

**MONTANA BOARD OF INVESTMENTS
INVESTMENT POLICY STATEMENT
WILDLIFE HABITAT TRUST FUND (FUND 09006)
September 2003**

INTRODUCTION

The purpose of an investment policy statement is to give the investment manager guidance in developing an investment program to achieve the objectives agreed upon and to enable the sponsor, Fish, Wildlife, and Parks (FWP), to monitor the progress of the plan.

OBJECTIVES

Return Requirement: To maximize the total rate of return through a broadly diversified portfolio of fixed income securities while producing a total rate of return which exceeds the total rate of return of a combination of the Barclays Capital Government/Corporate 1-5 year Custom Index and the Barclays Capital Aggregate Bond Index over any five year rolling period.

Current Income: Current income is important since interest earned is used to fund the program.

Risk Tolerance: This is a non-expendable trust fund having an above average ability to assume interest rate risk with low risk of loss to principal invested.

CONSTRAINTS

Time Horizon: This fund is considered a long-term fund that has a time horizon beyond five (5) years. Investments in the Trust Funds Investment Pool (TFIP) will be allowed.

Liquidity Needs: Liquidity needs are low. Except for investment reasons, there is no need to maintain any sizable liquid reserves in the fund.

Tax Considerations: This fund is tax-exempt, therefore, tax advantaged investments will not be used.

Legal Considerations: This fund is governed by state regulations, specifically, the "prudent expert principle" which requires the Board of Investments to: (a) discharge his duties with the care, skill, prudence and diligence, under the circumstance 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 a like character with like aims; (b) diversify the holdings of each fund within the unified investment program to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is solely prudent not to do so; and (c) discharge his duties solely in the interest of and for the benefit of the funds forming the unified investment program.

The Montana Constitution does not allow equity type investments.

Unique Circumstances: None

Client Preferences: None

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WILDLIFE HABITAT TRUST FUND

STATUTORY REFERENCE:

MCA: 87-1-242 The 1987 Legislature established that, effective March 31, 1989, 20 percent of non-resident hunting licenses is to be deposited to the Wildlife Habitat Trust Fund until March 1, 1994.

Footnotes:

1. During fiscal year 1988, Wildlife Habitat Trust proceeds were initially deposited directly to the Real Property Trust Fund.
2. Beginning in fiscal year 1990, Wildlife Habitat Trust funds are separated from Real Property Trust funds. See Real Property Trust Fund Policy Statement.
3. Book and Market values, as of December 31, 1989, reflect the allocation of the securities between Real Property Trust Fund and Wildlife Habitat Trust Fund.

**ASSET ALLOCATION
(at market)**

<u>FIXED INCOME</u>	<u>Ranges</u>
Government/Agency Bonds	
Domestic	0-65%
Corporate Bonds	
Domestic	0-50
Trust Funds Investment Pool (TFIP)	0-95
Short-Term Investment Pool (STIP)	<u>5-25</u>
Total Fixed Income	<u>100.0%</u>