

**COAL SEVERANCE TAX TRUST FUND
INVESTMENT POLICY**

Approved August 20, 2019

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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 Coal Severance Tax Trust Fund.

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

The Coal Severance Tax Trust Fund was established under Article IX, Section 5 of the state Constitution which requires that at least 50 percent of the coal severance tax be deposited in a trust fund in which the principal “shall forever remain inviolate unless appropriated by vote of three-fourths (3/4) of the members of each house of the legislature”.

The legislature has partitioned the Trust into several sub-funds per Montana Code Annotated (MCA) 17-5-703.

- a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal severance tax must be deposited;
- b) a treasure state endowment fund;
- c) a treasure state endowment regional water system fund;
- d) a coal severance tax permanent fund;
- e) a big sky economic development fund; and
- f) a school facilities fund

The goal of the Coal Severance Tax Trust Fund is to support various legislative programs “to develop a stable, strong, and diversified economy” in Montana. Subject to the provisions of 17-6-201, the board shall endeavor to invest 25% of the permanent coal tax trust fund in the Montana economy, with special emphasis on investments in new or expanding locally owned enterprises per MCA 17-6-305.

The current allocation of coal severance tax trust receipts is shown in Appendix I. The legislative history of the allocation of the coal severance tax trust within the various sub-funds is available by reviewing the MCA.

2. Purpose:

The purpose of this policy statement is to provide a broad strategic framework for the permanent Coal Severance Tax Trust Fund and its sub-funds 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 accounts, is responsible for establishing the investment parameters for all accounts.

4. Strategic Investment Objectives

The strategic investment objective is unique for each sub-fund and will be addressed in the guidelines and objectives in the Appendices.

However, the Board's overall objective is to achieve the highest level of investment performance compatible with each sub-fund'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 sub-fund.

5. Time Horizon

The time horizon for the Coal Severance Tax Trust Fund and all sub-funds is perpetual. The Board expects over a long-term investment horizon to meet or exceed all objectives. 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.

6. Performance Measurement

The investment policy benchmark is unique for each sub-fund. The investment policy benchmark for each sub-fund will be addressed in the guidelines and objectives in the Appendices.

The investment policy benchmark approximates the return that would be achieved if the account implemented a passively managed portfolio. Deviations from the policy benchmark measure the contribution of active investment management in the 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 Investment Policy Statement and has the authority to manage all 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 investment operations;
- Investing assets and monitoring compliance in accordance with this Policy;
- Reporting to the Board the 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 accounts.

8. Strategic Asset Allocation

The strategic asset allocation is unique for each sub-fund. The strategic asset allocation for each sub-fund will be addressed in the guidelines and objectives in the Appendices.

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 accounts. Rebalancing 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 sub-fund. 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 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 accounts managed directly by MBOI staff are not allowed to employ leverage.

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 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 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, the Permanent Coal Severance Tax Trust Fund and its sub-funds 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 litigation policy, including steps outlined in the Montana Board of Investments Governance Manual, Appendix F.

14. Investment Policy Review

As required by the Board 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: Coal Severance Tax Trust Distributions

Per the 2017 legislative session, the receipts for the coal severance tax trust fund are distributed as follows:

1. On July 1st each year, the State Treasurer shall determine the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12 months. This amount must be maintained in the coal severance tax bond fund.
2. After any required payment to the coal severance tax bond fund, 25% of tax receipts are deposited in the Big Sky Economic Development Fund.
3. After any required payment to the coal severance tax bond fund, 75% of tax receipts are deposited in the School Facilities Fund. When the balance of the School Facilities Fund reaches \$200 million, 75% of tax receipts will be transferred to the Coal Severance Tax Permanent Fund instead of the School Facilities Fund.

Tax receipts can be accessed via the monthly revenue reports on the Department of Revenue website.

APPENDIX II: Investment Objectives and Guidelines

Schedule II-A Investment Objectives and Guidelines Coal Severance Tax Bond Fund

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 guidelines is to provide a framework for the Coal Severance Tax Bond Fund under the guidance of the board.

The Coal Severance Tax Bond Fund was established under MCA: 17-5-703 as a sub-fund of the Permanent Coal Severance Tax Trust. The Legislature authorizes the sale of coal severance tax bonds to finance renewable resource projects and local government infrastructure projects. On July 1st of each year, the state treasurer shall determine the amount necessary to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12 months and retain that amount in the coal severance tax bond fund.

Funds for the Coal Severance Tax Bond Fund are held in STIP, designated by SABHRS fund 09042 with Department of Revenue being designated as the responsible business unit.

Statement of Purpose:

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Coal Severance Tax Bond Fund; and
2. Provide diversified investment exposure within the guidelines in a prudent and cost effective manner.

Investment Objective:

Strategic:

Provide funds to meet all principal and interest payments on bonds payable from the coal severance tax bond fund during the next 12 months.

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** over a five-year moving average.

Investment Guidelines:

The Montana Board of Investments will have full discretion to manage the Coal Severance Tax Bond 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:

Coal Severance Tax Bond Fund may only invest in the following:

- 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
Treasure State Endowment Fund

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 guidelines is to provide a framework for the Treasure State Endowment Fund under the guidance of the board.

The Treasure State Endowment Fund was established under MCA: 17-5-703 as a sub-fund of the Permanent Coal Severance Tax Trust. Income from the Treasure State Endowment Fund is appropriated to the Department of Revenue by the legislature for local government infrastructure projects.

Funds for the Treasure State Endowment Fund are held in MU65.

Statement of Purpose:

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Treasure State Endowment 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 and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Investment Guidelines:

The Montana Board of Investments will have full discretion to manage the Treasure State Endowment 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:

Treasure State Endowment Fund may only invest in the following:

- Trust Fund Investment Pool (TFIP)
- Short-Term Investment Pool (STIP)

Other Restrictions:

- A maximum of 99% of the market value of the portfolio will be held 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 II-C
Investment Objectives and Guidelines
Treasure State Endowment Regional Water System Fund

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 guidelines is to provide a framework for the Treasure State Endowment Regional Water System Fund under the guidance of the board.

The Treasure State Endowment Regional Water System Fund was established under MCA: 17-5-703 as a sub-fund of the Permanent Coal Severance Tax Trust. Income from the Treasure State Endowment Regional Water System Fund is appropriated to the Department of Revenue by the legislature to fund regional water system projects in northcentral and northeastern Montana.

Funds for the Treasure State Endowment Regional Water System Fund are held in MU64.

Statement of Purpose:

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Treasure State Endowment Regional Water System 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 and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

Investment Guidelines:

The Montana Board of Investments will have full discretion to manage the Treasure State Endowment Regional Water System 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:

Treasure State Endowment Regional Water System Fund may only invest in the following:

- Trust Fund Investment Pool (TFIP)
- Short-Term Investment Pool (STIP)

Other Restrictions:

- A maximum of 99% of the market value of the portfolio will be held 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 II-D
Investment Objectives and Guidelines
School Facilities Fund**

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 guidelines is to provide a framework for the School Facilities Fund under the guidance of the board.

The School Facilities Fund was established under MCA: 17-5-703 as a sub-fund of the Permanent Coal Severance Tax Trust. Income from the School Facilities Fund is appropriated to the Department of Administration by the legislature for local school district infrastructure projects.

Funds for the School Facilities Fund are held in MU6M.

Statement of Purpose:

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the School Facilities 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 and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings, over a five-year moving average. Legislatively mandated program assets such as loans will be excluded from performance calculations.

Investment Guidelines:

The Montana Board of Investments will have full discretion to manage the School Facilities 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:

School Facilities Fund may only invest in the following:

- Trust Fund Investment Pool (TFIP)
- Short-Term Investment Pool (STIP)

Other Restrictions:

- A maximum of 99% of the market value of the portfolio will be held 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 II-E
Investment Objectives and Guidelines
Big Sky Economic Development Fund

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 guidelines is to provide a framework for the Big Sky Economic Development Fund under the guidance of the board.

The Big Sky Economic Development Fund was established under MCA: 17-5-703 as a sub-fund of the Permanent Coal Severance Tax Trust. Income from the Big Sky Economic Development Fund is appropriated to the Department of Revenue by the legislature to provide grants and loans to local governments, certified regional development corporations or other approved economic development entities for qualified economic development projects.

Funds for the Big Sky Economic Development Fund are held in MU66.

Statement of Purpose:

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Big Sky Economic Development 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 and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings net of any legislatively directed holding of commercial, residential or infrastructure loans, bonds or other mandated assets, over a five-year moving average.

Investment Guidelines:

The Montana Board of Investments will have full discretion to manage the Big Sky Economic Development 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:

Big Sky Economic Development Fund may only invest in the following:

- Trust Fund Investment Pool (TFIP)
- Short-Term Investment Pool (STIP)
- Any legislatively approved program loan, bond, note or guarantee.

Other Restrictions:

- A maximum of 99% of the market value of the portfolio will be held 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 II-F
Investment Objectives and Guidelines
Coal Severance Tax Permanent Fund

Effective Date of Schedule: August 20, 2019

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 Coal Severance Tax Permanent Fund under the guidance of the board.

The Coal Severance Tax Permanent Fund was established under MCA: 17-5-703 as a sub-fund of the Permanent Coal Severance Tax Trust. Income from the Coal Severance Tax Permanent Fund is distributed to the Coal Severance Tax Income Fund. The Department of Revenue will then transfer the income to various funds based on legislative appropriations.

There are several commercial and residential loan programs that are funded from the Coal Severance Tax Permanent Fund. In addition, the Coal Severance Tax Permanent Fund serves as the backstop for any loan guarantees under the INTERCAP and Facility Finance loan programs.

Investment staff will work closely with the Director of In-State Loan Programs, the Senior Bond Program Officer for INTERCAP and the Executive Director of the Montana Facility Finance Authority to address any liquidity needs within the portfolio.

Funds for the Coal Severance Tax Permanent Fund are held in MU49.

Statement of Purpose:

The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Coal Severance Tax Permanent 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 and the Short-Term Investment Pool benchmark**, each weighted proportionately to the portfolio's holdings net of any legislatively directed holding of commercial, residential or infrastructure loans, bonds or other mandated assets, over a five-year moving average.

Investment Guidelines:

The Montana Board of Investments will have full discretion to manage the Coal Severance Tax Permanent 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:

Coal Severance Tax Permanent Fund may only invest in the following:

- Trust Fund Investment Pool (TFIP)
- Short-Term Investment Pool (STIP)
- Any legislatively approved program loan, bond, note or guarantee.

Other Restrictions:

- A maximum of 90% of the market value of the portfolio will be held in the Trust Fund Investment Pool (TFIP).
- A maximum of \$80 million Montana Infrastructure loans per MCA 17-6-309 & 311
- A maximum of \$70 million Montana Value Added Loans per MCA 17-6-317 & 311
- A maximum of \$50 million Montana Veterans' Home Loan Mortgages per MCA 90-6-603
- A maximum of \$15 million Montana Facility Finance Authority Loans per MCA 17-6-308
- A maximum of \$10 million Intermediary Relending Loans per MCA 17-6-345
- A maximum of \$15 million Coal Trust Multifamily Homes per MCA 17-6-308

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.