist of only the discount notes, notes and debentures of these two agencies and does not include mortgage pass-through obligations. Coupons may be fixed or floating rate.
5. Direct obligations of the Federal Farm Credit Bank and the Federal Home Loan Bank. These obligations shall consist of discount notes, notes and debentures with either fixed or floating rate coupons.
6. Short-term tri-party repurchase obligations (repo) with an approved primary dealer, the custodial bank, or the depository bank that are collateralized at 102% of value with U.S. Treasury and U.S. Agency securities. Approved primary dealers will be the same as those dealers approved for repo investments made in STIP.
7. Fixed income obligations of other U.S. agencies or corporate entities that are directly guaranteed as to both principal and interest by the full faith and credit of the U.S. Treasury.
8. Any obligation purchased pursuant to the bond credit enhancement program of the MBOI as authorized pursuant to Resolution 219 of the Board of Investments.
9. State general fund warrants per MCA 17-6-212

### Other Restrictions:

1. Securities purchases are permitted only up to an amount that is equal to one-half the projected fiscal year-end balance of the general fund.
  - a. This component of the Treasurer's Fund is subject to the uncertainty of state receipts and expenditures and may fluctuate significantly depending on economic conditions. Thus, in order to avoid a potential liquidity event, the purchase of securities is to be constrained based on the most current forecast of general fund balances by the budget office within the Department of Administration. In the event the amount of securities held were to exceed this threshold, sales are not required however additional purchases are prohibited until the test can again be met.
  - b. U.S. Treasuries held at the state's depository bank are not subject to the projected general fund balance restriction. These securities are held at the depository bank to provide emergency liquidity.
  - c. In addition, any obligations purchased pursuant to the bond credit enhancement program of the MBOI as authorized pursuant to Resolution 219 of the Board are not subject to the projected general fund balance restriction.
2. Securities purchased for investment are intended to enhance book income and shall normally be held until maturity unless a severe liquidity need were to arise in which case a realized loss may be incurred if necessary in the sale of securities to meet immediate liquidity needs. Realized gains may be incurred if the sale of a security prior to maturity is necessary to meet liquidity needs or otherwise is advisable in order to enhance book income by reinvesting the proceeds of such sale.
3. Securities are limited to three years to final maturity.
4. Repurchase agreements are limited to seven days to maturity.

5. Holdings of any one U.S. agency that is not directly or indirectly guaranteed by the U.S. Treasury shall be limited to a maximum \$100 million at book value.
6. Repurchase obligations shall be limited to \$20 million face amount with any one primary dealer. Repos held at the depository bank or the custodial bank are not constrained by this limit given the potential for extenuating market conditions that may require unusually high cash balances to be retained at either bank.

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.

**Schedule III-E**  
**Investment Objectives and Guidelines**  
**Fish, Wildlife & Parks License Fund**

**Effective Date of Schedule: November 15, 2017**

*This schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.*

**Introduction:**

The purpose of the investment objectives and guidelines is to provide a framework for the Fish, Wildlife & Parks License Fund account under the guidance of the Board.

The Fish, Wildlife & Parks License Fund was established under MCA: 87-1-601. This account contains revenue generated from the sale of hunting and fishing licenses.

**Statement of Purpose:**

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Fish, Wildlife & Parks License Fund account; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

**Investment Objective:**

Strategic:

The objective of the Fish, Wildlife & Parks License 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.

Performance:

Success in achieving this objective will be measured by comparing the risk and return of the account to the **Trust Funds Investment Pool benchmark, the Short-Term Investment Pool benchmark and the Bloomberg/Barclays 1-5 Year Treasury Index**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Time Horizon:

Fish, Wildlife & Parks License 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.

**Investment Guidelines:**

The Montana Board of Investments will have full discretion to manage the Fish, Wildlife & Parks License 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 of Investments at the next scheduled quarterly Board meeting.



Permitted Investments:

Fish, Wildlife & Parks License Fund may only invest in the following:

1. Debt obligations of the U.S. Government, including its agencies and instrumentalities
2. Trust Fund Investment Pool (TFIP)
3. Short-Term Investment Pool (STIP)

Other Restrictions:

1. A maximum of 25% of the market value of the portfolio will be invested directly in U.S. Government / Agency securities; and
2. The maximum maturity of U.S. Government / Agency securities will be 6 years; and
3. A maximum of 50% of the market value of the portfolio will be invested in the Trust Fund Investment Pool (TFIP); and
4. A minimum of 40% of the market value of the portfolio will be invested in the Short-Term Investment Pool (STIP).

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.