

A message from Mark Noennig, Chairman of the Montana Board of Investments

Hello and welcome to the Board of Investments website. Our website has a tremendous amount of information such as the Board's relevant laws, policies, annual report and much more. My hope here is to outline the many checks and balances that ensure Montana's money is wisely, professionally, and prudently invested.



It is an honor to serve as chairman of the Board. It is quite a responsibility to oversee the state's multi-billion dollar investments. Sometimes I get asked, "How do you do it?" How do board members manage over \$16 billion dollars that Montanans depend on, including everything from making its payroll to paying its support to our local schools and to our retired teachers?

It all starts with the law. Our Montana Constitution specifically requires state money to be in a single investment program and that it must be audited annually. The Montana legislature has created the Board of Investments to oversee this mission and has provided laws that govern who can serve on the Board, their qualifications, staffing, prudent investment principles and many other limitations.

We are a citizen board, composed (as the law requires) of a diverse make up. The law requires "a balance of professional expertise and public interest and accountability, who are informed and experienced in the subject of investments." Over many years, governors have appointed investment brokers and financial advisors, bankers, attorneys, small business owners, farmers, ranchers, educators, engineers, working men and women, as well as retirees. To serve on the Board of Investments is a high honor and a significant responsibility.

A key strength from our diverse membership is that we require our staff and consultants to explain their work and investment strategies to a representative group of Montanans. We are unafraid to ask even the most rudimentary questions in conjunction with the difficult technical ones. This helps all of us understand the recommendations and actions of our highly trained investment staff. The Board expects and demands from its staff a reasonable and explainable basis for its recommendations so we and all citizens understand the Board's actions.

We follow the law, hold our staff accountable, and conduct and report all our business to the public. We also rely on retained outside experts and receive many different types of independent reports and measures to judge our performance, risks, returns, and costs. Our website shows our policies and investment returns. It also shows investment performance and cost reports we receive as we monitor and track the state's investments. Our Board meeting minutes are posted and all of our business is open to the public, unless it is legally privileged.

People ask me, "Do Board members pick particular investments?" The simple answer is no. We rely on our professional staff and contracted money managers for this. However, we as the Board set many constraints which limit investment activity. Investment total returns are driven mostly by the mix of broad investment categories such as how much is in stocks or bonds, and very little by an individual security. Only the full Board can change investment policies and the asset mix, and we can do so only in a publically noticed meeting.

I hope you are satisfied that through a combination of laws, policies, professionalism, independent experts and auditors, and full and timely public disclosure, Montana's investments are being prudently and expertly managed. I would welcome your comments. You can find Board member and Executive Director contact information readily available on our website. Contact us!

Respectfully,

A handwritten signature in black ink that reads "Mark E. Noennig". The signature is written in a cursive style with a large, sweeping initial "M".

Mark E. Noennig  
Chair