

MONTANA

BOARD OF INVESTMENTS

REGULAR BOARD MEETING
June 4-5, 2025

COMMITTEE MEETINGS

A. Audit Committee – Mark Barry, Chair

Committee Members – Iverson, Younkin

9:00 AM

1. Public Comment – *Public Comment on issues with Committee Jurisdiction*
2. Approval of February 26, 2025, Committee Minutes
3. Executive Director Comments
4. Audit Checklist

B. Loan Committee – Tim Kober, Chair

Committee Members – Bennett, Milanovich

9:30 AM

1. Public Comment – *Public Comment on issues with Committee Jurisdiction*
2. Approval of February 26, 2025, Committee Meeting Minutes
3. Executive Director Comments
4. INTERCAP Loan Requests - **Decisions**

C. Human Resource Committee – Maggie Peterson, Chair

Committee Members – Trost, Younkin

10:00 AM

1. Public Comment – *Public Comment on issues with Committee Jurisdiction*
2. Approval of October 9, 2024, Committee Meeting Minutes
3. Executive Director Comments
4. Staffing Level Review – CLOSED SESSION*
5. Exempt Staff Compensation Review – **Decisions**, CLOSED SESSION*

* **CLOSED SESSION** – This portion of the meeting relates to matters of individual privacy. The Committee Chair may determine that the demand of individual privacy clearly exceeds the merit of public disclosure. As such, this portion of the meeting may be closed.

BREAK

11:00 AM

Tab 1 CALL TO ORDER – Jeff Meredith, Chairman

11:15 AM

- A. Notice of Video Recording of Meeting
- B. Roll Call
- C. Public Comment – *Public Comment on issues with Board Jurisdiction*
- D. Approval of the April 23, 2025, Meeting Minutes
- E. Administrative Business
 1. Audit Committee Report
 2. Loan Committee Report
 3. Human Resource Committee Report – **Decisions**
- F. Comments from TRS and PERS Board Members
- G. Comments from Board Legislative Liaisons

Tab 2 EXECUTIVE DIRECTOR REPORTS – Dan Villa

11:45 AM

- A. Member Requests from Prior Meeting
- B. Monthly Snapshot

- C. Budget Status FYTD
- D. State Government Customer Relationships
- E. FY26 Budget – **Decision**
- F. *Revised* Resolution for Transfer of Investment Authority for the Defined Contribution/Deferred Compensation Plans with Montana Public Employee Retirement Administration - **Decision**

BREAK FOR LUNCH 12:00 PM

Tab 3 MONTANA LOAN PROGRAM – Doug Hill, Director of Commercial Loans 1:00 PM

- A. Commercial and Residential Portfolios Report

Tab 4 MUNICIPAL LOAN PROGRAM – Louise Welsh, Director of Municipal Loans 1:15 PM

- A. INTERCAP
 - 1. Activity Report
 - 2. Staff Approved Loans Report
- B. MHIR Bond Program Portfolio Report

Tab 5 INVESTMENT POLICY STATEMENT REVIEW - Decisions 1:30 PM

BREAK 2:30 PM

Tab 6 REAL ASSETS ASSET CLASS REVIEW – Ethan Hurley, CAIA & Rob Samson, CFA/CAIA 2:45 PM

ADJOURN

AGENDA DAY 2

RECONVENE AND CALL TO ORDER – Jeff Meredith, Chairman 9:00 AM

- A. Roll Call
- B. Notice of Video Recording of Meeting
- C. Public Comment – *Public Comment on issues with Board Jurisdiction*

Tab 7 RVK 9:15 AM

Tab 8 INVESTMENT UPDATE 10:30 AM

RECAP OF STAFF TO DO LIST AND ADJOURNMENT – Jeff Meredith, Chairman

MONTANA

BOARD OF INVESTMENTS

REGULAR BOARD MEETING MINUTES

APRIL 23, 2025

Official meeting minutes are the recordings posted at <https://leg.mt.gov/lsc/>
(timestamps may differ)

Call to Order

Board Chair Jeff Meredith called the Board of Investments meeting to order at 9:01 a.m. on Wednesday, April 23, 2025.

Attendance

Board Members Present: Jeff Meredith, Maggie Peterson, Mark Barry, Tim Kober, Cindy Younkin, Dwaine Iverson, Dan Trost, Porter Bennett, John Milanovich

Board Members Absent: None

Legislative Liaisons Present: Representative Larry Brewster

Legislative Liaisons Absent: Senator Shane Morigeau

Board Staff Present: Brenda Thomas, Cort Jensen, Dan Villa, Doug Hill, Eron Krpan, Ethan Hurley, Ethan Kittle, Jason Brent, Jessilynn Salois, John Carpenter, John Romasko, Jon Putnam, Julie Feldman, Kirsten Haswell, Louise Welsh, Mark Lodman, Peggy MacEwen, Peggy Saarela, Polly Boutin, Roberta Diaz, Robert Samson, Sam Holman, Savannah Morgan, Steve Strong, Tim House, Willie Gross

Interested Parties Present: Becky Gratsinger – RVK; Paige Blaser – RVK; Jim Voytko – RVK; John Kevin Balaod – With Intelligence

Tab 1 CALL TO ORDER (00:02)

A. Notice of Video Recording (00:07)

Chair Meredith advised of audio and video recording of the meeting.

B. Roll Call (00:13)

The roll was taken. Nine Board members were present, forming a quorum.
Representative Larry Brewster joined the meeting in person at 9:49 a.m.

C. Public Comment (01:32)

Chair Meredith asked for public comment. None was given.

D. Approval of Minutes (01:50)

February 26, 2025, Regular Board Meeting Minutes
Member Younkin motioned to approve. Member Barry seconded the motion, which passed unanimously.

E. Comments from Pension Board Members (02:17)

Member Peterson and Member Trost briefed the Board.

F. Comments from Legislative Liaisons (04:48)

Representative Larry Brewster joined the meeting after this time slot. Introductions were made.

Tab 2 EXECUTIVE DIRECTOR REPORTS (04:52)

A. Member Requests from Prior Meeting

Executive Director Villa briefed the Board.

B. Monthly Snapshot

Executive Director Villa briefed the Board.

C. Benchmarks Used by the Board

Chief Investment Officer Jon Putnam briefed the Board and answered questions.

D. Resolution for Transfer of Investment Authority for the Defined Contribution/Deferred Compensation Plans with Montana Public Employee Retirement Administration - *Decision*

Executive Director Villa briefed the Board and answered questions.

Chair Meredith asked for a motion to approve the MOU as presented. Member Barry motioned for approval. Member Iverson seconded the motion, which passed unanimously.

Tab 3 INTERNATIONAL EQUITY ASSET CLASS REVIEW (01:10:48)

Jason Brent and Steve Strong briefed the Board and answered questions.

Tab 4 CAPITAL MARKET ASSUMPTIONS - RVK (01:51:07)

Jim Voytko and Paige Blaser briefed the Board and answered questions.

RECAP OF STAFF TO-DO LIST AND ADJOURNMENT (02:40:20)s

Chair Meredith adjourned the meeting at 11:47 a.m.

MONTANA BOARD OF INVESTMENTS

APPROVE: _____
Jeff Meredith, Board Chair

ATTEST: _____
Dan Villa, Executive Director

DATE: _____

MONTANA

BOARD OF INVESTMENTS

TO: Members of the Board
FROM: Dan Villa, Executive Director
DATE: June 4, 2025
RE: Executive Director Report

- A. Member Requests from Prior Meeting
- B. Monthly Snapshot – *Attached*
- C. Budget Status FYTD – *Attached*
- D. State Government Customer Relationships

Attached to this memo are two letters we send to pool participants each fiscal year. The first is the annual STIP confirmation, and the second is for Separately Managed Accounts. These are sent each calendar year to update contacts, staff, investment direction, etc. It also helps us regularly connect with the professional staff who manage each separate account to understand their cash flows better. Our updated assigned staff/SMA tracking spreadsheet is attached based on the actions of the most recent legislative session, which ties with Policy 90.400.

We are in contact with our largest customers, MPERA and TRS, at least weekly if not daily. We maintain daily contact with the Department of Administration to meet state cash movement requirements. BOI and Montana State Fund have established a quarterly meeting to ensure fully transparent communications.

E. FY26 Budget – ***Decision***

Attached to this memo is our implementation plan for HB863, which moves BOI to a restricted enterprise fund and allows us to perform the administrative functions required of state agencies in-house rather than through other agencies. Additionally, I've attached a working draft budget report for your comments and guidance. This report will now be included in Tab 2 each quarter.

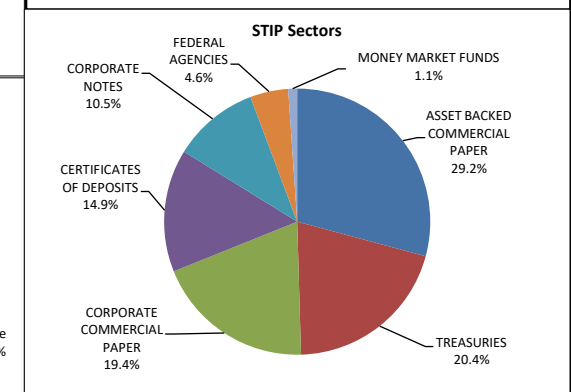
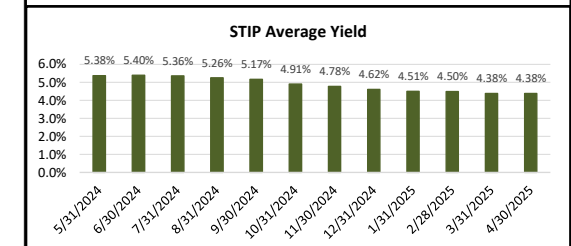
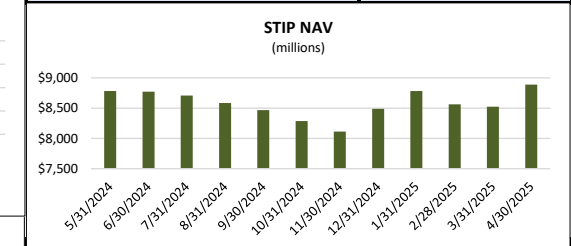
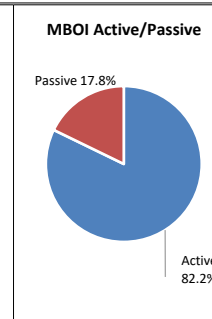
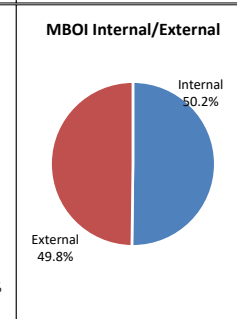
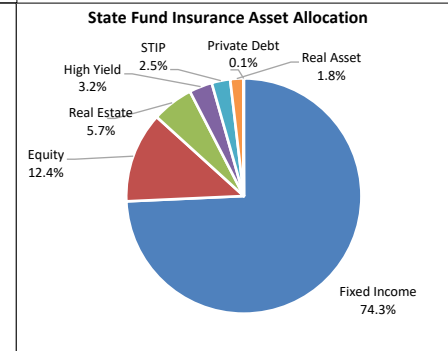
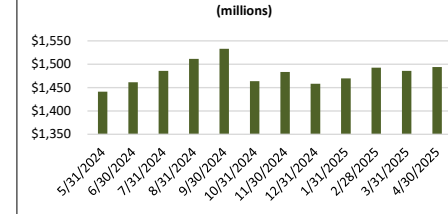
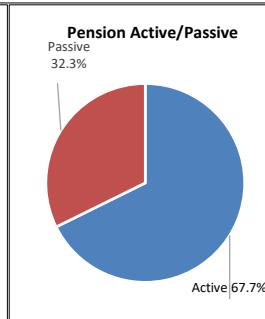
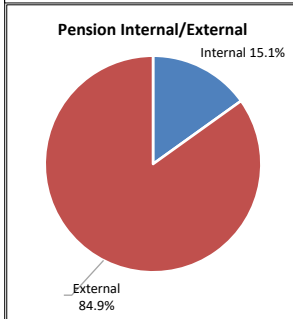
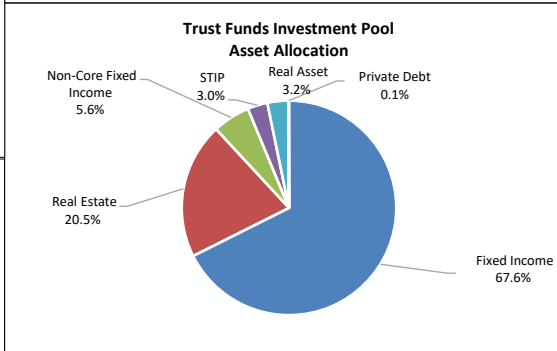
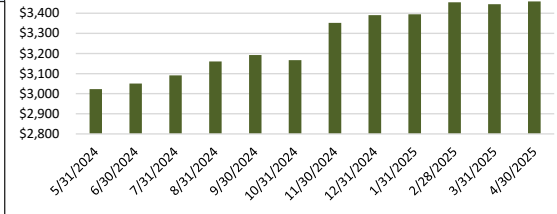
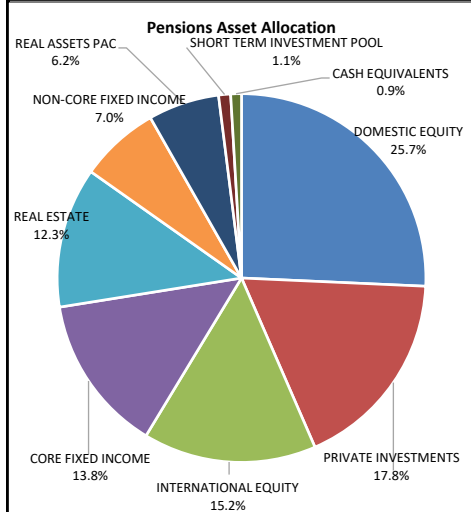
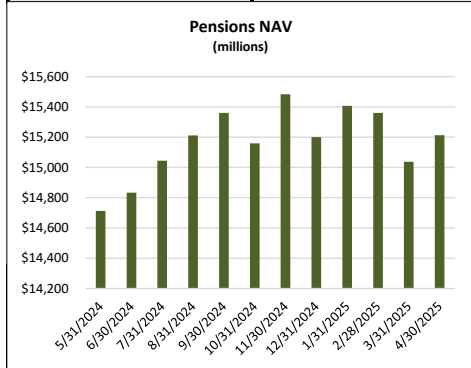
The Legislature authorized a budget of \$7,758,335 for FY26, excluding HB13 state employee pay adjustments; however, with the passage and approval of HB863, the Board can create additional efficiencies and will adopt its rates internally. Pursuant to Policy 30.210, I request that the Board authorize a budget of \$5,968,000 for FY26 for internal BOI operations. This request is premised on Department of Administration and other agency indirect costs being “flow through” as we have no ability to influence those charges, and are currently estimated at \$232,000. I'm happy to answer any questions.

F. *Revised* Resolution for Transfer of Investment Authority for the Defined Contribution/Deferred Compensation Plans with Montana Public Employee Retirement Administration - ***Decision***

MBOI Snapshot
Asset Management View
4/30/2025 Unaudited
Assets Under Management \$28,971,116,225



Pensions	NAV	%	TFIP	NAV	%	State Fund	NAV	%	Other Fixed Income & Pending	\$	53,747,636
DOMESTIC EQUITY	\$	3,911,403,878	25.7%	Fixed Income	\$	2,338,524,960	67.61%	Fixed Income	\$	1,109,783,656	74.28%
PRIVATE INVESTMENTS	\$	2,702,712,201	17.8%	Real Estate	\$	709,311,843	20.51%	Equity	\$	185,920,248	12.44%
INTERNATIONAL EQUITY	\$	2,310,904,726	15.2%	Non-Core Fixed Income	\$	195,016,004	5.64%	Real Estate	\$	85,175,681	5.70%
CORE FIXED INCOME	\$	2,100,798,265	13.8%	Real Asset	\$	110,379,260	3.19%	High Yield	\$	47,367,296	3.17%
REAL ESTATE	\$	1,872,448,308	12.3%	STIP	\$	103,940,453	3.00%	STIP	\$	37,986,276	2.54%
NON-CORE FIXED INCOME	\$	1,063,029,110	7.0%	Private Debt	\$	1,750,000	0.05%	Real Asset	\$	27,032,226	1.81%
REAL ASSETS PAC	\$	948,497,463	6.2%	TFIP Total	\$	3,458,922,520	100.00%	Private Debt	\$	750,000	0.05%
SHORT TERM INVESTMENT POOL	\$	160,043,145	1.1%					State Fund Total	\$	1,494,015,383	100.00%
CASH EQUIVALENTS	\$	143,008,003	0.9%								
Pensions Total	\$	15,212,845,099	100.0%								



Definition of NAV: Net Asset Value is the total value of the account including assets held, adjusted for payables, receivables and liabilities

(1) Other Holdings column on page two represents the value of securities, receivables, payables and liabilities that comprise the Net Asset Value for the asset owner.

*Difference of \$110,005,192 is attributable the portion of STIP held within CAPP \$141,347,494 and TFIP \$103,629,025 as a cash investment and distributions held over month end (\$134,971,326). Such value is represented in the NAV for the CAPP and STIP columns.

MBOI Snapshot Asset Ownership View 4/30/2025 Unaudited									
									Total Net
	CAPP Holdings	CAPP %	STIP Holdings*	STIP %	TFIP Holdings	TFIP%	Other Holdings ¹	Other %	Asset Value
Total Funds \$(000)	\$15,052,802	51.96%	\$8,641,580	29.83%	\$3,458,912	11.94%	\$1,817,822	6.27%	\$28,971,116
Pensions	CAPP	%	STIP	%	TFIP	%	Other	%	Total
FIREFIGHTERS RETIREMENT	\$ 718,774	98.96%	\$ 7,541	1.04%	\$ -	0.00%	\$ -	0.00%	\$ 726,315
GAME WARDENS RETIREMENT	\$ 361,211	98.89%	\$ 4,059	1.11%	\$ -	0.00%	\$ -	0.00%	\$ 365,269
HIGHWAY PATROL RETIREMENT	\$ 225,471	98.87%	\$ 2,586	1.13%	\$ -	0.00%	\$ -	0.00%	\$ 228,057
JUDGES RETIREMENT	\$ 139,629	98.99%	\$ 1,424	1.01%	\$ -	0.00%	\$ -	0.00%	\$ 141,053
POLICE OFFICERS RETIREMENT	\$ 634,060	98.97%	\$ 6,584	1.03%	\$ -	0.00%	\$ -	0.00%	\$ 640,645
PUBLIC EMPLOYEES RETIREMENT	\$ 7,237,058	98.93%	\$ 78,491	1.07%	\$ -	0.00%	\$ -	0.00%	\$ 7,315,549
SHERIFFS RETIREMENT	\$ 576,070	98.94%	\$ 6,199	1.06%	\$ -	0.00%	\$ -	0.00%	\$ 582,269
TEACHERS RETIREMENT	\$ 5,106,454	98.98%	\$ 52,617	1.02%	\$ -	0.00%	\$ -	0.00%	\$ 5,159,072
VOL FIREFIGHTERS RETIREMENT	\$ 54,074	99.01%	\$ 542	0.99%	\$ -	0.00%	\$ -	0.00%	\$ 54,616
Total	\$ 15,052,802	98.95%	\$ 160,043	1.05%	\$ -	0.00%	\$ -	0.00%	\$ 15,212,845
Trust Funds	CAPP	%	STIP	%	TFIP	%	Other	%	Total
ABANDONED MINE RECLAMATION	\$ -	0.00%	\$ 8,552	99.64%	\$ -	0.00%	\$ 31	0.36%	\$ 8,583
BARKER HUGHESVILLE ST RESPONSE	\$ -	0.00%	\$ 1,943	20.12%	\$ 7,679	79.52%	\$ 35	0.36%	\$ 9,657
BELT WATER TREATMENT PLANT	\$ -	0.00%	\$ 6,842	23.54%	\$ 22,120	76.10%	\$ 106	0.36%	\$ 29,067
BUTTE AREA ONE REST	\$ -	0.00%	\$ 1,160	19.45%	\$ 4,782	80.18%	\$ 22	0.36%	\$ 5,964
BUTTE AREA REDEVELOP AUTHORITY	\$ -	0.00%	\$ 2,090	15.21%	\$ 11,598	84.42%	\$ 50	0.36%	\$ 13,738
CLARK FORK REST	\$ -	0.00%	\$ 5,607	22.01%	\$ 19,772	77.62%	\$ 93	0.36%	\$ 25,472
CLARK FORK SITE RESP ACTION	\$ -	0.00%	\$ 5,923	11.34%	\$ 46,099	88.29%	\$ 193	0.37%	\$ 52,215
COAL TAX PARK TRUST FUND	\$ -	0.00%	\$ 3,333	10.49%	\$ 28,330	89.15%	\$ 116	0.37%	\$ 31,778
CULTURAL TRUST FUND	\$ -	0.00%	\$ 616	3.58%	\$ 16,504	96.05%	\$ 63	0.37%	\$ 17,182
DEBT AND LIABILITY FREE ACCOUNT	\$ -	0.00%	\$ 291,550	95.35%	\$ -	0.00%	\$ 14,228	4.65%	\$ 305,779
E HELENA GREENWAY TRAIL MAINT	\$ -	0.00%	\$ 289	29.74%	\$ 680	69.90%	\$ 4	0.36%	\$ 973
EAST HELENA COMPENSATION FUND	\$ -	0.00%	\$ 1,461	96.29%	\$ 51	3.35%	\$ 5	0.36%	\$ 1,518
ENDOWMENT FOR CHILDREN	\$ -	0.00%	\$ 62	4.14%	\$ 1,426	95.50%	\$ 5	0.37%	\$ 1,494
FLYING J CECRA FACILITIES FUND	\$ -	0.00%	\$ 573	20.44%	\$ 2,220	79.19%	\$ 10	0.36%	\$ 2,803
FWP MITIGATION TRUST	\$ -	0.00%	\$ 3,447	32.67%	\$ 6,819	64.64%	\$ 283	2.68%	\$ 10,548
HAROLD HAMM ENDOWMENT	\$ -	0.00%	\$ 10	19.04%	\$ 43	80.60%	\$ 0	0.36%	\$ 53
INVASIVE SPECIES TRUST FUND	\$ -	0.00%	\$ 981	29.79%	\$ 2,299	69.85%	\$ 12	0.36%	\$ 3,292
KIYIO POW WOW	\$ -	0.00%	\$ 46	14.96%	\$ 179	58.87%	\$ 80	26.16%	\$ 305
LIBBY ASBESTOS SITE STATE COST	\$ -	0.00%	\$ 1,339	24.79%	\$ 4,042	74.85%	\$ 20	0.36%	\$ 5,400
LUBRECHT FRST CRBN OFSET CREDIT	\$ -	0.00%	\$ 377	14.83%	\$ 1,495	58.87%	\$ 668	26.30%	\$ 2,540
LUTTRELL PIT - OPER & MAINT	\$ -	0.00%	\$ 414	19.60%	\$ 1,689	80.03%	\$ 8	0.36%	\$ 2,110
MONTANA HIST AND CIVICS ENDOW	\$ -	0.00%	\$ 363	21.24%	\$ 1,340	78.40%	\$ 6	0.36%	\$ 1,709
MONTANA HISTORICAL SOCIETY	\$ -	0.00%	\$ 1,319	29.46%	\$ 3,141	70.17%	\$ 16	0.36%	\$ 4,476
MONTANA STATE LIBRARY TRUST	\$ -	0.00%	\$ 203	14.16%	\$ 1,227	85.47%	\$ 5	0.36%	\$ 1,436
MT POLE SUPERFUND SETTLEMENT	\$ -	0.00%	\$ 4,739	24.90%	\$ 14,224	74.74%	\$ 69	0.36%	\$ 19,032
NOXIOUS WEED MGMT TRUST FUND	\$ -	0.00%	\$ -	0.00%	\$ 10,218	99.63%	\$ 38	0.37%	\$ 10,255
NRDP LIBBY SETTLEMENT	\$ -	0.00%	\$ 4,766	100.00%	\$ -	0.00%	\$ -	0.00%	\$ 4,766
OLDER MONTANANS TRUST FUND	\$ -	0.00%	\$ 14	4.10%	\$ 324	95.54%	\$ 1	0.37%	\$ 339
POTTER TRUST FUND	\$ -	0.00%	\$ 50	18.82%	\$ 213	80.82%	\$ 1	0.36%	\$ 264
PUBLIC SCHOOL TRUST	\$ -	0.00%	\$ 13,172	1.38%	\$ 939,629	98.26%	\$ 3,498	0.37%	\$ 956,300
REAL PROPERTY TRUST FUND	\$ -	0.00%	\$ 506	6.94%	\$ 6,755	92.69%	\$ 27	0.37%	\$ 7,288
RESOURCE INDEMNITY TRUST FUND	\$ -	0.00%	\$ 23	0.02%	\$ 104,887	99.61%	\$ 386	0.37%	\$ 105,295
SMELTER HILL UPLANDS REST FUND	\$ -	0.00%	\$ 1,333	15.59%	\$ 7,187	84.05%	\$ 31	0.36%	\$ 8,552
STREAMSIDE TAILINGS OU FUND	\$ -	0.00%	\$ 2,330	13.91%	\$ 14,355	85.72%	\$ 61	0.37%	\$ 16,746
TOBACCO TRUST FUND	\$ -	0.00%	\$ 6,838	2.23%	\$ 299,344	97.41%	\$ 1,125	0.37%	\$ 307,307
UPPER BLACKFT RESP ACT & REST	\$ -	0.00%	\$ 683	88.82%	\$ 83	10.82%	\$ 3	0.36%	\$ 769
UPPER CLRK FK RIVER BASIN RES	\$ -	0.00%	\$ 1,262	5.49%	\$ 21,644	94.15%	\$ 84	0.37%	\$ 22,990
UPPER CLRK FK RIVER BASIN REST	\$ -	0.00%	\$ 4,012	5.96%	\$ 63,111	93.68%	\$ 246	0.37%	\$ 67,370
WILDLIFE HABITAT TRUST FUND	\$ -	0.00%	\$ 1,888	11.13%	\$ 15,009	88.50%	\$ 62	0.37%	\$ 16,959
YELLOWSTONE PIPELINE CLEANUPFD	\$ -	0.00%	\$ 2,114	34.22%	\$ 4,042	65.42%	\$ 22	0.36%	\$ 6,179
ZORTMAN/LANDUSKY LT WATER	\$ -	0.00%	\$ 17,808	99.64%	\$ -	0.00%	\$ 64	0.36%	\$ 17,872
ZORTMANLANDUSKY LT WATER TRUST	\$ -	0.00%	\$ 23,160	99.64%	\$ -	0.00%	\$ 83	0.36%	\$ 23,244
Total	\$ -	0.00%	\$ 423,196	19.87%	\$ 1,684,561	79.10%	\$ 21,861	1.03%	\$ 2,129,618
Coal Severance	CAPP	%	STIP	%	TFIP	%	Other	%	Total
BIG SKY ECONOMIC DEV FUND	\$ -	0.00%	\$ 3,885	2.55%	\$ 147,694	97.08%	\$ 557	0.37%	\$ 152,136
COAL SEVERANCE TAX PERM FUND	\$ -	0.00%	\$ 9,818	1.80%	\$ 338,274	61.98%	\$ 197,689	36.22%	\$ 545,781
CONSERVATION DISTRICT FUND	\$ -	0.00%	\$ 4,057	10.70%	\$ 33,740	88.94%	\$ 139	0.37%	\$ 37,936
MONTANA COAL ENDOWMENT FUND	\$ -	0.00%	\$ 3,069	1.14%	\$ 265,224	98.49%	\$ 986	0.37%	\$ 269,279
MT COAL ENDOWMENT REGIONAL WAT	\$ -	0.00%	\$ 1,192	1.28%	\$ 91,796	98.36%	\$ 342	0.37%	\$ 93,329
SCHOOL FACILITIES FUND	\$ -	0.00%	\$ 5,464	2.58%	\$ 205,736	97.06%	\$ 776	0.37%	\$ 211,975
Total	\$ -	0.00%	\$ 27,485	2.10%	\$ 1,082,463	82.60%	\$ 200,488	15.30%	\$ 1,310,436
Operating Funds	CAPP	%	STIP	%	TFIP	%	Other	%	Total
FWP GENERAL LICENSE ACCOUNT	\$ -	0.00%	\$ 67,511	68.27%	\$ 29,552	29.88%	\$ 1,826	1.85%	\$ 98,888
MONTANA LOCAL GOVERNMENTS	\$ -	0.00%	\$ 1,784,095	99.63%	\$ -	0.00%	\$ 6,585	0.37%	\$ 1,790,680
MONTANA STATE AGENCIES	\$ -	0.00%	\$ 2,347,984	99.64%	\$ -	0.00%	\$ 8,533	0.36%	\$ 2,356,517
MONTANA STATE UNIVERSITY	\$ -	0.00%	\$ 281,791	82.97%	\$ 56,549	16.65%	\$ 1,294	0.38%	\$ 339,634
MONTANA TECH	\$ -	0.00%	\$ 7,739	94.21%	\$ 446	5.43%	\$ 30	0.36%	\$ 8,214
MT HOUSING INFRASTRUCTURE	\$ -	0.00%	\$ 18,654	17.49%	\$ -	0.00%	\$ 88,018	82.51%	\$ 106,672
REPAYMENT ACCOUNT	\$ -	0.00%	\$ 1,392	99.64%	\$ -	0.00%	\$ 5	0.36%	\$ 1,397
STATE TREASURER'S FUND	\$ -	0.00%	\$ 3,118,131	85.32%	\$ 523,843	14.33%	\$ 12,562	0.34%	\$ 3,654,536
UNIVERSITY OF MONTANA	\$ -	0.00%	\$ 98,931	77.17%	\$ 28,809	22.47%	\$ 459	0.36%	\$ 128,199
WORK FORCE HOUSING	\$ -	0.00%	\$ 7,896	66.37%	\$ -	0.00%	\$ 4,000	33.63%	\$ 11,896
Total	\$ -	0.00%	\$ 7,734,123	91.03%	\$ 639,199	7.52%	\$ 123,312	1.45%	\$ 8,496,634
Insurance Reserves	CAPP	%	STIP	%	TFIP	%	Other	%	Total
MONTANA STATE FUND	\$ -	0.00%	\$ 37,846	2.53%	\$ -	0.00%	\$ 1,456,170	97.47%	\$ 1,494,015
MUS GROUP INSURANCE	\$ -	0.00%	\$ 78,040	84.07%	\$ 12,496	13.46%	\$ 2,294	2.47%	\$ 92,831
MUS WORKERS COMPENSATION	\$ -	0.00%	\$ 11,471	74.31%	\$ 3,914	25.35%	\$ 52	0.34%	\$ 15,437
OLD FUND LIABILITY DEFEASANCE	\$ -	0.00%	\$ 43,772	99.64%	\$ -	0.00%	\$ 159	0.36%	\$ 43,930
PERS-DCRP LT DISABILITY PLAN	\$ -	0.00%	\$ 1,074	9.32%	\$ -	0.00%	\$ 10,449	90.68%	\$ 11,523
STATE EMPLOYEE GROUP BENEFITS	\$ -	0.00%	\$ 122,380	75.69%	\$ 36,279	22.44%	\$ 3,031	1.87%	\$ 161,691
SUBSEQUENT INJURY TRUST FUND	\$ -	0.00%	\$ 2,149	99.65%	\$ -	0.00%	\$ 8	0.35%	\$ 2,157
Total	\$ -	0.00%	\$ 296,732	16.29%	\$ 52,689	2.89%	\$ 1,472,162	80.82%	\$ 1,821,583

Short Term Investment Pool			
Account	# Accounts	Total Market Value	%
Total State	375	7,118,117,782	79.9%
Total Local	209	1,788,226,528	20.1%
Total STIP	584	\$ 8,906,344,309	100.0%
STIP Reserve		\$ 105,297,997	
Prior month average STIP Yield		4.3825%	

InterCap Statistics	
Loans Outstanding	\$ 66,603,222
Bonds Outstanding	\$ 68,000,000
Number of Borrowers	127
Loan Rate	5.00%

65010 Department of Commerce Standard Budget Summary By Org, Account

Data Selected for Month/FY: 01 (Jul)/2025 through 10 (Apr)/2025

DOC FY 2025 4/30/2025 % Year Complete = 83.29 % Payroll Complete = 76.63

Business Unit	(All)
Program Year	2025
FY_BudPer	(All)
Month	(All)
Source of Auth	(All)
OBPP Program	75 BOARD OF INVESTMENTS
Fund Type	(All)
Org	(All)
Account	(All)
Account Type	E
Project	(All)
Ledger	(All)

[Return to Menu](#)

Subclass	Fund	Acct Lvl 1	Acct Lvl 2	Standard Budget	Actuals Amt	A Accrual Amt	Balance	
765N1 INVESTMENTS DIVISION - HB576				8,547,128.00	5,626,020.66	0.00	2,921,107.34	
	06014 BOI Municipal Finance Programs			675,121.00	492,940.94	0.00	182,180.06	
		61000 Personal Services		468,982.00	392,344.36	0.00	76,637.64	83.66%
			61100 Salaries	368,846.00	303,658.87	0.00	65,187.13	
			61300 Other Compensation	520.00	510.00	0.00	10.00	
			61400 Employee Benefits	117,659.00	88,175.49	0.00	29,483.51	
			61600 Vacancy Savings	(18,043.00)	0.00	0.00	(18,043.00)	
		62000 Operating Expenses		205,583.00	100,596.58	0.00	104,986.42	48.93%
			62100 Other Services	119,120.00	4,385.01	0.00	114,734.99	
			62200 Supplies & Materials	7,660.00	737.36	0.00	6,922.64	
			62300 Communications	2,891.00	2,231.83	0.00	659.17	
			62400 Travel	4,567.00	191.91	0.00	4,375.09	
			62500 Rent	27,258.00	34,582.10	0.00	(7,324.10)	
			62700 Repair & Maintenance	93.00	0.00	0.00	93.00	
			62800 Other Expenses	43,994.00	58,468.37	0.00	(14,474.37)	
			62900 Goods Purchased For Resale	0.00	0.00	0.00	0.00	
		69000 Debt Service		556.00	0.00	0.00	556.00	0.00%
			69300 Capital Leases	556.00	0.00	0.00	556.00	
	06527 Investment Division			7,872,007.00	5,133,079.72	0.00	2,738,927.28	
		61000 Personal Services		4,693,999.00	3,833,331.62	0.00	860,667.38	81.66%
			61100 Salaries	3,924,312.00	3,038,896.00	0.00	885,416.00	
			61300 Other Compensation	9,500.00	9,690.00	0.00	(190.00)	
			61400 Employee Benefits	941,044.00	784,745.62	0.00	156,298.38	
			61600 Vacancy Savings	(180,857.00)	0.00	0.00	(180,857.00)	
		62000 Operating Expenses		3,178,008.00	1,299,748.10	0.00	1,878,259.90	40.90%
			62100 Other Services	1,951,223.00	170,624.33	0.00	1,780,598.67	
			62200 Supplies & Materials	52,550.00	65,811.38	0.00	(13,261.38)	
			62300 Communications	39,591.00	25,640.33	0.00	13,950.67	
			62400 Travel	177,420.00	140,207.93	0.00	37,212.07	
			62500 Rent	362,137.00	314,164.18	0.00	47,972.82	
			62700 Repair & Maintenance	5,803.00	0.00	0.00	5,803.00	
			62800 Other Expenses	589,284.00	583,299.95	0.00	5,984.05	
			62900 Goods Purchased For Resale	0.00	0.00	0.00	0.00	
765N3 LEGISLATIVE AUDIT (RST/BIEN)				70,111.29	68,640.79	0.00	1,470.50	
	06014 BOI Municipal Finance Programs			21,976.74	20,506.24	0.00	1,470.50	
		62000 Operating Expenses		21,976.74	20,506.24	0.00	1,470.50	93.31%
			62100 Other Services	21,976.74	20,506.24	0.00	1,470.50	
	06527 Investment Division			48,134.55	48,134.55	0.00	0.00	
		62000 Operating Expenses		48,134.55	48,134.55	0.00	0.00	100.00%
			62100 Other Services	48,134.55	48,134.55	0.00	0.00	
765S1 MEDB DEBT SERVICE				5,300,000.00	2,370,527.81	0.00	2,929,472.19	
	06014 BOI Municipal Finance Programs			5,300,000.00	2,370,527.81	0.00	2,929,472.19	
		69000 Debt Service		5,300,000.00	2,370,527.81	0.00	2,929,472.19	44.73%
			69100 Bonds	5,300,000.00	2,370,527.81	0.00	2,929,472.19	

MONTANA

BOARD OF INVESTMENTS

TO: <<Authorized Rep>>
<<Government Name>>
FROM: Montana Board of Investments
DATE: May 13, 2025
RE: Short-Term Investment Pool (STIP) Annual Confirmation

Dear Local Government STIP Participant:

The Montana Board of Investments has the information listed below on record regarding the referenced STIP account. If the information provided below is correct, **no action is required**. If the information is incorrect, please submit the appropriate STIP Resolution or Exhibit A or B as found on the Board's website at <https://investmentmt.com/STIP/STIP-Participation-Agreements>.

STIP Account Name: <<Account Name>>
Authorized Representative: «AuthRep»
Authorized Delegate(s): «Delegate 1»
«Delegate 2»
«Delegate 3»
Bank Name: «Bank Name»
Bank Account Number (truncated): «Account #»

Please direct any questions to the STIP email at boi_STIP@mt.gov or by calling (406) 444-0003.

MONTANA

BOARD OF INVESTMENTS

TO: <<Governing Body>>
<<Government Name>>
FROM: Montana Board of Investments
DATE: May 13, 2025
RE: Short-Term Investment Pool (STIP) Annual Confirmation

Dear Local Government STIP Participant:

The Montana Board of Investments has the information listed below on record regarding the referenced STIP account. If the information provided below is correct, **no action is required**. If the information is incorrect, please submit the appropriate STIP Resolution or Exhibit A or B as found on the Board's website at <https://investmentmt.com/STIP/STIP-Participation-Agreements>.

STIP Account Name: <<Account Name>>
Authorized Representative: «Authorized Representative»
Authorized Delegate(s): «Delegate 1»
«Delegate 2»
«Delegate 3»
Bank Name: «BankName»
Bank Account Number (truncated): «Account #»

Please direct any questions to the STIP email at boi_STIP@mt.gov or by calling (406) 444-0003.

MONTANA

BOARD OF INVESTMENTS

TO: <<State Agency Director>>
<<State Agency Name>>
FROM: Montana Board of Investments
DATE: May 13, 2025
RE: State Agency Short Term Investment Pool (STIP) Annual Confirmation

SABHRS Responsible Business Unit: <<Business Unit>>
STIP Investment Fund Number: <<SABHRS Fund Account>>
STIP Investment Fund Name: <<SABHRS Fund Name>>

The Montana Board of Investments has the following information on record regarding the above referenced STIP account. If the information provided below is correct, **no action is required**. If any of the information is incorrect, please submit a new State Agency STIP Participation Agreement. The agreement can be found on the Board's website at: <https://investmentmt.com/STIP/STIP-Participation-Agreements>.

The following individual(s) have the authority to purchase and sell shares in the STIP account.

<<Authorized Personnel>>	<<Authorized Personnel>>
<<Authorized Personnel>>	<<Authorized Personnel>>
<<Authorized Personnel>>	<<Authorized Personnel>>
<<Authorized Personnel>>	<<Authorized Personnel>>
<<Authorized Personnel>>	<<Authorized Personnel>>

Per the agreement on file, this fund is legally allowed to retain interest earnings and is legally entitled to participate in STIP.

STIP Earnings Reinvested/Distributed: <<Reinvested y/n>>
SABHRS fund for earnings: <<Earnings Fund Number>>

Please direct any questions to the STIP email at boi_stip@mt.gov or by calling (406) 444-0003.

From: [Morgan, Savannah](#)
To: [Pearce, Cody](#)
Subject: Memo from Montana Board of Investments - Separately Managed Accounts / Dept of Ag
Date: Thursday, April 4, 2024 1:08:00 PM
Attachments: [image001.png](#)

MONTANA BOARD OF INVESTMENTS

The Montana Board of Investments is conducting a formal review of each separately managed account (SMA). Those pertaining to your Agency are listed below. Investment Policies regarding SMAs are available to view on the BOI website at investmentmt.com/Policies.

We are continually monitoring and reviewing your portfolio. We understand changes in current or expected expenditures or revenues could impact your cash needs or investment strategy. Contact us to discuss your investment guidelines if you expect changes to revenues or cash needs.

John Romasko, Director of Fixed Income, is available at jromasko@mt.gov or 406.444.0258, or you can reach out to Dan Villa directly if you have any questions.

DEPARTMENT NAME	ACCOUNT NAME
DEPT OF AGRICULTURE	NOXIOUS WEEDS
DEPT OF AGRICULTURE	HAIL INSURANCE

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<u>MU</u>	<u>Fund</u>	<u>Name</u>	<u>Client/Sponsor</u>	<u>Authorized Rep</u>
TREASURER'S FUND				
MU10	10100	TREASURERS FUND	BOI	Dan Villa
TRUST FUNDS				
BUTTE REDEVELOPMENT TRUST AUTHORITY				
MU9Z	08502	BUTTE REDEVELOPMENT TRUST	BRTA	Karen Hassler
COAL SEVERANCE TAX TRUST				
MU49	09001	PERMANENT COAL TRUST	DOR	Tracy Morano
MU65	09040	COAL ENDOWMENT	DOR	Tracy Morano
MU64	09046	COAL ENDOWMENT WATER FUND	DOR	Tracy Morano
MU66	09051	BIG SKY DEVELOPMENT	DOR	Tracy Morano
MU6M	09055	SCHOOL FACILITIES	DOA	Cheryl Grey/Jenn Thompson/Kristin Reynolds
MU7D	09225	CONSERVATION DISTRICT	DOA	Cheryl Grey/Jenn Thompson/Kristin Reynolds
DEPT OF AGRICULTURE				
MU61	09034	NOXIOUS WEEDS	Dept. of Ag	Kari Hahn
DEPT OF ENVIRONMENTAL QUALITY				
MU11	03302	ABANDONED MINE	DEQ	Denise Kelly
MU5G	03447	BARKER HUGHESVILLE ST RESPONSE	DEQ	Denise Kelly
MU6N	03447	BELT WATER TREATMENT PLANT	DEQ	Denise Kelly
MU22	08101	CLARK FORK RIVER RESERVE	DEQ	Denise Kelly
MU3A	08212	CLARK FORK SITE RESPONSE	DEQ	Denise Kelly
MU5H	08159	FLYING J CECRA FACILITIES FUND	DEQ	Denise Kelly
MU5I	08159	LIBBY ASBESTOS SITE STATE COST	DEQ	Denise Kelly
MU5J	08159	LUTTRELL PIT - OPER & MAINT	DEQ	Denise Kelly
MU14	08159	MONTANA POLE	DEQ	Denise Kelly
MU19	08160	STREAMSIDE TAILINGS	DEQ	Denise Kelly
MU3P	08227	UBMC SPECIAL RESRV	DEQ	Denise Kelly
MU30	02540	ZORTMAN WATER	DEQ	Denise Kelly
MU67	09005	ZORTMAN TRUST	DEQ	Denise Kelly
DEPT OF FISH WILDLIFE & PARKS				
MU13	08021	FWP MITIGATION	FWP	Cody Pearce
MU16	02409	FWP LICENSE	FWP	Cody Pearce
MU53	09004	COAL TAX PARK TRUST FUND	FWP	Cody Pearce
MU51	09002	REAL PROPERTY TRUST	FWP	Cody Pearce
MU55	09006	WILDLIFE HABITAT	FWP	Cody Pearce
DEPT OF HEALTH & HUMAN SERVICES				
MU1Z	09045	ENDOWMENT FOR CHILDREN	DPHHS	Kim Aiken
MU1Y	09025	OLDER MONTANANS TRUST FUND	DPHHS	Kim Aiken
MU6Z	09048	TOBACCO TRUST	DPHHS	Kim Aiken
DEPT OF JUSTICE				
MU3F	08219	BUTTE AREA ONE REST	DOJ	Melissa Gardner
MU3H	08221	CLARK FORK RIVER RS	DOJ	Melissa Gardner
MU3S	08231	EAST HELENA COMPENSATION	DOJ	Melissa Gardner
MU5W	08231	GREENWAY PROJECT TRAIL MAINTENANCE FUND	DOJ	Melissa Gardner
MU3I	08222	SMELTER HILL UPLAND	DOJ	Melissa Gardner
MU21	08102	UCFRB RESTORATION	DOJ	Melissa Gardner
MU5X	08102	YELLOWSTONE EXXON (2011)	DOJ	Melissa Gardner
MU03	08132	NRDP LIBBY ASBESTOS SETTLEMENT	DOJ	Melissa Gardner
DEPT OF NATURAL RESOURCES AND CONSERVATION				
MU58	09022	SCHOOL TRUST	DNRC	April Kidwell
MU5M	09022	INVASIVE SPECIES TRUST	DNRC	April Kidwell
DEPT OF REVENUE				
MU52	09043	RESOURCE INDEMNITY TRUST	DOR	Tracy Morano
MT ARTS COUNCIL				
MU63	09037	CULTURAL TRUST	MT Arts Council	Jenifer Alger
HISTORICAL SOCIETY				
MU9F	09008	MHS EDUCATION ENT.	Historical Society	Emily McKeever
MU9G	09026	STEWART TRUST FUND	Historical Society	Emily McKeever
MU9H	09028	ACQUISITIONS TRUST	Historical Society	Emily McKeever

MU9J	02188	JAMES H BRADLEY MEMORIAL FUND	Historical Society	Emily McKeever
MU9L	06022	THOMAS TEAKLE TRUST FUND	Historical Society	Emily McKeever
MU9M	08010	MERRITT-WHEELER MEMORIAL FUND	Historical Society	Emily McKeever
MU9N	08024	SOBOTKA MEMORIAL TRUST	Historical Society	Emily McKeever
MU9O	08030	CHARLES BAIR TRUST	Historical Society	Emily McKeever
MU9P	08049	CHURCHHILL ENDOWMENT	Historical Society	Emily McKeever
MU9Q	08062	HARRIET E. MILLER TRUST	Historical Society	Emily McKeever
MU9R	08062	HAYNES COLLECTION	Historical Society	Emily McKeever
MU9S	08062	RONALD SCHMID TRUST	Historical Society	Emily McKeever
MU9U	08062	SENATE ART	Historical Society	Emily McKeever
MU9V	08062	SOBOTKA TRUST	Historical Society	Emily McKeever
MU9W	08062	WOMEN'S MURAL	Historical Society	Emily McKeever
MU9X	08242	GENERAL TRUST	Historical Society	Emily McKeever
MU9Y	09017	MONTANA HISTORICAL SOCIETY	Historical Society	Emily McKeever
MUVE	09032	MONTANA HISTORY & CIVICS EDUCATION FUND	Historical Society	Emily McKeever

MONTANA STATE LIBRARY

MU7Q	08038	MONTANA STATE LIBRARY	MT State Library	Malissa Briggs
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MT TECH

MU8D	40500	POTTER TRUST FUND	MT Tech	Carleen Cassidy
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HELENA COLLEGE

MU8B		HAMM ENDOWMENT	Helena College	Cari Schwen
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INSURANCE FUNDS

MU33	06559	GROUP BENEFITS	DOA	Justin Dannenbring
MU3Q	06008	MUS GROUP INSURANCE	MUS	Shauna Lyons
MU8A	06082	MUS WORKERS COMP	MUS	Shauna Lyons

OPERATING ACCOUNTS

MU79	33100	UNIVERSITY OF MONTANA	U of M	Paul Lasiter
MU0M	50101	KYIYO POW WOW	U of M	Paul Lasiter
MU0L	50102	LUBRECHT EXPERIMENTAL FOREST	U of M	Paul Lasiter
MU80	80500	MONTANA TECH U OF MONTANA	MT Tech	Carleen Cassidy
MU81	80200	MONTANA STATE UNIVERSITY	MSU	Aaron Mitchell

MONTANA

BOARD OF INVESTMENTS

TO: Dan Villa, Executive Director
FROM: Peggy MacEwen, COO/Deputy Director
DATE: June 4, 2025
RE: Implementation Plan for HB 863

The 2025 Legislature passed HB 863. HB 863 designated the Board as a restricted enterprise fund and states, *“The board shall perform all duties outlined in 2-15-121 subject to the restrictions of Title 17, chapters 5 and 6, in a restricted enterprise fund type pursuant to 17-2-102.”*

2-15-121, MCA is the section of code that describes attached to boards. HB 863 establishes the requirement that BOI complete all those functions.

17-2-102, MCA defines an enterprise fund.

17-5-1611, MCA establishes additional powers of the board and state *“In addition to all other powers conferred on the board by this part or any other law, the board has the power: (11) to appoint, employ, or contract for the services of officers, employees, agents, financial or professional advisers, and attorneys and to pay compensation for their services as the board determines.”* Section 17-5-1611, MCA also states that the Board can *“do all acts and things necessary, convenient, or desirable to carry out the powers expressly granted or necessarily implied in this part.”*

Additionally, the Board and MPERA hope to implement an MOU regarding investment lineup diligence and development for the Defined Contribution/Deferred Compensation Plans (DC/457B) to BOI.

Based on the changes made in HB863 and a revised MOU with MPERA that will be reviewed at their June Board meeting, I recommend the following:

Human Resources

- Implement a pay plan for “classified” staff using a combination of DOA’s Broadband requirements and AON Public Fund Compensation Survey data. The AON survey is the same survey we currently use for the exempt position market data comparison.
 - Maintain the use of the DOA market data for the following occupations:
 - Accountant
 - Associate Financial Manager
 - Accounting Bureau Manager
 - IT Systems Administrator
 - Investment Analyst
 - Credit Analyst
 - Office Manager/Board Secretary

- Change to the AON market data for the following occupations:
 - Comptroller – Use the AON survey for job match and market reference points. The Broadband classification system does not include an occupational match for a comptroller. Consequently, the job classification and corresponding labor market data DOA publishes for this occupation are significantly different. The DOA job classification isn't even in the accounting or finance job category. AON has an occupational match and market data for internal audit and compliance in its Public Fund Compensation Survey.
 - Attorney - Use the AON occupation for job match and market reference points. The DOA job classifications for attorneys are almost exclusively designed for attorneys who practice in the courtroom. To qualify as a level 2 attorney, the position would need to be the lead attorney in cases involving the death penalty, life in prison, class-action lawsuits, and appearing before the Montana Supreme Court. The AON Public Fund Compensation Survey better matches the duties and functions of the attorney position in a public fund.
- Implement the provisions of HB863 with a few revisions to BOI's pay policy beginning in FY 26.
 - I recommend that our pay policy include a statement that BOI will not exceed the pay ranges established within its policy.
 - I also recommend that BOI's pay policy include a provision requiring offsetting cost savings to accompany any discretionary pay adjustments.
- Update the task profiles as needed for the enterprise fund.
 - Create task profiles for the DC plan if the MOU is adopted by MPERA and BOI.
 - Instruct staff on how to record time using the new task profiles.
 - Monitor staff compliance in using the correct task profiles.
- Update the desk manual to reflect new processes or changes.

Budget

- Revise Board Policy 30.210. (Per HB 863's changes to 2-15-121, MCA, submit the budget to OBPP directly.)
- Revise the Cost Allocation to reflect the change in fund type.
- Adjust monthly billing to participants to reflect the lower billed amounts.
- Reduce the working capital to 30 days instead of 60 days. This will allow participant funds to remain invested for an additional 30 days.
- Implement processes to develop, submit, report, and change the budget in coordination with OBPP directly.
- Determine a process for changes to the SABHRS budgets.
 - Develop the process for completing and submitting BCDs.
 - Develop roles and responsibilities for BCDs and SAHRS entries.
- Update the desk manual to reflect new processes or changes to the following:
 - BCD
 - IBARS
 - SABHRS
 - Turnaround
 - Cost Allocation
 - Reporting and record keeping
- Revise the Board Reports.

- Revise the work plan to include Board approval of the fees for the next fiscal year at the May/June meeting.
- Revise the template for the annual request for Board approval.
- Revise the work plan to provide quarterly budget status updates to the Board.
- Revise the reporting template, including the expenses BOI controls and the fees imposed upon BOI by outside parties.
- Prepare annual reporting on expenses incurred for implementing the DC/457B MOU for MPERA if an MOU is implemented.
 - The MOU, as drafted, authorizes \$100,000 for BOI incurred expenses. BOI will provide an annual accounting of expenses incurred and return any remaining funds.
- Determine how expenses will be tracked and allocated for operational costs of the DC/457B plans if an MOU is implemented.

Accounting

- Draft GASB 14 memo
- Request two GASB technical inquiries:
 - Enterprise Fund
 - Component Unit
- Invite LAD to review the implementation plan for the Enterprise Fund and offer suggestions.
- Implement the change in fund type from Internal Service to Enterprise.
 - Request that DOA establish a new fund.
- Review and revise as needed:
 - Task profiles
 - Enterprise Fund
 - DC/457B
 - Speed charts
 - Train staff and monitor compliance.
- Revise the financial statement templates to reflect the change in fund type.
- Update the desk manual to reflect new processes or changes.

Other

- Determine if there are any legal considerations we need to be aware of when adding the DC/457B responsibilities.
- Update the annual report template.
- Update the Board orientation document.
- Update the Governance manual as needed.
- Provide notice to the Department of Commerce on the MOU since HB 863 states that BOI will complete all duties outlined in 2-15-121, MCA, ourselves, rendering the MOU moot upon passage.

Approval:

DAN VILLA, Executive Director

Date

Defined Contribution/Deferred Compensation Coordination & Efficiency Project

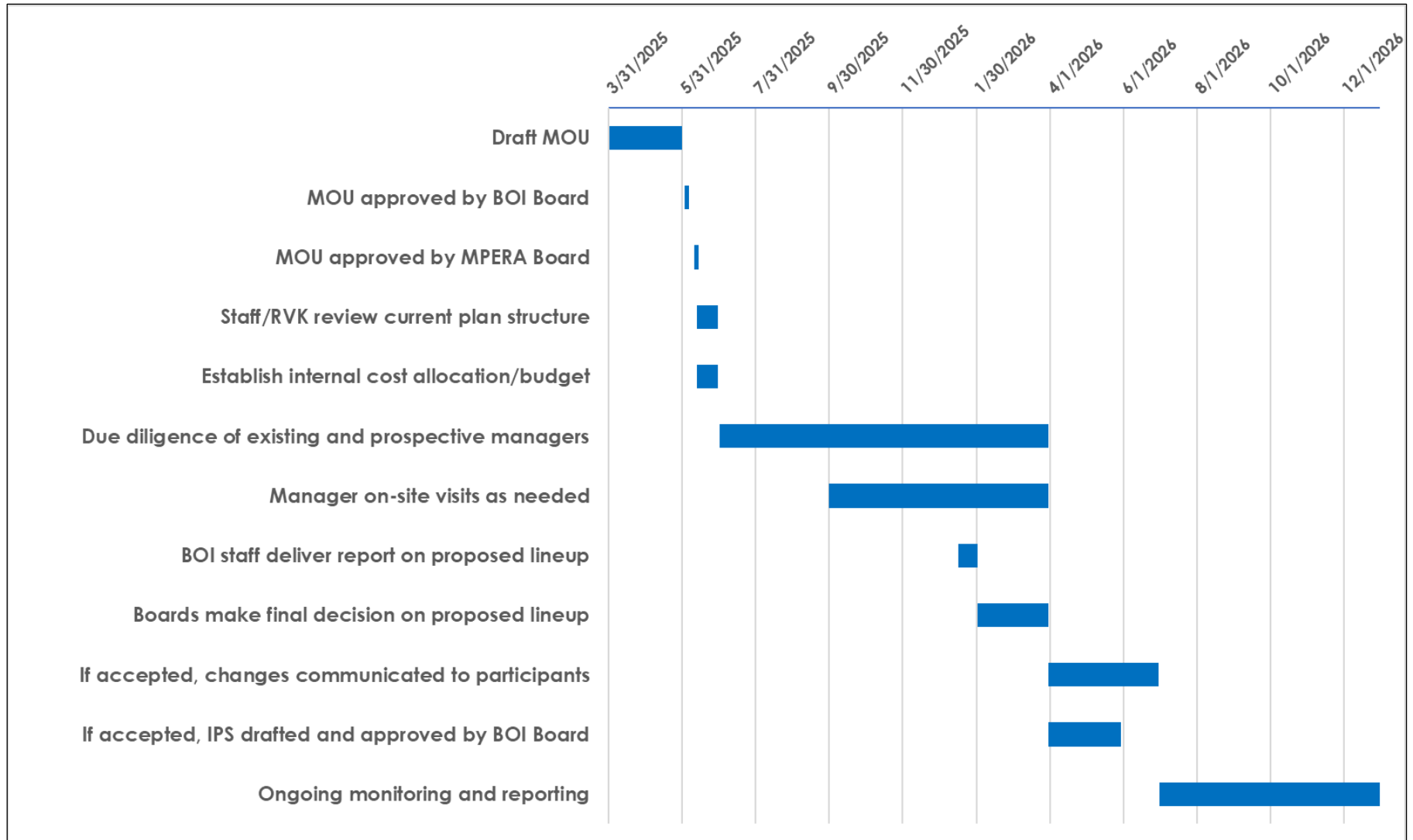
Board Meeting: June 4, 2025

Jon Putnam, CFA, FRM, CAIA - Chief Investment Officer

401(a)/457(b) Project Benefits

- ***Estimated participant fee savings of approximately \$1 million***
 - Negotiate lower fees using BOI scale/relationships (\$650K+ savings)
 - Utilize efficient BOI internal management (\$350K+ savings)
- ***Efficient allocation of investment resources***
 - Tap into BOI professional investment expertise
 - Apply expert due diligence process to manager selection for the defined contribution/deferred compensation plans
 - Utilize in-house investment tools to monitor managers
 - Leverage BOI's existing market relationships
 - BOI costs spread across \$30 billion of AUM
 - Combine RVK consulting contracts for BOI/MPERA
- ***Increased diversification***
 - Potential to add/enhance participant choices in some asset classes

401(a)/457(b) Project Timeline



RESOLUTION NO. ____

RESOLUTION OUTLINING THE MONTANA BOARD OF INVESTMENTS ROLE IN PROVIDING ~~MANAGING AND PROVIDING OPTIONS~~ A PROPOSED FUND LINEUP FOR THE DEFINED CONTRIBUTION PLAN AND THE DEFERRED COMPENSATION PLAN FOR THE MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION

WHEREAS, the Board of Investments of the State of Montana, established under § 2-15-1808, MCA, has the sole authority for administering all public funds under the Unified Investment Program, including the assets of the ~~deferred-defined~~ benefit public pension funds established in Article VIII, § 13 of the Montana Constitution; and

WHEREAS, the Montana Public Employee Retirement Board, established under § 2-15-1009, MCA, administers and operates the state's retirement systems, pursuant to Title 19, chapter 2, part 3 of the Montana Code Annotated;

WHEREAS, the Montana Public Employee Retirement Board, and must prudently and continuously monitor per participant administrative expense fees and fund manager performance related to its existing fund lineup for the defined contribution and deferred compensation plan; and

WHEREAS, the Montana Public Employee Retirement Board seeks to have the Board of Investments negotiate and construct a proposed fund lineup for the defined contribution plan and deferred compensation plan leveraging its existing market relationships, expert due diligence process, and economies of scale for the Montana Public Employee Retirement Board's consideration; manage all of the retirement system funds; and

WHEREAS, the Board of Investments agrees to negotiate and construct a proposed fund lineup for both plans ~~manage public employee retirement funds~~ on behalf of the Montana Public Employee Retirement Board;

BE IT RESOLVED by the Board of Investments of the State of Montana ("BOI") and by the Montana Public Employee Retirement Board ("MPERA"), as follows:

1. AUTHORITY

Article VIII, § 13 provides, in part:

Investment of public funds and public retirement system and state compensation insurance fund assets. (1) The legislature shall provide for a unified investment program for public funds and public retirement system and state compensation insurance fund assets and provide rules therefor, including supervision of investment of surplus funds of all counties, cities, towns, and other local governmental entities.

* * *

(3) Investment of public retirement system assets shall be managed in a fiduciary capacity in the same manner that a prudent expert acting in a fiduciary

capacity and familiar with the circumstances would use in the conduct of an enterprise of a similar character with similar aims. Public retirement system assets may be invested in private corporate capital stock.

The Montana Constitution chartered the Legislature to establish ~~ed~~ the Unified Investment Program for public funds pursuant to Article VIII, Section 13 of the Montana Constitution and § 17-6-201, MCA, created the Montana Board of Investments, and gave the Board authority to administer public funds. The Legislature obligated the BOI to manage the assets under the prudent expert principle, requiring the Board to:

- (a) discharge the duties with the care, skill, prudence, and diligence, under the 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 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 clearly prudent not to do so; and
- (c) discharge the duties solely in the interest of and for the benefit of the funds forming the unified investment program.

§ 17-6-201(1), MCA.

MPERA investments are subject to the requirements of Title 19, chapter 3 of the Montana Code Annotated. The defined contribution plan is instituted in § 19-3-2102, MCA, and affords the Board, in part, the ability to “contract for plan administration.”

Montana’s public employees’ deferred compensation plan was created by the Legislature pursuant to § 19-50-102(1), MCA:

- (1) The state or a political subdivision may establish deferred compensation plans that are eligible under section 457 of the Internal Revenue Code, 26 U.S.C. 457, as amended, and in compliance with regulations of the U.S. department of the treasury. Eligible deferred compensation plans for employees may be established in addition to any retirement, pension, or other benefit plan administered by the state or a political subdivision.

Under the same section, the Legislature established the guidelines for investment and management by MPERA or its designated agent. *Id.*

It is the intent of the Legislature for the defined contribution plan that: “the administrative structure for the plan be configured in an economical and efficient manner.” § 19-3-2103(2), MCA. MPERA may contract with BOI to provide investment alternatives within the defined contribution plan. § 19-3-2122(7), MCA. To meet the statutory objectives of the defined contribution plan and the deferred compensation plan, the Public Employees’ Retirement Board is contracting with the Board of Investments to provide ~~plan members a proposed fund lineup investment options~~ for both

the defined contribution plan and deferred compensation plan ~~within each plan's existing fund lineup.~~

2. BOARD OF INVESTMENTS REPRESENTATIONS

BOI has the authority under Article VIII, § 13 of the Montana Constitution and Title 17, chapter 6, part 2 of the Montana Code Annotated to manage, administer, and invest all public funds, including retirement funds, on behalf of the state of Montana and for its public employees.

BOI shall provide ~~a proposed fund lineup investment options to plan members from all Montana Public Employee Retirement Administration for the~~ defined contribution and deferred compensation ~~plans'~~ assets in accordance with applicable provisions of Title 17, chapter 6, part 2, of the Montana Code Annotated and in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in a like capacity, in accordance with Article VIII, § 13 of the Montana Constitution and § 17-6-201, MCA. BOI shall comply with the requirements of the defined contribution plan and deferred compensation plan in accordance with Title 19, chapter 2, part 5, Montana Code Annotated.

~~BOI shall report annually to MPERA on the investment options and management of these options within the defined contribution and deferred compensation plans.~~

3. PUBLIC EMPLOYEE RETIREMENT BOARD REPRESENTATIONS

MPERA has the authority to establish and manage the defined contribution plan in accordance with Title 19, chapter 3, part 21 of the Montana Code Annotated, and that under these same provisions, MPERA may contract for the management of asset investment associated with the defined contribution plan.

MPERA has the authority to establish and manage the deferred compensation plan in accordance with §§ 19-50-102 and 19-50-202, MCA, respectively, and that under these same provisions, MPERA may contract for the management and investment of the assets associated with the defined contribution plan. Under this resolution MPERA contracts with and delegates to BOI the negotiation and selection of a proposed investment lineup ~~or~~ for the deferred contribution and deferred compensation plan.

~~Under this resolution MPERA contracts with and delegates to BOI the selection of investment options to plan members of the defined contribution plan and deferred compensation plan.~~ MPERA will continue to provide for diligent oversight of the plans and .

~~MPERA~~ shall provide BOI information necessary for BOI to select managers of the assets of the two plans for this proposed lineup, including all contracts for investment and management of the assets.

MPERA shall continue to meet its obligations to report annually to BOI in accordance with § 19-2-410, MCA.

4. STATEMENT OF UNDERSTANDING

MPERA ~~shall transfer delegates~~ to BOI the authority to negotiate and construct a proposed fund lineup for the defined contribution plan and deferred compensation plan leveraging its existing market relationships, expert due diligence process, and economies of scale for the Montana Public Employee Retirement Board's consideration. This proposed lineup will be considered for implementation by the Montana Public Employees' Retirement Board at a future meeting of the Board after BOI has completed this work. Should this lineup be approved by the Montana Public Employee Retirement Board, all investment management functions of the defined contribution plan and the deferred compensation plan. BOI will thereafter manage and oversee providing these investment options to plan members for each of the plans.

~~BOI and MPERA agree that the officers and staff of BOI are authorized to manage all funds and assets in the defined contribution plan and deferred compensation plan to meet its fiduciary obligations and to provide sound investment options to plan members, including but not limited to negotiating and contracting with investment managers for the management of the funds and assets in the defined contribution plan and the deferred compensation plan.~~

BOI and MPERA agree that the potential transfer of assets to BOI for providing plan members investment options within the deferred compensation plan does not affect existing contracts MPERA has with political subdivisions authorizing eligible employees of the political subdivision to participate in the deferred compensation program, as described in § 19-50-201, MCA.

BOI and MPERA shall work together to meet all requirements necessary under constitutional and statutory law for the management of the defined contribution plan and deferred compensation plan assets for BOI to provide prudent, sound, and diversified investment opportunities to plan members.

5. CONSIDERATION AND PAYMENT

In consideration of the services performed by BOI under this MOU, and the legal prohibition concerning the use of Consolidated Asset Pension Pool (CAPP) assets for the performance of these services, MPERA agrees to reimburse BOI for hourly staff time when such services are rendered, up to a total payment not to exceed one hundred thousand and No/100 dollars (\$100,000) over the entire term of this MOU. Payments to BOI by MPERA shall be made monthly upon receipt and review of an itemized statement prepared by BOI, describing the services performed under this MOU in the preceding month.

6. TERM

This Resolution is effective July 1, 2025, and shall remain in effect indefinitely, unless terminated by agreement of the parties or by the force of law. This agreement shall be subject to the constitutional and statutory provisions cited above, as the same may be amended from time to time.

PASSED AND APPROVED by the Board of Investments of the State of Montana this ___th day of April, 2025.

JEFF MEREDITH, Chair

Attest:

DAN VILLA, Executive Director

Approved for legal content:

CORT JENSEN, Chief Legal Counsel

PASSED AND APPROVED by the Montana Public Employee Retirement Board this ___ day of , 2025.

MAGGIE PETERSON, President

Attest:

WILIAM HOLAHAN, Executive Director

Approved for legal content:

NICK DOMITROVICH, Chief Legal Counsel

MONTANA

BOARD OF INVESTMENTS

TO: Members of the Board
FROM: Doug Hill, Director of In-State Loan Programs
DATE: June 4, 2025
RE: Commercial and Residential Loan Portfolios

The Participation Loan Program reflected an outstanding balance as of April 30, 2025, of \$102,555,487 and represents 49 loans with a yield of 2.98%. There is one committed loan for 7,913,334. There are no past-due loans.

The Infrastructure Loan Program reflected an outstanding balance as of April 30, 2025, of \$8,645,629 and represents 8 loans with a yield of 3.85%. There is one committed loan for 3,683,333. There are no past-due loans.

The Intermediary Relending Program reflected an outstanding balance as of April 30, 2025, of \$5,396,783 and represents 40 loans with a yield of 2.00%. There is one committed loan for \$250,000. There are no past-due loans.

The Science and Tech portfolio reflected an outstanding balance as of April 30, 2025, of \$281,805 and represents one loan with a yield of 7.50%. There are no past-due loans.

The Montana Facility Finance Authority portfolio reflected an outstanding balance as of April 30, 2025, of \$11,724,461, and represents 16 loans with a yield of 3.52%. There are two loan reservations that total \$2,156,651. There are no past-due loans.

The Veterans Home Loan Mortgage portfolio reflected an outstanding balance as of April 25, 2025, of \$48,085,165 and represents 267 loans with a yield of 2.25%. There are four loan reservations that total \$1,105,252. There are two loans over 90 days past due totaling \$373,271 or 0.78% of the portfolio.

The Multifamily Coal Trust Homes Program reflected an outstanding balance as of April 25, 2025, of \$34,383,889, and represents 12 loans with a yield of 3.16%. There are 6 funded pre-HB819 loans that total \$11,839,686 with a yield of 2.21%. There is one reserved loan for \$1,932,000 with a net interest rate of 2.00%. There are six loans funded post-HB819 that total \$22,544,202 with a yield of 3.65%. There are ten reserved loans totaling \$28,480,360 with a yield of 3.75%. The May minimum rate is 3.78%, and the average coal trust investment performance is 4.28%. There are no past-due loans.

The Residential loan portfolio reflected an outstanding balance as of April 25, 2025, of \$966,238 and represents 31 loans with a yield of 6.23%. There are two loans over 90 days past due totaling \$65,949 or 6.83% of the portfolio. The past-due loans have a FHA guaranty.

The Montana Down Payment Assistance Program reflected an outstanding balance as of April 30, 2025, of \$81,441,821 and represents 137 loans. Repayment of these loans begins in January 2027.

MONTANA

BOARD OF INVESTMENTS

INTERCAP

Q₃

\$120M Bond Series 2022:

Current Bond Rate	4.321%
Outstanding	68,000,000
Available for Drawdown	52,000,000

Total Committed	756,482,913
Total Funded	725,294,642

Loans:

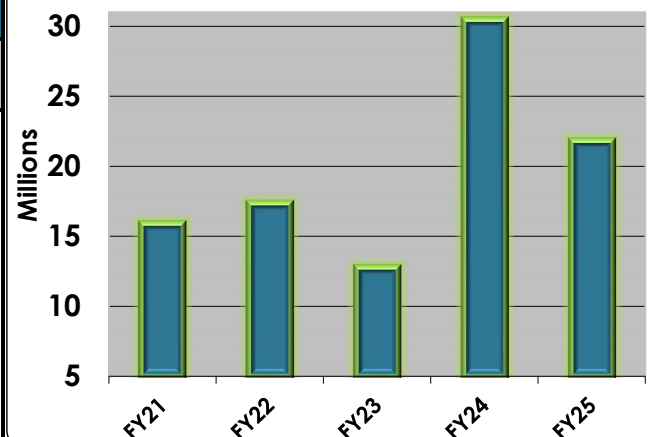
Current Loan Rate	5.00% auto
Outstanding	66,585,491
Pending Commitments	31,188,271

Borrowers	127
Debt Service Schedules	246
Autopay	91%

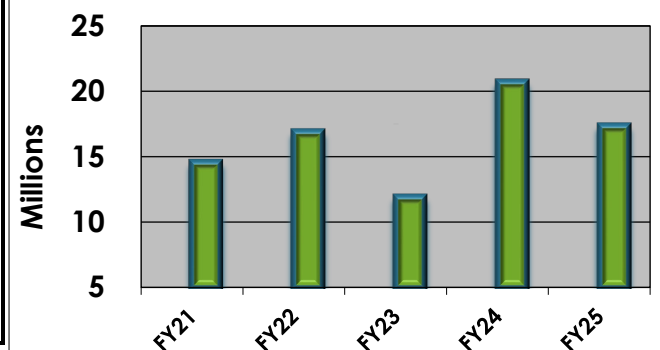
FY2025		
Month	Commitments	Fundings
July-24	300,000	7,486,040
August	11,436,720	1,137,340
September	2,180,000	430,401
October	247,042	1,365,269
November	2,227,692	2,863,167
December	1,202,000	1,078,415
January	1,226,945	2,295,485
February	2,500,000	327,958
March	550,000	403,722
April		
May		
June-25		
To Date	21,870,399	17,387,797

Note: Commitments include withdrawn and expired loans.

Commitments FY Q3 Comparison



Fundings FY Q3 Comparison



Variable Loan Rate History February 16, 2018 - February 15, 2026

February 16, 2018 - February 15, 2019	3.15%
February 16, 2019 - February 15, 2020	3.37%
February 16, 2020 - February 15, 2021	2.50%*
February 16, 2021 - February 15, 2022	1.65%*

February 16, 2022 - February 15, 2023	1.50%**
February 16, 2023 - February 15, 2024	5.75%**
February 16, 2024 - February 15, 2025	5.75%**
February 16, 2025 - February 15, 2026	5.00%**

*BOI decreased interest rates for INTERCAP loans to 1.00% until August 15, 2020 in response to the COVID-19 pandemic.

**Autopay rates began in 2022. Existing borrower loans not set up for autopay in these years were charged 1.55%, 6.00% & 6.25% respectively for processing.

MONTANA

BOARD OF INVESTMENTS

I N T E R C A P

TO: Members of the Board

FROM: Louise Welsh,
Director of Municipal Loans

DATE: May 28, 2025

RE: INTERCAP Staff Approved Loans Committed – Staff approved the following loans from January 1, 2025, to March 31, 2025.



Borrower:	Hill County
Purpose:	Patrol vehicles
Staff Approval Date:	January 8, 2025
Board Loan Amount:	\$293,763
Other Funding Sources:	\$ 0
Total Project Cost:	\$293,763
Term:	5 years

Borrower:	City of Thompson Falls
Purpose:	Patrol vehicles and equipment
Staff Approval Date:	January 14, 2025
Board Loan Amount:	\$ 54,000
Other Funding Sources:	\$ 75,000
Total Project Cost:	\$129,000
Term:	7 years

Borrower:	Stillwater County
Purpose:	Installation of gas heating units for the city/county airport hangers
Staff Approval Date:	January 22, 2025
Board Loan Amount:	\$42,000
Other Funding Sources:	\$ 0
Total Project Cost:	\$42,000
Term:	12 years

Borrower:	Jefferson County
Purpose:	Building purchase to store equipment
Staff Approval Date:	January 24, 2025
Board Loan Amount:	\$500,000
Other Funding Sources:	\$ 0
Total Project Cost:	\$500,000
Term:	10 years

Borrower:	Jefferson County
Purpose:	Solid waste truck
Staff Approval Date:	January 24, 2025
Board Loan Amount:	\$250,000
Other Funding Sources:	\$ 0
Total Project Cost:	\$250,000
Term:	7 years

Borrower:	Arrowhead School District
Purpose:	Kitchen expansion and remodel
Staff Approval Date:	January 28, 2025
Board Loan Amount:	\$90,000
Other Funding Sources:	\$ 0
Total Project Cost:	\$90,000
Term:	6 years

Borrower:	City of Livingston
Purpose:	Sewer vacuum truck
Staff Approval Date:	March 25, 2025
Board Loan Amount:	\$550,000
Other Funding Sources:	\$ 1,973
Total Project Cost:	\$551,973
Term:	7 years

MONTANA

BOARD OF INVESTMENTS

TO: Members of the Board
FROM: Louise Welsh, Director of Municipal Loans
DATE: June 4, 2025
RE: Montana Housing Infrastructure Revolving (MHIR) Bond Program Portfolio

The MHIR Bond Program reflected an outstanding balance of approximately \$2,056,449 as of the end of the third quarter, March 31, 2025. This balance represents one (1) loan with a yield of 1.71%. The loan is current, and there are no new loan commitments.

MONTANA

BOARD OF INVESTMENTS

TO: Members of the Board

FROM: Dan Villa, Executive Director
Jon Putnam, Chief Investment Officer

DATE: June 4, 2025

RE: Investment Policy Statement Review

The Board Work and Education Plan requires a review of the Investment Policy Statements for this meeting. With the completion of the 2025 Legislative session, staff completed a review of all the Board policies. A summary of the proposed changes is below. Redline changes of the affected sections are included unless they are new policies, which will be a clean copy with no redline.

Chapter 10: Board of Investments

10.250 – Securities Litigation

BOI can opt-in to international class action litigation if staff believe the recovery would exceed the cost.

10.700 – Credit Enhancement

Reflects the recent changes included in HB505 to allow for credit enhancement of municipal bonds for housing infrastructure.

Chapter 20: Ethics and Internal Controls

20.400 – Internal Control Policy

Reflects the desk manuals' implementation and clarifies the SOC audit's purpose.

Chapter 30: Staff

30.210 – Operations Delegation

Reflects the changes included in HB 863.

30.300 – Deputy Director

Reflects the recent change in job title approved by the Board.

Chapter 40: Investments

Consolidated Asset Pension Pool (CAPP)

40.206 – Real Estate Asset Class

Updating the strategy ranges to reflect staff's current market assessment.

Trust Funds Investment Pool (TFIP)

40.502 – Real Estate Asset Class

Clarify language that TFIP can hold and manage direct Real Estate, or those properties we currently refer to as the “Montana Properties.”

40.506 – Private Credit Asset Class

Add Private Credit Asset Class Policy to reflect the asset allocation change made in October.

Short-Term Investment Pool (STIP)

40.600 – Short-Term Investment Pool

Allow STIP to distribute the excess earnings from the reserve account to participants.

Montana State Fund (SFIP)

40.707 – Private Credit Asset Class

Add Private Credit Asset Class Policy to reflect the asset allocation change made in October.

Coal Severance Tax Trust Fund

40.800 – Coal Severance Tax Investment Policy

Eliminate reference to TFIP and SFIP investment parameters. Allowable investments and restrictions are covered in the TFIP and SFIP policies.

40.807 – Coal Severance Tax Permanent Fund

Eliminate reference to the Veterans’ and Multifamily home programs. These programs were transferred to the Board of Housing per HB 924. Also reflects changes in job titles approved by the Board for program staff.

Separately Managed Accounts

40.900 – Separately Managed Accounts Investment Policy

Eliminate reference to TFIP and SFIP investment parameters. Allowable investments and restrictions are covered in the TFIP and SFIP policies. Remove accounts policy list.

40.926 – Montana Historical Society

Removes the Nygard Fund per MHS request. Adds language to clarify that some MHS accounts are endowments.

40.950 – Montana Housing Infrastructure Revolving Loan Fund

Repealed and replaced with 70.750 – Montana Housing Infrastructure Revolving Fund.

40.951 – State of Montana Workforce Housing Fund

Repealed and incorporated into 70.780 – Real Estate Investment Service

40.952 – Debt and Liability Free Account

Reflects the changes included in HB924. Adds TFIP as an approved investment.

40.953 – Old Fund Liability Defeasance Fund

Repealed and incorporated into 40.952 – Debt and Liability Free Account.

40.1000 – Growth and Opportunity Trust – *contingent on passage and approval*

40.1010 – Growth and Opportunity Trust Distribution Fund – *contingent on passage and approval*

40.1020 – Growth and Opportunity Trust Pension Fund – *contingent on passage and approval*

These three policies reflect the creation of the Trust in HB924 (attached). Please see the chart attached to this memo for a visual representation of how the trust and sub trusts operate.

Chapter 70: Montana Specific Investments

70.720 – Commercial Loan Program

Loan reservation fee is refundable only if the application is rejected.

70.721 - Sawmill Revitalization Loan Program

Reflects the changes included in HB876 (attached) creating the Sawmill Revitalization Loan Program.

70.750 revised from 40.950 – Montana Housing Infrastructure Revolving Loan Fund

Reflects the changes included in HB505 (attached).

70.751 – Montana Housing Infrastructure Revolving Bond Program

Reflects changes included in HB505, updates statutory references, and prevents programmatic conflicts.

70.752 – Montana Housing Infrastructure Revolving Loan Program

Reflects changes included in HB505, updates statutory references, and prevents programmatic conflicts.

70.753 – Resident Owned Community/Multifamily Owned Community Loan Program

Reflects the changes included in HB505.

70.780 revised from 40.955 - Real Estate Investment Service

Updated to reflect REIS ownership of Workforce Housing in HB819 (2023) and the Mental Health Facility HB5 (2025).

Chapter 90: Continuity of Operations

90.300 – Executive Director Continuity

Reflects the recent change in job title approved by the Board.

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.250

EFFECTIVE DATE: ~~September 23, 2022~~TBDTITLE: Securities and Litigation
~~2021~~September 23, 2022SUPERSEDES: ~~November 30,~~

BOARD ADOPTION: November 30, 2021

REVIEWED: ~~June 23, 2022~~June 4, 2025

I. Securities and Litigation

A. Purpose

1. The Board shall adopt, maintain, and revise as necessary, a process and policy to ensure that it participates in all class action litigation to which it is entitled or anticipates being beneficial to the Board.

B. Principles

1. The Board manages the assets entrusted to it "in accordance with the prudent expert principle" which requires that the Board act "with the care, skill, prudence, and diligence, under the 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 a like character and with like aims." Section 17-6-201, MCA. See also, Montana Constitution, Art. VIII, Sec.13.
2. Claims under state and federal securities laws arising out of losses ~~on securities to assets~~ under the Board's management are assets subject to the Board's fiduciary duty of prudent management. Accordingly, the Board shall take reasonable steps to identify and recover on such claims. Such steps may include:
 - a) Participation as a passive class member in class actions brought by others and filing a proof of claim when action is settled/resolved.
 - b) Enhanced participation as a class member in class actions brought and led by others by considering objections or comments on settlements.
 - c) Active participation in a class action litigation, including serving as a "lead plaintiff" or "co-lead plaintiff" pursuant to the Private Securities Litigation Reform Act.
 - d) Separate litigation on behalf of the Board.
3. The Board shall delegate the responsibility to take steps to identify, analyze, pursue, and collect on securities law claims to qualified service providers.
 - a) The duties of each service provider shall be clearly articulated in contracts and the Board shall adopt prudent documented procedures to monitor the implementation of its policies.

C. Policies

1. The Board shall take reasonable, cost-effective steps to identify, pursue, and collect upon claims under state and federal securities laws for losses suffered by the Board on its investments because of alleged or proven violations of securities laws.
2. A proof of claim shall be filed on behalf of the Board in connection with every securities class action litigation settlement or judgment in which the Board is a member of the plaintiff class.
3. Unless the Board determines otherwise, it shall not initiate separate litigation or be a lead plaintiff

Adopted: November 30, 2021

Revised: ~~September 23, 2022~~TBDReviewed: ~~June 23, 2022~~June 4, 2025

with respect to any claim unless the value of the claim is at least \$1,000,000.

4. When the losses exceed \$1,000,000, the Board may commence separate litigation or apply for lead or co-lead plaintiff status, after receiving advice from the Board's legal counsel that it is in the interest of the Board to do so.
 - a) The criteria to be considered in deciding whether to commence separate litigation or apply for lead plaintiff status are set forth in Policy 10.251.
5. If the Board has suffered losses of \$500,000 or more, and the Board is not pursuing separate litigation or acting as lead or co-lead plaintiff in a class action, the Board may play an enhanced role. This may include review of the terms of any settlement, including applications for legal fees, to determine if the Board should file a comment or objection with respect to the settlement, or opt out of the class.
 - a) The criteria for deciding whether to opt out are set forth in Policy 10.251.
 - b) The Board is authorized to direct the filing of a comment or objection.
6. The Board shall act only as a passive class member with respect to any claim in which the losses suffered are less than \$500,000. Proofs of claim shall be filed on behalf of the Board upon a settlement or final judgment awarding damages in relevant class actions.
7. The Board delegates the decision to seek lead or co-lead plaintiff status or to play an enhanced role in a class action under this Policy to the Audit Committee.
8. The Executive Director, the Chief Investment Officer, the Board's legal counsel, and the Board's investment consultant shall receive reports from the Monitoring Firm, regarding the status of all securities class action litigation matters in which the Board is or could be a member.
 - a) The Executive Director shall receive such reports at least quarterly and upon each filing of proofs of claim.

D. Roles and Authority

1. Board Role and Authority
 - a) Review staff reports regarding securities litigation matters.
 - b) Periodically review and, as appropriate, modify this Policy.
 - c) Establish, periodically review, and, as appropriate, modify protocols for implementation of this Policy.
 - d) Select a securities class action monitoring firm to identify and evaluate potential claims and oversee the process for selecting such firm.
 - e) Approve, modify, or terminate agreements with service providers responsible for implementation of this policy.
2. Audit Committee Role and Authority
 - a) Authorize commencement of separate litigation or filing of motion for lead plaintiff or co-lead plaintiff status or support for another's application for lead plaintiff status, consistent with this Policy.
 - b) Approve settlement of separate litigation or class action in which the Board is lead plaintiff or co-lead plaintiff, consistent with Board policy.
 - c) Authorize opting out of a class settlement, consistent with this Policy.
 - d) Authorize filing of objections and comments on settlements, consistent with Board policy.
 - e) Receive and review staff reports on the status of matters other than passive claim filings.

3. Staff Role and Authority

- a) Circulate to Board members, legal counsel, and investment consultant the reports from the custodian and monitoring firm showing status of all securities litigation matters in which the Board may have an interest. The status includes:
 - (1) Date case filed.
 - (2) Date of settlement.
 - (3) Due date for claim filing.
 - (4) Date Board's claim filed.
 - (5) Date of recovery.
- b) Approve, circulate, and review responses to requests for proposals for monitoring firm services and make recommendations to the Board regarding selection.
- c) Monitor, with assistance from the Board's legal counsel, performance of the Monitoring Firm and report deficiencies to the Board.
- d) As appropriate, recommend to the Board modifications to this Policy and to implementation protocols.

4. Board Legal Counsel Role and Authority

- a) Assist in the preparation of requests for proposals for a monitoring firm, review responses and make recommendations to Board members and staff regarding candidates.
- b) Assist in negotiations of terms and agreements with the Monitoring Firm, with assistance from the Board's investment consultant.
- c) Prior to submission to the Audit Committee, review, all recommendations from the Monitoring Firm regarding whether to commence separate litigation or seek lead plaintiff or co-lead plaintiff designation, or to opt out of or object to class settlements.
- d) Prior to submission to the Audit Committee, review all recommendations from the Monitoring Firm regarding proposed settlements of separate actions brought by the Board or class actions in which the Board is lead or co-lead plaintiff.
- e) Prior to submission to the Audit Committee, review all recommendations from the Monitoring Firm regarding whether to file objections to or comment upon settlements.
- f) Supervise and monitor outside legal counsel conduct of litigation when the Board pursues separate litigation or acts as lead or co-lead plaintiff.

5. Custodian Role and Authority

- a) Maintain and communicate data necessary to identify the Board's securities holdings and transactions to determine if the Board is a class member and calculate losses.
- b) Collect and distribute to the Monitoring Firm all notices regarding the commencement, class certification and settlement of class action lawsuits in which the Board has an interest as an actual or potential class member.
- c) Collect, record on the Board's custody statements, and deposit into appropriate accounts for investment, proceeds from the Board's claims.

6. Custodian/Class Action Role and Authority

- a) Establish and implement procedures to identify all securities class actions filed by others in which the Board is or may be a class member.
- b) Collect and distribute official notices of pendency of class actions in which the Board, according to this Policy, may consider applying for lead plaintiff status or pursuing separate litigation.

- c) Timely file accurate proofs of claim on behalf of the Board in all class actions in which the Board may participate as class member and notify the Monitoring Firm.
- d) Provide necessary custody data to the Monitoring Firm.

7. Monitoring Firm Role and Authority

- a) Ensure by written communication that the Custodian has filed the appropriate documents for Board participation in pending class action litigation.
- b) Identify circumstances in which the Board may have incurred investment losses in excess of the minimum threshold which would give rise to potentially meritorious claims for the Board which are not yet the subject of litigation.
- c) Evaluate claims over \$1,000,000 and recommend whether the Board should pursue separate litigation or lead or co-lead plaintiff designation.
- d) Evaluate settlements of actions in which the Board is not lead plaintiff where losses exceed \$500,000 and recommend whether Board should object to, comment upon, or opt out of settlement.
- e) File objections to and comments upon settlements as authorized.

E. Implementation

- 1. These Policies shall be implemented in accordance with a written statement of procedures to be adopted by the Board incorporated as Policy 10.251.

Authority: Montana Constitution, Article VIII, Section 13
Section 2-15-1808, MCA
Section 17-6-201, MCA

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.700

EFFECTIVE DATE: ~~September 23, 2022~~TBD

TITLE: Credit Enhancement

SUPERSEDES: ~~November 30,~~~~2021~~September 23, 2022

BOARD ADOPTION: November 30, 2021

REVIEWED: ~~July 20, 2022~~June 4,2025

I. Credit Enhancement

- A. The Board has the primary authority to invest state funds and to determine the types of investments to be made, subject to the restrictions of the Montana Constitution and the Unified Investment Program Act.
- B. The Board adopts this Policy to codify and clarify the circumstances under which the Board provides Credit Enhancement and to authorize the Executive Director to honor and fulfill the Board's obligations under the bond documents and Capital Reserve Account Agreement.
- C. The Board may approve Credit Enhancement for the Municipal Finance Consolidation Act (MFCA), ~~and~~ the Montana Health Facility Finance Authority (MFFA) Bonds, and for the Montana Housing Infrastructure Revolving Loan Fund (MHIRLF).
- D. The decision to provide Credit Enhancement is specific to each series of Bonds to be issued.
- E. The Board provides Credit Enhancement when it is prudent to do so and, in the Board's judgment, would result in a lower interest rate to the program borrowers ~~under the MFCA and MFFA~~ than could be otherwise obtained.
- F. The funds in the Unified Investment Program from which the Board's Credit Enhancement obligations could be satisfied for the MFCA and MFFA, include but are not limited to:
 1. The Coal Severance Tax Permanent Fund;
 2. The Short-Term Investment Pool; or
 3. The Treasurer's Fund.
- G. The funds in the Unified Investment Program from which the Board's Credit Enhancement obligations could be satisfied for the MHIRLF are limited to the Montana Housing Infrastructure Revolving Fund. Guarantees plus any loan or bond asset in that fund beyond 24 months may not exceed 2/3 of the total fund balance.
- H. Authorization
 1. Each series of the MFFA Bonds or MHIRLF for which Credit Enhancement is provided, requires a resolution from the Board. The resolution authorizes the Board to enter into an agreement with the MFFA or MHIRLF whereby the Board agrees to make an interest-bearing loan to the ~~Capital Reserve Account~~bond reserve account to restore any deficiency.
 2. The Board may provide Credit Enhancements including purchase of defaulting bonds issued or funds to the MFCA.
- I. Duties of the Executive Director
 1. The Executive Director is authorized to take all necessary actions to implement Credit

Adopted: November 30, 2021

Revised: ~~September 23, 2022~~TBDReviewed: ~~July 20, 2022~~June 4, 2025

Enhancement activity authorized by the Board.

2. If the Executive Director makes a loan or purchases bonds pursuant to the bond documents, he/she shall:
 - a) Notify Board members via e-mail within three (3) business days of such action, and
 - b) Provide a full report to the Board at its next regularly scheduled meeting, specifying:
 - (1) The reasons for such action;
 - (2) The dollar amount; and
 - (3) The terms and the funding source for the loan or bond purchase.

Authority: Montana Constitution, Article VIII, Section 13
Montana Constitution, Article IX, Section 5
Section 2-15-1808, MCA
Section 17-1-113, MCA
Section 17-5-703 and -704, MCA
Section 17-6-201 through 17-6-205, MCA
Title 17, chapter 6, part 3, MCA
Section 17-6-805(5), MCA

Adopted: November 30, 2021

Revised: ~~September 23, 2022~~ TBD

Reviewed: ~~July 20, 2022~~ June 4, 2025

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 20.400

EFFECTIVE DATE: ~~April 20, 2022~~TBD

TITLE: Internal Control Policy
2022

SUPERSEDES: ~~November 30, 2021~~April 20,

BOARD ADOPTION: November 30, 2021

REVIEWED: ~~March 3, 2022~~June 4, 2025

I. Internal Control Policy

A. The Board shall:

1. Annually, conduct a Service Organization Control (SOC) 1 Type 2 audit to review the Internal Control Procedures used by staff.
- ~~2. Conduct a Service Organization Control (SOC) 1 Type 2 audit on an annual basis.~~
- ~~3.2.~~ Take appropriate action on any internal control audit finding.

Authority: Montana Constitution, Article VIII, Section 13
 Title 2, chapter 2, MCA
 Section 2-15-1808, MCA
 Section 5-11-222, MCA
 Section 17-6-201, MCA
 Montana Operations Manual -- Policy 399, Internal Controls

Adopted: November 30, 2021

Revised: ~~April 20, 2022~~TBD

Reviewed: ~~March 3, 2022~~June 4, 2025

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.210

EFFECTIVE DATE: ~~April 20, 2022~~TBD

TITLE: Operations Delegation
2022

SUPERSEDES: ~~November 30, 2021~~April 20,

BOARD ADOPTION: November 30, 2021

REVIEWED: ~~March 3, 2022~~June 4, 2025

I. Operations Delegation

A. Executive Director

1. The Executive Director is responsible for all day-to-day operations of the Board and may delegate as necessary, but remain in specific compliance with this Policy.
2. As an agency head, the Executive Director has all powers and authority normally vested in similar positions in other state agencies to include, but not be limited to, the supervision and management of all staff, the hiring and firing of nonexempt staff, and the commitment of funds necessary for the efficient conduct of Board business.
 - a) Exempt staff may only be terminated upon Board Approval.
 - b) In carrying out these duties, the Executive Director shall ensure compliance with Board policies and directives, as well as applicable state and federal laws and regulations.

B. Board Office Space

1. The Executive Director shall provide for office space for the Board's operations and is authorized to negotiate and sign leases for office space, as appropriate, and in conformance with state policy.

C. Budget

1. The Executive Director shall prepare the Board's budget and staffing level recommendations for Board review and approval.
2. After Board approval the budget is submitted to ~~the Department of Commerce for submission to~~ the Governor's Office of Budget and Program Planning ~~for final approval~~.

Authority: Montana Constitution, Article VIII, Section 13
 Section 2-15-1808, MCA
 Section 5-11-222, MCA
 Section 17-6-201, MCA
Section 17-5-1504 & 1505, MCA
Section 17-5-1611, MCA
Section 17-6-201, MCA
Section 17-6-308, MCA
Section 17-6-324, MCA

Adopted: November 30, 2021

Revised: ~~April 20, 2022~~TBD

Reviewed: ~~March 3, 2022~~June 4, 2025

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.300

EFFECTIVE DATE: ~~April 20, 2022~~TBD

TITLE: Chief Operating Officer/Deputy Director
~~2021~~April 20, 2022

SUPERSEDES: ~~November 30,~~

BOARD ADOPTION: November 30, 2021

REVIEWED: ~~March 3, 2022~~June 4, 2025

I. Chief Operating Officer/Deputy Director

- A. To ensure continuity the Chief Operating Officer/Deputy Director is empowered by the Board to carry out the duties of the Executive Director in his/her absence unless there are specific written policies or instructions from the Board to the contrary.
- B. The Executive Director shall establish a written protocol to ensure continuity in his/her absence and pursuant to Policy 90.300.

Authority: Montana Constitution, Article VIII, Section 13
Section 2-15-1808, MCA
Section 5-11-222, MCA
Section 17-6-201, MCA

Adopted: November 30, 2021

Revised: ~~April 20, 2022~~TBD

Reviewed: ~~March 3, 2022~~June 4, 2025

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.206

EFFECTIVE DATE: ~~May 26, 2022~~TBDTITLE: Investment Objectives and Guidelines
Real Estate Asset ClassSUPERSEDES: ~~November 30, 2021~~May 26, 2022

BOARD ADOPTION: November 30, 2021

REVIEWED: ~~May 26, 2022~~June 4, 2025

I. Introduction

- A. The purpose of this policy is to provide a framework for the Real Estate Asset Class under the guidance of the Board.

II. Statement of Purpose

- A. The purpose of these objectives and guidelines is to:
1. Establish the investment objectives and performance standards of the Real Estate Asset Class; and
 2. Provide diversified exposure to Real Estate in a prudent and cost-effective manner.

III. Investment Objective

- A. Strategic - The objective of the Real Estate Asset Class is to attain the highest possible return within the parameters established in this policy.
- B. Performance - Success in achieving this objective will be measured by comparing the risk and after-fee return of the Real Estate Asset Class to the 1QTR LAGGED NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE) (the Benchmark). Performance results will be monitored and evaluated quarterly. However, the success in achieving the objective will be measured on a five (5) year, and ten (10) year annualized basis.
- C. Investment Guidelines
1. Staff will have full discretion to manage the Real Estate Asset Class 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 at the next scheduled quarterly Board meeting.
 2. Most of the Real Estate Asset Class investments will be managed by external investment managers via private investment partnerships in which the Board will have a limited partnership interest; however, the Real Estate Asset Class may also utilize public long-only and long/short strategies.
- D. Permitted Investments
1. The Real Estate Asset Class may invest only in the following:
 - a) Separate accounts, open-ended funds, closed-ended funds, ETFs, or real estate investment trusts managing publicly traded real estate, where the investments are approved by the CIO and purchased and monitored by Staff;

Adopted: November 30, 2021

Revised: ~~May 26, 2022~~TBDReviewed: ~~May 26, 2022~~June 4, 2025

- b) Private investment partnership interests. These private partnerships may be direct limited partnerships, limited liability companies, or vehicles that primarily invest in partnerships, including fund-of-funds and secondary funds;
- c) The Real Estate Asset Class may co-invest with private investment managers in transactions that are suitable for inclusion into a private real estate investment partnership;
- d) Separate accounts investing in private real estate direct investments;
- e) Individual public or private securities received as distributions from funds are also permitted to be held in the Real Estate Asset Class; and
- f) Cash – either an investment in STIP, a vehicle available through the custodian, or an SEC registered money market fund that is considered a “US Treasury” or “US Government” money market fund per the SEC regulations

E. Other Restrictions

1. The Montana Public Retirement Plan assets as a percentage of Net Asset Value invested in a single investment within the Real Estate Asset Class shall be no greater than two percent (2%).
2. No more than thirty percent (30%) of the aggregate of the Real Estate Asset Class Net Asset Value should be considered “Non-U.S.” exposure based on the dominant geographic exposure of the Fund, Partnership, Separate Account, or Index.
3. No more than ten percent (10%) of the aggregate of the Real Estate Asset Class Net Asset Value shall be invested in direct co-investments.
4. Individual public securities received as distributions will be liquidated over a reasonable time-period dependent on market conditions.

F. The following table provides a guideline range with respect to the Real Estate Asset Class strategy diversification. These ranges reference the Real Estate Asset Class Net Asset Value.

<u>Strategy</u>	<u>Policy Range</u>
Core and Core Plus Real Estate	20% - 50% <u>25% - 65%</u>
Non-Core Real Estate	25% - 65% <u>50%</u>
Real Estate Debt	10% - 40% <u>35%</u>
Public Real Estate Securities	0% - 40% <u>25%</u>

1. For funds with exposure across categories, the fund will be classified in the category that is most reflective of the underlying investments in the funds.

G. Leverage

1. Leverage is a significant risk factor. On an individual fund basis, the leverage level can range up to seventy-five percent (75%). Individual fund leverage may occasionally exceed seventy-five percent (75%) and will be monitored by staff to determine the cause and whether it is a temporary or persistent issue. Leverage for Core, Core plus and Non-Core Real Estate consists of the combined borrowing at the property level and the fund level. Leverage for Real Estate Debt is only measured at the fund level. Leverage shall be monitored on an individual fund level and new investments shall be made with the intention that the total Real Estate Asset Class leverage shall not exceed sixty percent (60%).

<u>Strategy</u>	<u>Leverage Policy</u>
Core Real Estate Investments	0% - 50%
Core-plus/Non-Core Real Estate	0% - 75%
Real Estate Debt	0% - 75%

2. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any situations where the Real Estate Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Real Estate Asset Class back within guidelines or a plan to do so
3. While no formal diversification ranges are set forth for property type diversification or regional diversification within the United States, it is expected that the Real Estate Asset Class shall remain diversified across these factors. These and other factors shall be monitored and reported to the Board at least annually.

Authority: Montana Constitution, Article VIII, Section 13
Section 2-15-1808, MCA
Section 17-6-201, MCA
Sections 17-6-204 and -205, MCA
Section 19-2-504, MCA

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.502

EFFECTIVE DATE: ~~May 22, 2024~~TBD

TITLE: Real Estate Asset Class
Investment Policy Statement

SUPERSEDES: ~~May 26, 2022~~May 22, 2024

BOARD ADOPTION: November 30, 2021

REVIEWED: ~~May 22, 2024~~June 4, 2025

I. Introduction

- A. The purpose of this policy is to provide a framework for the Real Estate Asset Class under the guidance of the Board.

II. Purpose

- A. The purpose of this policy is to:
1. Establish the investment objectives and performance standards of the Real Estate Asset Class; and
 2. Provide diversified exposure to Real Estate in a prudent and cost-effective manner.

III. Investment Objective

- A. Strategic - The objective of the Real Estate Asset Class is to attain the highest possible return within the parameters established in this policy.
- B. Performance - Success in achieving this objective will be measured by comparing the risk and after-fee return of the Real Estate Asset Class to the NCREIF ODCE Index (the Benchmark). Performance results will be monitored and evaluated quarterly. However, the success in achieving the objective will be measured on a five (5) year, and ten (10) year annualized basis.

C. Investment Guidelines

1. Staff will have full discretion to manage the Real Estate Asset Class consistent with this policy. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.
2. Most of the Real Estate Asset Class investments will be managed by external investment managers. Direct ownership investments in Montana real estate may be managed internally.

D. Permitted Investments

1. The Real Estate Asset Class may invest only in the following:
 - a) Separate Accounts, Direct Ownership Investments, Open-Ended Funds, Closed-Ended Funds, Exchange-Traded Funds (ETFs), Real Estate Investment Trusts or Master Limited Partnerships (MLPs) managing publicly traded Real Estate, where the investments are approved by the CIO and purchased and monitored by Staff;
 - b) Private Investment partnership interests. These private partnerships may be direct limited partnerships, limited liability companies, or vehicles that primarily invest in partnerships, including Fund-of-Funds and Secondary Funds;

Adopted: November 30, 2021

Revised: ~~May 22, 2024~~TBD

Reviewed: ~~May 22, 2024~~June 4, 2025

- c) The Real Estate Asset Class may co-invest with private investment managers in transactions that are suitable for inclusion into a private Real Estate investment partnership;
- d) Individual public or private securities received as distributions from funds are also permitted to be held in the Real Estate Asset Class; and
- e) Cash – either an investment in STIP, a vehicle available through the Custodian, or an SEC registered money market fund that is considered a “US Treasury” or “US Government” money market fund per the SEC regulations.

E. Other Restrictions

1. No less than seventy-five percent (75%) of the aggregate of the Real Estate Asset Class net asset value capital shall be invested in “Core and Core-Plus” Real Estate.
2. No more than forty percent (40%) of the aggregate of the Real Estate Asset Class Net Asset Value should be considered “Non-U.S.” exposure based on the dominant geographic exposure of the Fund, Partnership, Separate Account, or Index.
3. No more than ten percent (10%) of the aggregate of the Real Estate Asset Class Net Asset Value shall be invested in direct co-investments.
4. No more than five percent (5%) of the Trust Funds Investment Pool assets as a percentage of Net Asset Value shall be invested in a single Fund, Partnership or Separate Account in the Real Estate Asset Class.
5. Individual public securities received as distributions will be liquidated over a reasonable time period dependent on market conditions.

F. The following table provides a guideline range with respect to the Real Estate Asset Class strategy diversification. These ranges reference the Real Estate Asset Class Net Asset Value.

<u>Strategy</u>	<u>Policy Range</u>
Core and Core Plus Real Estate	75% - 100%
Real Estate Debt	0% - 25%

1. For funds with exposure across these categories, the fund will be classified in the category that is most reflective of the underlying investments in the funds.

G. Leverage

1. Leverage is a significant risk factor. On an individual fund basis, the leverage level can range up to seventy-five percent (75%). Leverage for Core and Core-plus Funds consists of the combined borrowing at the property level and the fund level. Leverage for Real Estate Debt is only measured at the fund level. On a select basis, the leverage may exceed seventy-five percent (75%) for a given investment if it is determined to be reasonable to do so. Leverage shall be monitored on an individual fund level and new investments shall be made with the intention that the total Real Estate Asset Class leverage shall not exceed sixty percent (60%).

<u>Strategy</u>	<u>Leverage Policy</u>
Core Real Estate Investments	0% - 50%
Core-plus	0% - 75%
Real Estate Debt	0% - 75%

2. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any situations where the Real Estate Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Real Estate Asset Class back within guidelines or a plan to do so.
3. While no formal diversification ranges are set forth for property type diversification or regional diversification within the United States, it is expected that the Real Estate Asset Class shall remain diversified across these factors. These and other factors shall be monitored and reported to the Board at least annually.

Authority: Montana Constitution, Article VIII, Section 13
Section 2-15-1808, MCA
Section 17-6-201, MCA
Sections 17-6-204 and -205, MCA

Adopted: November 30, 2021

Revised: ~~May 22, 2024~~TBD

Reviewed: ~~May 22, 2024~~June 4, 2025

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.506

EFFECTIVE DATE: TBD

TITLE: TFIP Private Credit Asset Class
Investment Policy Statement

SUPERSEDES: NEW

BOARD ADOPTION: NEW

REVIEWED: June 4, 2025

I. Introduction

- A. The purpose of this policy is to provide a framework for the Private Credit Asset Class under the guidance of the Board.

II. Purpose

- A. The purpose of this policy is to:
1. Establish the investment objectives and performance standards of the Asset Class; and
 2. Provide diversified exposure to the Private Credit markets in a prudent and cost-effective manner.

III. Investment Objective

- A. Strategic - The objective of the Private Credit Asset Class is to attain the highest possible return within the parameters of the Investment Objective and Guidelines set forth below.

B. Performance

1. There is no generally accepted benchmark index for Private Credit performance comparisons. Private Credit investments typically require a longer investment horizon due to their illiquid nature and multi-year lending agreements, with returns primarily driven by contractual interest and principal repayment.
2. The performance objective for the Private Credit Asset Class is the achievement of long-term net returns (after management fees and general partner's carried interest) above a benchmark reflecting public debt market returns.
3. Success in achieving this objective will be measured by comparing the net return of the Private Credit Asset Class to the S&P Leveraged Loan Index (the Benchmark) on an annualized basis. Performance results will be monitored quarterly. However, the success in achieving the objective will be measured on a five (5) year and ten (10) year annualized basis.

C. Investment Guidelines

1. Staff will have full discretion to manage the Private Credit Asset Class consistent with this policy. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.
2. Most Private Credit Asset Class investments will be managed by external investment managers via a partnership structure in which the Board will have a limited partnership interest.

D. Permitted Investments

1. The Private Credit Asset Class may invest only in the following:

- a) Private Credit partnership interests. These private partnerships may be direct limited partnerships, limited liability companies, or vehicles that primarily invest in partnerships, including Fund-of-Funds and Secondary Funds;
- b) Investments held in separate accounts or commingled funds managed by external investment managers and governed by their respective investment management contracts and investment guidelines;
- c) The Private Credit Asset Class may co-invest with Credit investment managers in transactions that are suitable for inclusion into a private credit partnership; and
- d) Cash – either an investment in the STIP, a vehicle available through the Custodian, or an SEC registered money market fund that is considered a “US Treasury” or “US Government” money market fund per the SEC regulations.

E. Other Restrictions

- 1. The Trust Funds Investment Pool assets as a percentage of Net Asset Value invested in a single Direct Limited Partnership shall be no greater than two percent (2%).
 - 2. No more than twenty percent (20%) of the aggregate of the Private Credit Asset Class net asset value should be considered “Non-U.S.” exposure based on the primary objective of the Fund, Partnership, Separate Account, or Index.
 - 3. Individual public securities received as distributions will be liquidated over a reasonable time period dependent on market conditions.
- F. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner while considering current market conditions and the associated costs of rebalancing. At the Board’s next regularly scheduled quarterly meeting, the CIO shall inform the Board of any situations where the Private Credit Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Private Credit Asset Class back within guidelines or a plan to do so.

Authority: Montana Constitution, Article VIII, Section 13
 Section 2-15-1808, MCA
 Section 17-6-201, MCA
 Sections 17-6-204 and -205, MCA
 Section 19-2-504, MCA

Montana Code Annotated 2023

THE CONSTITUTION OF THE STATE OF MONTANA

ARTICLE VIII. REVENUE AND FINANCE

Part VIII. REVENUE AND FINANCE

Investment Of Public Funds And Public Retirement System And State Compensation Insurance Fund Assets

Section 13. Investment of public funds and public retirement system and state compensation insurance fund assets.

(1) The legislature shall provide for a unified investment program for public funds and public retirement system and state compensation insurance fund assets and provide rules therefor, including supervision of investment of surplus funds of all counties, cities, towns, and other local governmental entities. Each fund forming a part of the unified investment program shall be separately identified. Except as provided in subsections (3) and (4), no public funds shall be invested in private corporate capital stock. The investment program shall be audited at least annually and a report thereof submitted to the governor and legislature.

(2) The public school fund and the permanent funds of the Montana university system and all other state institutions of learning shall be safely and conservatively invested in:

- (a) Public securities of the state, its subdivisions, local government units, and districts within the state, or
- (b) Bonds of the United States or other securities fully guaranteed as to principal and interest by the United States, or
- (c) Such other safe investments bearing a fixed rate of interest as may be provided by law.

(3) Investment of public retirement system assets shall be managed in a fiduciary capacity in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in the conduct of an enterprise of a similar character with similar aims. Public retirement system assets may be invested in private corporate capital stock.

(4) Investment of state compensation insurance fund assets shall be managed in a fiduciary capacity in the same manner that a prudent expert acting in a fiduciary capacity and familiar with the circumstances would use in the conduct of a private insurance organization. State compensation insurance fund assets may be invested in private corporate capital stock. However, the stock investments shall not exceed 25 percent of the book value of the state compensation insurance fund's total invested assets.

History: Amd. Const. Amend. No. 25, approved Nov. 8, 1994; amd. Const. Amend. No. 34, approved Nov. 7, 2000.

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.600
~~2023~~TBD

EFFECTIVE DATE: ~~December 12,~~

TITLE: Short-Term Investment Pool
12, 2023
Investment Policy Statement

SUPERSEDES: ~~May 24, 2023~~December

BOARD ADOPTION: November 30, 2021
2025

REVIEWED: ~~December 12, 2023~~June 4,

I. Introduction

- A. This policy is effective upon adoption and supersedes all previous Investment Policies related to the investment management of the Short-Term Investment Pool (STIP).
- B. STIP is an investment program managed and administered under the direction of the Board as authorized by the Unified Investment Program.
- C. STIP invests the operating funds of the State of Montana, participating local government entity funds, and the liquidity requirements of the various pension and trust funds managed by the Board.
- D. STIP is a commingled pool for investment purposes.
 - 1. The use of a commingled pool allows for simplified investing and accounting, as well as broader investment diversification, and it provides opportunities for fee savings.

II. Purpose

- A. The purpose of this policy statement is to provide a strategic framework for STIP investments under the guidance of the Board.

III. Legal and Constitutional Authority

- A. The Montana Constitution, Article VIII, Section 13, requires that the Legislature provide for a Unified Investment Program for public funds.
- B. Section 17-6-201, MCA, in accordance with state law and the state constitution:
 - 1. Established the Unified Investment Program.
 - 2. Created the Board.
 - 3. Gave the Board sole authority to invest state funds, including STIP.
- C. The Unified Investment program for public funds must be administered by the Board in accordance with the "prudent expert principle," defined as:
 - 1. Discharging its duties with the care, skill, prudence, and diligence, under the 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

Adopted: November 30, 2021

Revised: ~~December 12, 2023~~ TBD

Reviewed: ~~December 12, 2023~~June 4, 2025

- 3. Discharging its duties solely in the interest of and for the beneficiaries of the funds managed.
- D. The Board created STIP to allow qualifying funds, per sections 17- 6-201, 202, and 204, MCA to participate in a diversified pool.
 - 1. State agencies with accounts that retain their interest earnings are legally required to invest in STIP.
 - 2. Local governments may voluntarily participate in the STIP.
- E. The Board, as the investment fiduciary, is responsible for establishing the investment parameters for the STIP.
- F. STIP is not registered with the SEC as an investment company and therefore is not required to abide by the SEC's rule 2a7 of the Investment Company Act of 1940.
- G. STIP has a defined set of investment objectives and investment guidelines, including permitted investments, which are detailed in this policy statement.

IV. Financial Reporting

- A. The STIP financial statements are included in the Board's Consolidated Unified Investment Program financial statements, which are audited by the Montana Legislative Auditor.
- B. On October 6, 2015, the Board approved that for financial reporting purposes the STIP portfolio will be reported on a Net Asset Value basis versus amortized cost.

V. Strategic Investment Objectives

- A. The Board's objective for STIP is to achieve a high level of investment income that is compatible with the preservation of principal, providing STIP participants with liquidity with one (1) day notification, and the prudent investment practices of the Board.
- B. No Guaranteed Return
 - 1. There is no minimum or maximum amount of interest rate or any guaranteed rate of return on STIP shares, or funds invested in STIP shares.
- C. No Warranty
 - 1. The Board makes no warranty that funds will be immediately available in the event of any failure of a third party or that STIP participants will not suffer losses due to acts of God, or other calamities, or other market dislocations or interruptions.
- D. STIP Not Insured Against Loss
 - 1. STIP is NOT FDIC insured or otherwise insured or guaranteed by the federal government, the State of Montana, the Board, or any other entity against investment losses.
- E. Reserve Fund
 - 1. This Policy requires maintenance of a reserve fund to offset possible losses.
 - a) STIP interest earnings may be used to fund this reserve before the net earnings are distributed to the STIP Participants.
 - b) The reserves may not be adequate to cover investment losses.

VI. Reserve

- A. The STIP will maintain a reserve account.
- B. The reserve will be available to offset realized gains or losses.
- C. ~~Additionally, the~~ The reserve will be available to offset unrealized gains or losses, or to limit fluctuations in the net asset value (NAV), to the extent deemed prudent by Staff.

D. Excess earnings from the reserve may be distributed to participants.

E. A deduction from earnings will occur while the amount of the reserve is below one and fifteen hundredths' percent (1.15%) of the NAV.

1. The level of deduction will be calculated based on the deemed best balance between participants' need for current earnings and the increase in safety from building the reserve.

- a) When the reserve is between one-half percent (0.50%) and one and fifteen hundredths' percent (1.15%) of the NAV the deduction from earnings will be an amount, including recoveries, sufficient to reach the target within three (3) years.
- b) Should the reserve fall below one-half percent (0.50%) of the NAV, staff will evaluate the amount of deduction appropriate to return the reserve to one-half percent (0.50%) and make recommendations to that effect to the Board.

F. Any use of the reserve will be reported to the Board.

VII. Time Horizon

A. The STIP investment portfolio shall be managed with the goal of attaining its objectives throughout market and economic cycles, after giving prudent consideration to the investment risk constraints (described as part of the Investment Guidelines in Policy 40.601 of Governance Manual) and the liquidity needs of the participants.

B. The Board expects to meet or exceed these 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.

VIII. Performance Measurement

A. Investment performance is measured by two (2) integrated long-term return objectives:

1. The investment policy benchmark.

- a) The investment policy benchmark represents the return that would be achieved if the Pool implemented a passively managed portfolio. Deviations from the policy benchmark measure the contribution of active investment management throughout the fund and investment implementation generally.

2. STIP's total performance, before all fees, to appropriate peer universes.

- a) While the Board seeks to rank favorably compared to peers, the Board recognizes that other short-term investment funds may have investment objectives and risk tolerances that differ substantially from STIP.

IX. Roles and Responsibilities

A. Board of Investments

- 1. The Board is responsible for approving the IPS and has the authority to manage the Short-Term Investment Pool (STIP) as it considers prudent, subject to such limitations as contained in law and the Constitution.
- 2. The Board reviews this document periodically and as needed, approves any changes to the policy.
- 3. As described in the Board of Investments Governance Manual, the Board delegates authority to the Executive Director, Chief Investment Officer (CIO), and other Staff to execute the day-to-day duties required to carry out the Board's mission.

B. Executive Director

- 1. The Executive Director is empowered by the Board to sign any and all documents required to conduct Board business.

- a) Unless there are specific written policies or instructions from the Board to the contrary.
- 2. The Executive Director and the CIO are authorized jointly to contract for investment manager services and if deemed appropriate, terminate them.
- 3. The Executive Director is responsible for establishing the financial reporting procedures as well as collection and reporting of all income.

C. Chief Investment Officer

- 1. The 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.
- 2. The CIO, with the support of other staff, is responsible for recommending investment policy changes for Board approval.

D. Staff

- 1. The investment staff is responsible for, but not limited to, the following:
 - a) Managing day-to-day STIP investment operations;
 - b) Investing STIP assets and monitoring compliance in accordance with this Policy;
 - c) Reporting to the Board the STIP investment results and investment characteristics at the Quarterly Board meetings;
 - d) Reporting any deviations from this Investment Policy to the Board; and
 - e) Reporting any deviations from the IPS Policy to the Board.

E. Investment Consultant

- 1. The investment consultant assists the CIO and Staff with policy recommendations and provides advice to the Board.
- 2. The investment consultant shall provide assistance to Staff as requested in conjunction with the management of the STIP.

X. Risk Management

A. Short-term investments held within STIP are exposed to a number of risks.

B. The objective will be to mitigate the inherent risks associated with these securities, primarily liquidity risk, credit risk, and interest rate risk.

C. Liquidity Risk

- 1. Based on the percentage of STIP Units Value usually necessary to meet the daily distribution requests of STIP participants, the liquidity needs for the STIP are generally low.
- 2. Illiquidity risk still needs to be monitored and managed by staff on a regular basis to ensure that assets are not required to be sold too quickly, or at an unfavorable time, and potentially at a discount to fair value to meet the cash needs of STIP participants.
- 3. In order to improve liquidity and manage both the expected and unexpected STIP participants' need for cash, the STIP Investment Objectives and Guidelines (Policy 40.601) require certain percentages of the STIP Units Value to either be invested in cash, direct obligations of the U.S. government, or in securities that will have an effective maturity for specifically defined short periods or time (daily and weekly).

D. Credit Risk

- 1. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation in making full and timely principal and interest payments.

2. The STIP will utilize credit ratings, issued by at least two of the nationally recognized statistical rating organizations (NRSRO), to assist in the monitoring and management of credit risk.
3. Securities of federal agencies without their own NRSRO rating will use the ratings of the United States government.
 - a) Approved List
 - (1) Purchases of securities other than U.S. government or U.S. Agency obligations are restricted to those which are pre-approved.
 - (2) The approved list shall be maintained by Staff with issuers added or removed from time to time depending on an analysis of their risk characteristics and suitability for use in the portfolio.
 - (a) At least two (2) investment staff must approve names on the list.
 - (3) One (1) of the investment staff should be part of the internally managed fixed income team and the other person from the Risk Management team.
 - (4) Issuers on the list shall be reviewed at least semi-annually for continued inclusion on the approved list.
 - (5) STIP will minimize credit risk by means of the following:
 - (a) Limiting Permissible investments to securities on the "Approved List".
 - (b) Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with whom STIP will conduct business.
 - (c) Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
 - (d) STIP will maintain a reserve account.

E. Interest Rate Risk

1. The STIP portfolio will minimize the risk that the market value of the securities will deviate significantly from cost due to changes in the general level of interest rate by means of the following:
 - a) Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations thereby normally avoiding the need to sell securities on the open market prior to maturity.
 - b) Maintaining a dollar-weighted average portfolio maturity of one-hundred twenty (120) days or less.
 - (1) For this purpose, the date to the next coupon reset date will be used for all floating or variable rate securities.
 - c) STIP will maintain a reserve account.

XI. Securities Lending

A. Section 17-1-113, MCA, authorizes the Board to lend securities held by the state.

1. The Board may lend its publicly traded securities held in the investment pools, through an agent, to other market participants in return for compensation.
2. Currently, through an explicit contract, State Street Bank and Trust, the state's custodial bank, manages the state's securities lending program.
 - a) The Board seeks to assess counterparty and reinvestment risk, associated with each aspect of its securities lending program.
 - b) The Board requires borrowers to maintain acceptable and adequate collateral per the terms

of the securities lending authorization agreement.

- c) 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 collateral falls below the agreed-upon ratio of over- collateralization.
- d) In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor.
- e) Staff or the investment manager may restrict a security from the loan program upon notification to State Street Bank.
- f) Staff will monitor the securities lending program, and the CIO will periodically report to the Board on the status of the program.
- g) The Board's participation in securities lending may change over time given Plan activity, market conditions and the agent agreement.
- h) STIP assets are currently available for securities lending.

XII. Exercise of Shareholder Rights

A. Proxy Voting.

- 1. 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.
- 2. The Short-Term Investment Pool (STIP) does not participate in proxy voting.

B. Class Action Litigation

- 1. 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.
 - a) 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.
 - b) Accordingly, the Board maintains a detailed litigation policy, including process steps, outlined in Policy 10.250 of the Governance Manual.

XIII. Investment Policy Review

- A. As stated in the Governance Policy, “the Board shall create, maintain, and revise as necessary Investment Policy Statements (IPS) for each separate account it manages. The IPS shall cite the law establishing the account if such law exists, cite the permissible investments authorized by law, and establish an investment range for each of the permissible investments. The Board shall review such policies at least annually or more frequently at the request of Board staff. IPS may only be revised in a public meeting. All IPS shall be posted on the Board's website for review by the public. The authority to approve IPS may not be delegated to staff.”

Authority: Montana Constitution, Article VIII, Section 13
 Section 2-15-1808, MCA
 Section 17-1-113, MCA
 Sections 17-6-201 through 17-6-204 MCA

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.707

EFFECTIVE DATE: TBD

TITLE: Private Credit Asset Class
Investment Policy Statement

SUPERSEDES: NEW

BOARD ADOPTION: TBD

REVIEWED: June 4, 2025

I. Introduction

- A. The purpose of this policy is to provide a framework for the Private Credit Asset Class under the guidance of the Board.

II. Purpose

- A. The purpose of this policy is to:
1. Establish the investment objectives and performance standards of the Asset Class; and
 2. Provide diversified exposure to the Private Credit markets in a prudent and cost-effective manner.

III. Investment Objective

- A. Strategic - The objective of the Private Credit Asset Class is to attain the highest possible return within the parameters of the Investment Objective and Guidelines set forth below.

B. Performance

1. There is no generally accepted benchmark index for Private Credit performance comparisons. Private Credit investments typically require a longer investment horizon due to their illiquid nature and multi-year lending agreements, with returns primarily driven by contractual interest and principal repayment.
2. The performance objective for the Private Credit Asset Class is the achievement of long-term net returns (after management fees and general partner's carried interest) above a benchmark reflecting public debt market returns.
3. Success in achieving this objective will be measured by comparing the net return of the Private Credit Asset Class to the S&P Leveraged Loan Index (the Benchmark) on an annualized basis. Performance results will be monitored quarterly. However, the success in achieving the objective will be measured on a five (5) year and ten (10) year annualized basis.

C. Investment Guidelines

1. Staff will have full discretion to manage the Private Credit Asset Class consistent with this policy. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.
2. Most Private Credit Asset Class investments will be managed by external investment managers via a partnership structure in which the Board will have a limited partnership interest.

D. Permitted Investments

1. The Private Credit Asset Class may invest only in the following:

- a) Private Credit partnership interests. These private partnerships may be direct limited partnerships, limited liability companies, or vehicles that primarily invest in partnerships, including Fund-of-Funds and Secondary Funds;
- b) Investments held in separate accounts or commingled funds managed by external investment managers and governed by their respective investment management contracts and investment guidelines;
- c) The Private Credit Asset Class may co-invest with Credit investment managers in transactions that are suitable for inclusion into a private credit partnership;
- d) Cash – either an investment in the STIP, a vehicle available through the Custodian, or an SEC registered money market fund that is considered a “US Treasury” or “US Government” money market fund per the SEC regulations.

E. Other Restrictions

- 1. The Montana State Funds Investment Pool assets as a percentage of Net Asset Value invested in a single Direct Limited Partnership shall be no greater than two percent (2%).
- 2. No more than twenty percent (20%) of the aggregate of the Private Credit Asset Class net asset value should be considered “Non-U.S.” exposure based on the primary objective of the Fund, Partnership, Separate Account, or Index.
- 3. Individual public securities received as distributions will be liquidated over a reasonable time period dependent on market conditions.

- F. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner while considering current market conditions and the associated costs of rebalancing. At the Board’s next regularly scheduled quarterly meeting, the CIO shall inform the Board of any situations where the Private Credit Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Private Credit Asset Class back within guidelines or a plan to do so.

Authority: Montana Constitution, Article VIII, Section 13
 Section 2-15-1808, MCA
 Section 17-6-201, MCA
 Sections 17-6-204 and -205, MCA
 Section 19-2-504, MCA

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.800

EFFECTIVE DATE: ~~June 22, 2023~~ TBD

TITLE: Coal Severance Tax
Investment Policy Statement

SUPERSEDES: ~~May 24, 2023~~ June 22, 2023

BOARD ADOPTION: November 30, 2021

REVIEWED: ~~June 22, 2023~~ June 4, 2025

I. Introduction

- A. The purpose of this policy is to provide a framework for the Coal Severance Tax Trust Fund under the guidance of the Board.
- B. The Coal Severance Tax Trust Fund was established under Article IX, Section 5 of the state Constitution which requires that at least fifty percent (50%) 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."
- C. The legislature has partitioned the Trust into several sub-funds per Section 17-5-703, MCA:
 1. Coal Severance Tax Bond Fund into which the constitutionally dedicated receipts from the coal severance tax must be deposited;
 2. Montana Coal Endowment Fund;
 3. Montana Coal Endowment Regional Water System Fund;
 4. Coal Severance Tax Permanent Fund;
 5. Big Sky Economic Development Fund;
 6. School Facilities Fund;
 7. Conservation District Fund; and
 8. Coal Board Fund.
- D. 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.
- E. Subject to the provisions of Section 17-6-201, MCA, 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 Section 17-6-305, MCA.
- F. The current allocation of coal severance tax trust receipts is shown in Policy 40.801 of the Governance Manual. The legislative history of the allocation of the coal severance tax trust within the various sub-funds is available by reviewing the MCA.

II. Purpose

- A. 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 Board.

Adopted: November 30, 2021

Revised: ~~June 22, 2023~~ TBD

Reviewed: ~~June 22, 2023~~ June 4, 2025

III. Legal and Constitutional Authority

- A. The Montana Constitution, Article VIII, Section 13, requires that the Legislature provide for a Unified Investment Program for public funds.
- B. Section 17-6-201, MCA:
 - 1. Established the Unified Investment Program;
 - 2. Created the Board; and
 - 3. Gave the Board sole authority to invest state funds, in accordance with state law and the state constitution.
- C. The Unified Investment Program for public funds must be administered by the Board 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.
- D. The Board, as the investment fiduciary of the accounts, is responsible for establishing the Investment parameters for all accounts.

IV. Strategic Investment Objectives

- A. The strategic investment objective is unique for each sub-fund and will be addressed in the individual policies throughout this policy series.
- B. 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.
- C. 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.

V. Time Horizon

- A. The time horizon for the Coal Severance Tax Trust Fund and all sub-funds is perpetual.
- B. The Board expects over a long-term investment horizon to meet or exceed all objectives.
- C. Over shorter periods, the anticipated market volatility and specific actions, including risk mitigation efforts by the Board may lead to unfavorable but expected deviation from these objectives.

VI. Performance Measurement

- A. The investment policy benchmark is unique for each sub-fund.
- B. The investment policy benchmark for each sub-fund will be addressed in the individual policies throughout this policy series.
- C. The investment policy benchmark approximates the return that would be achieved if the account implemented a passively managed portfolio.
- D. 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.

VII. Roles and Responsibilities

A. Board of Investments

1. The Board is responsible for approving the IPS and has the authority to manage the Coal Severance Tax Trust Fund as it considers prudent, subject to such limitations as contained in the Policy, the law and the state Constitution.
2. The Board reviews this document periodically and approves any changes to the policy as needed.
3. As described in the Board's Governance Manual, the Board delegates authority to the Executive Director, Chief Investment Officer (CIO), and other Staff to execute the day-to-day duties required to carry out the Board's mission.

B. Executive Director

1. 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.
2. The Executive Director and the CIO are authorized jointly to contract for investment manager services and if deemed appropriate, terminate them.
3. The Executive Director is responsible for establishing the financial reporting procedures as well as collection and reporting of all income.

C. Chief Investment Officer

1. The 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.
2. The CIO, with the support of other staff, is responsible for recommending investment policy changes for Board approval.

D. Investment Staff

1. The investment staff is responsible for, but not limited to:
 - a) Managing day-to-day investment operations;
 - b) Investing assets and monitoring compliance in accordance with this Policy;
 - c) Reporting results and investment characteristics to the Board at least annually;
 - d) Reporting any deviations from Investment Policy to the Board; and
 - e) Reporting any deviations from the IPS Policy to the Board.

E. Investment Consultant

1. The investment consultant assists the CIO and Staff with policy recommendations and provides advice to the Board.
2. The investment consultant shall provide assistance to staff as requested in conjunction with the management of the Coal Severance Tax Trust Fund.

VIII. Strategic Asset Allocation

- A. The strategic asset allocation is unique for each sub-fund.
- B. The strategic asset allocation for each sub-fund will be addressed in the guidelines and objectives throughout this policy series.

IX. Rebalancing

- A. 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.

- B. Material deviations from the asset allocation ranges can alter the expected return and risk of the accounts.
- C. Rebalancing account assets to remain within the Board-approved allocation ranges is delegated to staff in consultation with the CIO and the Executive Director.
- D. Any necessary rebalancing will be made in a timely manner and will take into consideration associated costs and current market conditions.

X. Risk Management

A. Liquidity

- 1. The liquidity requirements are unique for each sub-fund.
- 2. The liquidity requirements are addressed by the permitted investments and corresponding restrictions within the policy for each separate account or within the existing investment policy statement.

B. Monitoring/Reporting - Transparency

- 1. 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

- 1. Leverage is a significant risk factor.
- 2. Assets in accounts managed directly by BOI staff are not allowed to employ leverage.
- 3. The Short-Term Investment Pool (STIP) is not allowed to employ leverage or use derivatives.
- 4. The use of leverage and derivatives within the Trust Fund Investment Pool (TFIP) is addressed within the TFIP Investment Policy.

D. Cash Investments

- 1. Cash investments held in any separate account, within the TFIP or any managed account within it entail an element of credit risk.
- 2. Only approved cash investment vehicles are permitted. These include:
 - a) Short-Term Investment Pool (STIP);
 - b) Any cash vehicle at the Custodial Bank; and
 - c) Any SEC registered money market funds approved by the CIO for internally managed funds or employed by an external asset manager which specifically address credit risk in their respective investment guidelines.

~~XI. Investment Pools~~

~~A. Trust Fund Investment Pool.~~

- ~~1. 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.~~
- ~~2. Investment grade fixed income will be primarily managed internally.~~
- ~~3. Non-investment grade fixed income will be primarily managed by external asset managers.~~
- ~~4. Real estate will be managed by external asset managers.~~
- ~~5. The specific strategic objectives, performance criteria, and investment guidelines for TFIP are detailed in the TFIP Investment Policy.~~

~~B. Short-Term Investment Pool~~

- ~~1. STIP will provide accounts with exposure to Cash related investments.~~
- ~~2. STIP will be managed internally utilizing an active investment strategy.~~
- ~~3. The specific strategic objectives, performance criteria, and investment guidelines for STIP are detailed in the STIP Investment Policy.~~

~~XII.XI.~~ Securities Lending

A. Section 17-1-113, MCA, authorizes the Board to lend securities held by the state.

1. The Board may lend its publicly traded securities through an agent, to other market participants in return for compensation.
2. Currently, through an explicit contract, the state's Custodial Bank, manages the state's securities lending program.
 - a) The Board seeks to assess the risks, such as counterparty and reinvestment risk, associated with each aspect of its securities lending program.
 - b) The Board requires borrowers to maintain acceptable and adequate collateral per the terms of the securities lending authorization agreement.
 - c) 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.
 - d) In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor.
 - e) Staff or the investment manager may restrict a security from the loan program upon notification to the custodial bank.
 - f) Staff will monitor the securities lending program, and the CIO will periodically report to the Board on the status of the program.
 - g) The Board's participation in securities lending may change over time given Plan activity, market conditions, and the agent agreement.

~~XIII.XII.~~ Exercise of Shareholder Rights

A. Proxy Voting.

1. 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.
2. The Permanent Coal Severance Tax Trust Fund and its sub-funds do not participate in proxy voting.

B. Class Action Litigation

1. 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.
 - a) 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.
 - b) Accordingly, the Board maintains a litigation policy, including steps outlined in Policy 10.250 of the Governance Manual.

~~XIV.XIII.~~ Investment Policy Review

- A. As required by the Board Governance Policy, "the Board shall create, maintain, and revise as necessary Investment Policy Statements (IPS) for each separate account it manages. The IPS

shall cite the law establishing the account if such law exists, cite the permissible investments authorized by law, and establish an investment range for each of the permissible investments. The Board shall review such policies at least annually or more frequently at the request of Board staff. IPS may only be revised in a public meeting. All IPS shall be posted on the Board's website for review by the public. The authority to approve IPS may not be delegated to staff."

Authority: Montana Constitution, Article VIII, Section 13
Montana Constitution, Article IX, Section 5
Section 2-15-1808, MCA
Section 17-1-113, MCA
Section 17-5-703, MCA
Section 17-5-704, MCA
Sections 17-6-201 through 17-6-205, MCA
Section 17-6-305, MCA
Section 17-6-308, MCA
Chapter 774, Laws of 2023 (House Bill No. 819)

Adopted: November 30, 2021

Revised: ~~June 22, 2023~~TBD

Reviewed: ~~June 22, 2023~~June 4, 2025

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.807

EFFECTIVE DATE: ~~June 22, 2023~~TBDTITLE: Coal Severance Tax Permanent Fund
2023SUPERSEDES: ~~November 30, 2021~~June 22,

BOARD ADOPTION: November 30, 2021

REVIEWED: ~~June 22, 2023~~June 4, 2025

I. Introduction

A. The purpose of this policy is to provide a framework for the Coal Severance Tax Permanent Fund under the guidance of the Board.

B. All Coal Severance Tax sub-funds are governed by 40.800, Coal Severance Tax Investment Policy Statement.

C. The Coal Severance Tax Permanent Fund was established under Section 17-5-703, MCA, 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.

D. The Board will have full discretion to manage the Coal Severance Tax Permanent Fund consistent with this policy. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

E. 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.

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

G. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any situations where the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

II. Statement of Purpose

A. The purpose of this policy 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.

III. Investment Objectives

A. Strategic - Attain above benchmark total return for all investments within the parameters established in this policy with an emphasis on investment income and preservation of principle.

Adopted: November 30, 2021

Revised: ~~June 22, 2023~~TBDReviewed: ~~June 22, 2023~~June 4, 2025

B. Performance - Success in achieving this objective will be measured by comparing the risk and return of the account to the Trust Funds Investment Pool (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark 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 (5) year rolling average.

IV. Permitted Investments

A. The Coal Severance Tax Permanent Fund may only invest in:

1. TFIP;
2. STIP; and
3. Any legislatively approved program loan, bond, note, or guarantee.

V. Other Restrictions

A. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be held in the TFIP.

B. A maximum of \$80 million Montana Infrastructure loans per Sections 17-6-309 & 311, MCA.

C. A maximum of \$70 million Montana Value Added Loans per Sections 17-6-317 & 311, MCA.

~~A maximum of \$50 million Montana Veterans' Home Loan Mortgages per Section 90-6-603, MCA.~~

D. A maximum of \$15 million Montana Facility Finance Authority Loans per Section 17-6-308, MCA.

E. A maximum of \$10 million Intermediary Relending Loans per Section 17-6-345, MCA.

~~A. A maximum of \$65 million Coal Trust Multifamily Homes per Section 17-6-308, MCA.~~

Authority: Montana Constitution, Article VIII, Section 13
 Montana Constitution, Article IX, Section 5
 Section 2-15-1808, MCA
 Section 17-1-113, MCA
 Sections 17-5-703 and -704, MCA
 Sections 17-6-201 through 17-6-205, MCA
 Sections 17-6-308 and -309, MCA
 Section 17-6-311, MCA
 Section 17-6-345, MCA
 Chapter 774, Laws of 2023 (House Bill No. 819)

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.900

EFFECTIVE DATE: ~~October 11, 2023~~TBD

TITLE: Separately Managed Accounts
2023
Investment Policy Statement

SUPERSEDES: ~~June 22, 2023~~October 11,

BOARD ADOPTION: November 30, 2021
2025

REVIEWED: ~~October 11, 2023~~June 4,

I. Introduction

- A. This policy is effective upon adoption and supersedes all previous Investment Policy Statements (IPS) related to the investment management of the Separately Managed Accounts.
- B. Montana has more than forty (40) Separately Managed Accounts. These Separately Managed 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.
- C. Each Separately Managed Account has unique investment needs. The strategic investment objective for each Separately Managed Account will be addressed in the individual policies.
- D. Many Separately Managed Accounts participate in the Short-term Investment Pool (STIP) and the Trust Funds Investment Pool (TFIP). The pools are commingled funds which operate similar to mutual funds. STIP and TFIP each have their own IPS.

II. Purpose

- A. The purpose of this policy statement is to provide a broad strategic framework for separately managed accounts under the guidance of the Board.

III. Legal and Constitutional Authority

- A. Article VIII Section 13 of the Montana Constitution requires that the Legislature provide for a Unified Investment Program for public funds.
 1. Section 17-6-201, MCA:
 - a) Established the Unified Investment Program;
 - b) Created the Board; and
 - c) Gave the Board sole authority to invest state funds, in accordance with state law and the state constitution.
- B. Section 17-6-201(1), MCA, requires the Board to operate under 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,

Adopted: November 30, 2021

Revised: ~~October 11, 2023~~TBD

Reviewed: ~~October 11, 2023~~June 4, 2025

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.

C. The Board, as the investment fiduciary of the Separately Managed Accounts, is responsible for establishing the investment parameters for all Separately Managed Accounts.

IV. Strategic Investment Objectives

A. The strategic investment objective is unique for each Separately Managed Account. The strategic investment objective for each Separately Managed Account will be addressed in the individual policies.

B. However, the Board's overall objective is to achieve the highest level of investment performance compatible with each Separately Managed 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 Separately Managed Account.

V. Time Horizon

A. The time horizon is unique for each Separately Managed Account. The time horizon for each Separately Managed Account will be addressed in the individual policies.

VI. Performance Measurement

A. The IPS benchmark is unique for each Separately Managed Account. The IPS benchmark for each Separately Managed Account will be addressed in the individual policies.

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

VII. Roles and Responsibilities

A. Board of Investments

1. The Board is responsible for approving the IPS for any Separately Managed Account and has the authority to manage all separately managed accounts as it considers prudent, subject to such limitations as contained in law and the Constitution.
2. The Board reviews this document periodically and approves any changes to the policy as needed.
3. As described in the Board of Investments Governance Manual, the Board delegates authority to the Executive Director, Chief Investment Officer (CIO), and other Staff to execute the day-to-day duties required to carry out the Board's mission.

B. Executive Director

1. 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.
2. The Executive Director and the CIO are authorized jointly to contract for investment manager services and if deemed appropriate, terminate them.
3. The Executive Director is responsible for establishing the financial reporting procedures as well as collection and reporting of all income.

C. Chief Investment Officer

1. The 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.

2. The CIO, with the support of other staff, is responsible for recommending investment policy changes for Board approval.

D. Investment Staff

1. The investment staff is responsible for, but not limited to:
 - a) Managing day-to-day investment operations;
 - b) Investing separately managed account assets and monitoring compliance in accordance with this IPS;
 - c) Reporting to the Board the Separately Managed Account results and investment characteristics at least annually; and
 - d) Reporting any deviations from the IPS to the Board.

E. Investment Consultant

1. The investment consultant assists the CIO and Staff with policy recommendations and provides advice to the Board.
2. The investment consultant shall provide assistance to staff as requested in conjunction with the management of all Separately Managed Accounts.

VIII. Strategic Asset Allocation

- A. The strategic asset allocation is unique for each Separately Managed Account.
- B. The strategic asset allocation for each Separately Managed Account will be addressed in the individual policies.

IX. Rebalancing

- A. 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.
- B. Material deviations from the asset allocation ranges can alter the expected return and risk of the accounts.
- C. Rebalancing Separately Managed Account assets to remain within the Board-approved allocation ranges is delegated to staff in consultation with the CIO and the Executive Director.
- D. Any necessary rebalancing will be made in a timely manner and will take into consideration associated costs and current market conditions.

X. Risk Management

A. Liquidity

1. The liquidity requirements are unique for each separately managed account.
2. Staff works closely with the representatives for each account to determine their needs.
3. The liquidity requirements are addressed by the permitted investments and corresponding restrictions within the policy for each Separately Managed Account.

B. Monitoring/Reporting - Transparency

1. Staff shall provide annual reporting to the Board regarding the asset allocation and performance of the Separately Managed Accounts to confirm these items are known and adhere to all IPS requirements and expectations.

C. Leverage

1. Leverage is a significant risk factor.
2. Assets in separately managed accounts managed directly by Board staff are not allowed to employ leverage.

Adopted: November 30, 2021

Revised: ~~October 11, 2023~~ TBD

Reviewed: ~~October 11, 2023~~ June 4, 2025

3. The use of derivative securities can generate additional leverage even if the derivative is being used to reduce the risk in other investments.
4. Individual assets in Separately Managed Accounts managed directly by Board staff are not allowed to use derivatives.
5. STIP is not allowed to employ leverage or use derivatives.
6. The use of leverage and derivatives within TFIP is addressed within the TFIP IPS.

D. Cash Investments

1. Cash investments held in any Separately Managed Account, in the TFIP or any managed account within it, entail an element of credit risk.
2. Only approved cash investment vehicles are permitted. These include:
 - a) Short-Term Investment Pool (STIP);
 - b) Any cash vehicle at the Custodial Bank; and
 - c) Any SEC registered money market funds approved by the CIO for internally managed funds or employed by an external asset manager which specifically address credit risk in their respective investment guidelines.

~~XI. Investment Pools~~

~~A. Trust Fund Investment Pool~~

- ~~1. 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.~~
- ~~2. Investment grade fixed income will be primarily managed internally.~~
- ~~3. Non-investment grade fixed income will be primarily managed by external asset managers.~~
- ~~4. Real estate will be managed by external asset managers.~~
- ~~5. The specific strategic objectives, performance criteria, and investment guidelines for TFIP are detailed in the TFIP IPS.~~

~~B. Short Term Investment Pool~~

- ~~1. STIP will provide managed accounts with exposure to Cash related investments.~~
- ~~2. STIP will be managed internally utilizing an active investment strategy.~~
- ~~3. The specific strategic objectives, performance criteria, and investment guidelines for STIP are detailed in the STIP IPS.~~

~~XII.XI.~~ Securities Lending

A. Section 17-1-113, MCA, authorizes the Board to lend securities held by the state.

1. The Board may lend its publicly traded securities through an agent to other market participants in return for compensation.
2. Currently, through an explicit contract, the state's Custodial Bank manages the state's securities lending program.
 - a) The Board seeks to assess the risks, such as counterparty and reinvestment risk, associated with each aspect of its securities lending program.
 - b) The Board requires borrowers to maintain acceptable and adequate collateral per the terms of the securities lending authorization agreement.
 - c) 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.

Adopted: November 30, 2021

Revised: ~~October 11, 2023~~ TBD

Reviewed: ~~October 11, 2023~~ June 4, 2025

- d) In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor.
- e) Staff or the investment manager may restrict a security from the loan program upon notification to the Custodial Bank.
- f) Staff will monitor the securities lending program and will periodically report to the Board on the status of the program.
- g) The Board's participation in securities lending may change over time given account activity, market conditions, and the agent agreement.

~~XIII.XII.~~ Exercise of Shareholder Rights

A. Proxy Voting

- 1. 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.
- 2. Separately Managed Accounts do not participate in proxy voting.

B. Class Action Litigation

- 1. 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.
 - a) 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.
 - b) Accordingly, the Board maintains a litigation policy, including steps outlined in Policy 10.250 of the Governance Manual.

~~XIV.XIII.~~ Investment Policy Statement Review

- A. Investment Policy Statements are established and reviewed as authorized by Policy 40.100.

~~XV. List of Trust Fund Accounts in this policy series~~

~~A. Department of Agriculture~~

- ~~1. Policy 40.901: Noxious Weed Management Trust Fund~~
- ~~2. Policy 40.947: Hail Insurance Fund~~

~~B. Department of Environmental Quality~~

- ~~1. Policy 40.902: Belt Water Treatment Plant Fund~~
- ~~2. Policy 40.903: Abandoned Mine Land Reclamation Trust~~
- ~~3. Policy 40.904: Clark Fork Site Response Action Fund~~
- ~~4. Policy 40.905: Montana Pole Superfund Site Settlement Fund~~
- ~~5. Policy 40.906: Streamside Tailings Operable Settlement Fund~~
- ~~6. Policy 40.907: Upper Blackfoot Response Action and Restoration Fund~~
- ~~7. Policy 40.908: Zortman/Landusky Long Term Water Fund~~
- ~~8. Policy 40.909: Zortman/Landusky Long Term Water Trust~~

~~C. Department of Fish, Wildlife and Parks~~

- ~~1. Policy 40.910: Coal Tax Park Trust Fund~~
- ~~2. Policy 40.911: Fish, Wildlife & Parks Mitigation Trust Fund~~
- ~~3. Policy 40.912: Real Property Trust Fund~~

Adopted: November 30, 2021

Revised: ~~October 11, 2023~~ TBD

Reviewed: ~~October 11, 2023~~ June 4, 2025

- ~~4. Policy 40.913: Wildlife Habitat Trust Fund~~
- ~~5. Policy 40.944: Fish, Wildlife & Parks General License Account~~

~~D. Department of Health and Human Services~~

- ~~1. Policy 40.914: Endowment for Children~~
- ~~2. Policy 40.915: Older Montanans Trust Fund~~
- ~~3. Policy 40.916: Tobacco Trust Fund~~

~~E. Department of Justice~~

- ~~1. Policy 40.917: Butte Area One Restoration Fund~~
- ~~2. Policy 40.918: Clark Fork Restoration Fund~~
- ~~3. Policy 40.919: East Helena Compensation Fund~~
- ~~4. Policy 40.920: Smelter Hill Uplands Restoration Fund~~
- ~~5. Policy 40.921: Upper Clark Fork River Basin Reserve Fund~~
- ~~6. Policy 40.922: Upper Clark Fork River Basin Restoration Fund~~
- ~~7. Policy 40.935: Greenway Project Trail Maintenance Fund~~
- ~~8. Policy 40.936: 2011 Yellowstone Exxon Settlement Fund~~
- ~~9. Policy 40.948: End of Watch Trust~~

~~F. Department of Natural Resources and Conservation~~

- ~~1. Policy 40.923: Public School Trust~~
- ~~2. Policy 40.934: Invasive Species Trust Fund~~

~~G. Department of Revenue~~

- ~~1. Policy 40.924: Resource Indemnity Trust Fund~~
- ~~Policy 40.1000: Growth and Opportunity Trust~~
- ~~Policy 40.1010: Growth and Opportunity Trust Distribution Fund~~
- ~~Policy 40.1020: Growth and Opportunity Trust Pension Fund~~

~~H. Montana Arts Council~~

- ~~1. Policy 40.925: Cultural Trust Fund~~

~~I. Montana Historical Society~~

- ~~1. Policy 40.926: Montana Historical Society Trust Funds~~

~~J. University System~~

- ~~1. Policy 40.937: Montana University System Group Insurance~~
- ~~2. Policy 40.938: Montana University System Workers Compensation~~
- ~~3. Policy 40.940: Montana State University—Bozeman~~
- ~~4. Policy 40.941: Montana Tech~~
- ~~5. Policy 40.942: University of Montana—Missoula~~
- ~~6. Policy 40.945: Lubrecht Experimental Forest~~
- ~~7. Policy 40.946: Kyiyo Pow Wow~~

~~K. University Endowments~~

- ~~1. Policy 40.927: Harold Hamm Endowment~~

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Reviewed: October 11, 2023-June 4, 2025

~~2. Policy 40.928: Potter Trust Fund~~

~~L. City and County of Butte-Silver Bow~~

~~1. Policy 40.929: Butte Area Redevelopment Trust Authority~~

~~M. Department of Environmental Quality (Additional DEQ)~~

~~1. Policy 40.930: Barker Hughesville St Response~~

~~2. Policy 40.931: Flying J CECRA Facilities Fund~~

~~3. Policy 40.932: Libby Asbestos Site State Cost~~

~~4. Policy 40.933: Luttrill Pit—Oper & Maint~~

~~N. Department of Administration~~

~~1. Policy 40.939: State Employee Group Benefits~~

~~2. Policy 40.943: State Treasurer's Fund~~

~~O. Montana State Library~~

~~1. Policy 40.949: Montana State Library Trust~~

~~P. Montana Board of Investments Primary~~

~~1. Policy 40.950: Montana Housing Infrastructure Revolving Loan Fund~~

~~2. Policy 40.951: State of Montana Workforce Housing Fund~~

~~Q. Montana Governor's Office~~

~~1. Policy 40.952: Debt and Liability Free Account~~

Authority: Montana Constitution, Article VIII, Section 13
Section 2-15-1808, MCA
Section 17-1-113, MCA
Sections 17-6-201 through 17-6-205, MCA

Adopted: November 30, 2021

Revised: ~~October 11, 2023~~TBD

Reviewed: ~~October 11, 2023~~June 4, 2025

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.926

EFFECTIVE DATE: ~~December 12, 2023~~TBDTITLE: Investment Objectives and Guidelines
~~2021~~December 12, 2023SUPERSEDES: ~~November 30,~~Montana Historical Society Trust and Endowment FundsBOARD ADOPTION: November 30, 2021
2025REVIEWED: ~~December 12, 2023~~June 5,

I. Introduction

A. The purpose of this policy is to provide a framework for the Montana Historical Society Trust and Endowment Funds investments under the guidance of the Board.

B. The policy and guidelines apply to the accounts listed below:

MHS Education	MU9F
MHS Stewart Trust	MU9G
MHS Acquisitions Trust	MU9H
MHS Nygard Family Endowment	MU9I
MHS James Bradley Memorial Fund	MU9J
MHS Thomas Teakle Trust Fund	MU9L
MHS Merritt Wheeler Memorial Fund	MU9M
MHS Sobotka Memorial Trust	MU9N
MHS Charles Bair Trust	MU9O
MHS Churchill Trust	MU9P
MHS Harriet E Miller Trust	MU9Q
MHS Haynes Collection Trust	MU9R
MHS Ronald Schmid Trust	MU9S
MHS Senate Art	MU9U
MHS Sobotka Trust	MU9V
MHS Women's Mural	MU9W
MHS General Trust	MU9X
Montana Historical Society	MU9Y
Montana History and Civics Endowment	MUVE

Adopted: November 30, 2021

Revised: ~~December 12, 2023~~TBDReviewed: ~~December 12, 2023~~June 4, 2025

- C. The various accounts are long-term in nature. The long-term nature of the accounts is established by legislative intent, donor intent or MHS Management's intent.

II. Purpose

- A. The purpose of this policy is to:

1. Establish the investment objectives and performance standards of the Montana Historical Society Trust and Endowment Funds.
2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

III. Investment Objective

- A. Strategic

1. The objective of the Montana Historical Society Trust and Endowment 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.

- B. Performance

1. Success in achieving this objective will be measured by comparing the risk and return of the account to the Trust Funds Investment Pool (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio's holdings, over a five-year (5) moving average.

- C. Time Horizon

1. Montana Historical Society Trust and Endowment Funds are permanent accounts. 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.

- D. Investment Guidelines

1. The Board will have full discretion to manage the Montana Historical Society Trust and Endowment Funds portfolio consistent with the investment guidelines established in this policy. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

- E. Permitted Investments

1. The Montana Historical Society Trust and Endowment Funds may only invest in the following:
 - a) TFIP; and
 - b) STIP or any cash vehicle at the Custodial Bank.

- F. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any situations where the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

Authority: Montana Constitution, Article VIII, Section 13
Section 2-15-1808, MCA
Section 15-35-108, MCA
Section 22-3-114, MCA
Section 22-3-1003, MCA
Section 17-1-113, MCA
Sections 17-6-201 through 17-6-205, MCA

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.952

EFFECTIVE DATE: ~~October 11, 2023~~TBD

TITLE: Debt and Liability Free Account
Investment Policy Statement

SUPERSEDES: ~~NEW~~October 11, 2023

BOARD ADOPTION: October 11, 2023
2025

REVIEWED: ~~October 11, 2023~~June 4,

I. Introduction

- A. The purpose of this policy is to provide a framework for the Debt and Liability Free Account under the guidance of the Board.
- B. All Separately Managed Accounts are governed by the Separately Managed Accounts Investment Policy Statement, Policy 40.900.
- C. The Debt and Liability Free Account was established by the ~~2023~~-Legislature in HB 251 (2023), and revised by HB 924 (2025)- to pay off debts and liabilities of the State of Montana-.
- ~~D.~~ Earnings of the Treasury Cash Account will be placed in the Account for fiscal years July 1, 2022, through June 30, 2025.
- ~~E.~~ The account will be funded with transfers from the state general fund as determined by law. Contributions will be volatile.
- ~~D.F.~~ The Account is expendable. Funds in the Account are statutorily appropriated to the Governor's Office.
- ~~E.G.~~ The Board will have full discretion to manage the Debt and Liability Free Account portfolio consistent with this policy. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.
- ~~F.H.~~ If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any situations where the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

II. Purpose

- A. The purpose of this policy statement is to:
 1. Establish the investment objectives and performance standards of the Debt and Liability Free Account; and
 2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

Adopted: October 11, 2023

Revised: ~~NEW~~TBD

Reviewed: ~~October 11, 2023~~June 4, 2025

III. Investment Objectives

- A. Strategic - The objective of the Debt and Liability Free Account fund portfolio is to attain above benchmark total return within the parameters of this policy with an emphasis on investment income and preservation of principal.
- B. Performance - Success in achieving this objective will be measured by comparing the risk and return of the fund to the securities owned, weighted proportionately to the portfolio's holdings, over a five (5) year rolling average.
- C. Time Horizon - The Debt and Liability Free Account is an expendable account. The Board expects to meet or exceed all objectives over the long-term investment horizon. Over shorter periods, the anticipated market volatility, and specific actions, including risk mitigation efforts by the Board may lead to unfavorable, but expected deviation from these objectives.

IV. Permitted Investments

- A. The Debt and Liability Free Account may only invest in the following:

- 1. Trust Funds Investment Pool;

- 4.2. STIP or any cash vehicle at the Custodial Bank;

- 2.3. U.S. Treasury obligations;

- 3.4. Direct obligations of the U.S. Agencies;

- 4.5. Short-term tri-party repurchase obligations (repo) with an approved primary dealer, the Custodial Bank, or the depository bank that are collateralized at one-hundred two percent (102%) of value with U.S. Treasury and U.S. Agency securities;

- 5.6. Fully collateralized, interest-bearing Demand Deposit Accounts at Montana domiciled banks and credit unions; or

- 6.7. Any legislatively approved program loan, bond, note, or guarantee.

- B. Direct obligations of U.S. agencies shall consist of only the discount notes, notes and debentures of the agencies and does not include mortgage pass-through obligations. Coupons may be fixed or floating rate.
- C. Approved primary dealers of short-term tri-party repurchase obligations will be the same as those dealers approved for repo investments made in STIP.

Authority: Montana Constitution, Article VIII, Section 13
 Section 2-15-1808, MCA
 Section 17-1-113, MCA
 Sections 17-6-201 through 17-6-205, MCA
 Chapter 48, Laws of 2023 (House Bill No. 251)
House Bill 294 (2025 Legislature)

Adopted: October 11, 2023

Revised: ~~NEW~~TBD

Reviewed: ~~October 11, 2023~~ June 4, 2025

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.1000

EFFECTIVE DATE: TBD

TITLE: Montana Growth and Opportunity Trust Investment Policy Statement
SUPERSEDES: NEW

BOARD ADOPTION: TBD

REVIEWED: June 4, 2025

I. Introduction

- A. The purpose of this policy is to provide a framework for the Montana Growth and Opportunity Trust under the guidance of the Board.
- B. The Montana Growth and Opportunity Trust was created by the Montana Legislature in 2025 through HB 924.
- C. The Trust is partitioned into sub-funds per HB 924:
 - 1. Growth and Opportunity Distribution Fund.
 - 2. Growth and Opportunity Pension Fund.
- D. The goal of the Montana Growth and Opportunity Trust is to support various legislative programs listed in HB924.
- E. The Montana Growth and Opportunity Trust will be funded by transfers from the general fund and interest income from the funds, including but not limited to:
 - 1. For the fiscal year beginning July 1, 2024, \$224 million from the general fund to the Distribution Fund and \$250 million to the Pension Fund.
 - 2. For the fiscal year beginning July 1, 2025, \$60.2 million from the general fund to the Distribution Fund and \$48.2 million to the Pension Fund.
 - 3. For the fiscal year beginning July 1, 2026, \$46 million from the general fund to the Distribution Fund and \$36.8 million to the Pension Fund.
 - 4. For the fiscal year beginning July 1, 2027, through June 30, 2035, 35% of volatile revenue from the general fund will be allocated 50% to the Distribution Fund and 40% to the Pension Fund. The remaining 10% is managed outside BOI.
- F. Distributions of interest earnings of the Montana Growth and Opportunity Trust will be allocated 50% to Pension Fund and 50% to an income fund to be used as provided by law.

II. Purpose

- A. The purpose of this policy statement is to provide a broad strategic framework for the permanent Montana Growth and Opportunity Trust and its sub-funds under the guidance of the Board.

III. Legal and Constitutional Authority

- A. The Montana Constitution, Article VIII, Section 13, requires that the Legislature provide for a Unified Investment Program for public funds.
- B. Section 17-6-201, MCA:
 - 1. Established the Unified Investment Program;

Adopted: TBD

Revised: NEW

Reviewed: June 4, 2025

- C. The Montana Constitution, Article VIII, Section 13, requires that the Legislature provide for a Unified Investment Program for public funds.
- D. Section 17-6-201, MCA:
 - 1. Established the Unified Investment Program;
 - 2. Created the Board; and
 - 3. Gave the Board sole authority to invest state funds, in accordance with state law and the state constitution.
- E. The Unified Investment Program for public funds must be administered by the Board 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.
- F. The Board, as the investment fiduciary of the accounts, is responsible for establishing the Investment parameters for all accounts.

IV. Strategic Investment Objectives

- A. The strategic investment objective for sub-funds, where an allocation to investments aside from STIP are appropriate, will be addressed in the individual policies throughout this policy series.
- B. 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.
- C. 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.

V. Time Horizon

- A. The time horizon for the Montana Growth and Opportunity Trust and all sub-funds is perpetual.
- B. The Board expects over a long-term investment horizon to meet or exceed all objectives.
- C. Over shorter periods, the anticipated market volatility and specific actions, including risk mitigation efforts by the Board may lead to unfavorable but expected deviation from these objectives.

VI. Performance Measurement

- A. The investment policy benchmark is unique for each sub-fund.
- B. The investment policy benchmark for each sub-fund will be addressed in the individual policies throughout this policy series.
- C. The investment policy benchmark approximates the return that would be achieved if the account implemented a passively managed portfolio.
- D. 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.

VII. Roles and Responsibilities

- A. Board of Investments
 - 1. The Board is responsible for approving the IPS and has the authority to manage the Montana Growth and Opportunity Trust as it considers prudent, subject to such limitations as contained

in the Policy, the law, and the state Constitution.

2. The Board reviews this document periodically and approves any changes to the policy as needed.
3. As described in the Board's Governance Manual, the Board delegates authority to the Executive Director, Chief Investment Officer (CIO), and other Staff to execute the day-to-day duties required to carry out the Board's mission.

B. Executive Director

1. 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.
2. The Executive Director and the CIO are authorized jointly to contract for investment manager services and if deemed appropriate, terminate them.
3. The Executive Director is responsible for establishing the financial reporting procedures as well as collection and reporting of all income.

C. Chief Investment Officer

1. The 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.
2. The CIO, with the support of other staff, is responsible for recommending investment policy changes for Board approval.

D. Investment Staff

1. The investment staff is responsible for, but not limited to:
 - a) Managing day-to-day investment operations;
 - b) Investing assets and monitoring compliance in accordance with this Policy;
 - c) Reporting results and investment characteristics to the Board at least annually;
 - d) Reporting any deviations from Investment Policy to the Board; and
 - e) Reporting any deviations from the IPS Policy to the Board.

E. Investment Consultant

1. The investment consultant assists the CIO and Staff with policy recommendations and provides advice to the Board.
2. The investment consultant shall provide assistance to staff as requested in conjunction with the management of the Montana Growth and Opportunity Trust.

VIII. Strategic Asset Allocation

- A. The strategic asset allocation is unique for each sub-fund.
- B. The strategic asset allocation for each sub-fund will be addressed in the guidelines and objectives throughout this policy series.

IX. Rebalancing

- A. 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.
- B. Material deviations from the asset allocation ranges can alter the expected return and risk of the accounts.
- C. Rebalancing account assets to remain within the Board-approved allocation ranges is delegated to

staff in consultation with the CIO and the Executive Director.

- D. Any necessary rebalancing will be made in a timely manner and will take into consideration associated costs and current market conditions.

X. Risk Management

A. Liquidity

1. The liquidity requirements are unique for each sub-fund.
2. The liquidity requirements are addressed by the permitted investments and corresponding restrictions within the policy for each separate account or within the existing investment policy statement.

B. Monitoring/Reporting - Transparency

1. 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

1. Leverage is a significant risk factor.
2. Assets in accounts managed directly by BOI staff are not allowed to employ leverage.
3. The Short-Term Investment Pool (STIP) is not allowed to employ leverage or use derivatives.
4. The use of leverage and derivatives within the Trust Fund Investment Pool (TFIP) is addressed within the TFIP Investment Policy.

D. Cash Investments

1. Cash investments held in any separate account, within the TFIP, or any managed account within it, entail an element of credit risk.
2. Only approved cash investment vehicles are permitted. These include:
 - a) Short-Term Investment Pool (STIP);
 - b) Any cash vehicle at the Custodial Bank; and
 - c) Any SEC registered money market funds approved by the CIO for internally managed funds or employed by an external asset manager which specifically address credit risk in their respective investment guidelines.

XI. Securities Lending

A. Section 17-1-113, MCA, authorizes the Board to lend securities held by the state.

1. The Board may lend its publicly traded securities through an agent, to other market participants in return for compensation.
2. Currently, through an explicit contract, the state's Custodial Bank, manages the state's securities lending program.
 - a) The Board seeks to assess the risks, such as counterparty and reinvestment risk, associated with each aspect of its securities lending program.
 - b) The Board requires borrowers to maintain acceptable and adequate collateral per the terms of the securities lending authorization agreement.
 - c) 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.
 - d) In addition to the strict collateral requirements imposed by the Board, the credit quality of

approved borrowers is monitored continuously by the contractor.

- e) Staff or the investment manager may restrict a security from the loan program upon notification to the custodial bank.
- f) Staff will monitor the securities lending program, and the CIO will periodically report to the Board on the status of the program.
- g) The Board's participation in securities lending may change over time given Plan activity, market conditions, and the agent agreement.

XII. Exercise of Shareholder Rights

A. The Board recognizes that publicly traded securities and other assets of the Plans include certain ancillary rights, such as the right to vote on shareholder resolutions at companies' annual shareholders' meetings, and the right to assert claims in securities class action lawsuits or other litigation.

1. The Board will prudently manage these assets of the Plans for the exclusive purpose of enhancing the value of the Plans for its participating systems' members and beneficiaries through such means as:

- a) Adopting and implementing a proxy voting policy; and
- b) Undertaking productive, cost-effective action to exercise its rights as shareholders or claimants in litigation.

B. Proxy Voting

- 1. Active voting of proxies is an important part of the Board's investment program.
- 2. The Board will designate an agent to vote proxies held in the assigned account in the interest of the Growth and Opportunity Trust and its beneficiaries.
- 3. Records of proxy votes shall be maintained by the Board's agent and submitted to Staff annually.
- 4. Staff will monitor the proxy voting practices of the Board's agent.

C. Class Action Litigation

- 1. 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.
 - a) 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.
 - b) Accordingly, the Board maintains a litigation policy, including steps outlined in Policy 10.250 of the Governance Manual.

XIII. Investment Policy Review

A. As required by the Board Governance Policy, "the Board shall create, maintain, and revise as necessary Investment Policy Statements (IPS) for each separate account it manages. The IPS shall cite the law establishing the account if such law exists, cite the permissible investments authorized by law, and establish an investment range for each of the permissible investments. The Board shall review such policies at least annually or more frequently at the request of Board staff. IPS may only be revised in a public meeting. All IPS shall be posted on the Board's website for review by the public. The authority to approve IPS may not be delegated to staff."

Authority: Montana Constitution, Article VIII, Section 13
 Montana Constitution, Article IX, Section 5
 Section 2-15-1808, MCA
 Section 17-1-113, MCA
 Sections 17-6-201 through 17-6-205, MCA
 HB924 (2025)

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.1010

EFFECTIVE DATE: TBD

TITLE: Montana Growth and
Opportunity Distribution Fund
Investment Policy Statement

SUPERSEDES: NEW

BOARD ADOPTION: TBD

REVIEWED: June 4, 2025

I. Introduction

- A. The purpose of this policy is to provide a framework for the Montana Growth and Opportunity Distribution Fund under the guidance of the Board.
- B. The Montana Growth and Opportunity Distribution Fund is governed by the Montana Growth and Opportunity Trust 40.1000.
- C. The Montana Growth and Opportunity Distribution Fund is permanent.
- D. Distributions of the interest from the Montana Growth and Opportunity Trust are as follows:
 1. 50% to the Montana Growth and Opportunity Pension Fund with the remaining 50% divided as follows:
 - a) 40%, up to \$20 million a year, to the State Property Tax Assistance Account.
 - b) 20%, up to \$10 million a year, to the Montana Water Development State Special Revenue Account.
 - c) 20%, up to \$10 million to the Better Local Bridge State Special Revenue Account.
 - d) 20%, up to \$10 million, to the Montana Early Childhood State Special Revenue Account.
 - e) Any remainder to the Montana Growth and Opportunity Trust Pension Fund.
- E. The Board will have full discretion to manage the Montana Growth and Opportunity Distribution Fund consistent with this policy. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.
- F. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any situations where the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

II. Purpose

- A. The purpose of this policy statement is to:
 1. Establish the investment objectives and performance standards of the Montana Growth and Opportunity Distribution Fund; and
 2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

Adopted: TBD

Revised: NEW

Reviewed: June 4, 2025

III. Investment Objectives

- A. Strategic - The objective of the Montana Growth and Opportunity Distribution Fund is to attain above benchmark total return within the parameters of this policy with an emphasis on investment income and preservation of principal.
- B. Success in achieving this objective will be measured by comparing the risk and return of the account to the Trust Funds Investment Pool (TFIP) benchmark, the Short-Term Investment Pool (STIP) benchmark, and the Bloomberg/Barclays 1-5 Year Treasury Index, each weighted proportionately to the portfolio's holdings, over a five-year moving average.
- C. Time Horizon - The Montana Growth and Opportunity Distribution Fund is a permanent account. The Board expects to meet or exceed all objectives over the long-term investment horizon. Over shorter periods, the anticipated market volatility, and specific actions, including risk mitigation efforts by the Board may lead to unfavorable, but expected deviation from these objectives.

IV. Permitted Investments

- A. The Montana Growth and Opportunity Distribution Account may only invest in the following:
 - 1. STIP or any cash vehicle at the Custodial Bank;
 - 2. U.S. Treasury Obligations;
 - 3. Direct Obligations of the U.S. Agencies; and
 - 4. Trust Fund Investment Pool (TFIP).
- B. Direct Obligations of U.S. agencies shall consist of only the discount notes, notes and debentures of the agencies and does not include mortgage pass-through obligations. Coupons may be fixed or floating rate.

Authority: Montana Constitution, Article VIII, Section 13
 Montana Constitution, Article IX, Section 5
 Section 2-15-1808, MCA
 Section 17-1-113, MCA
 Sections 17-6-201 through 17-6-205, MCA
 HB924 (2025)

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.1020

EFFECTIVE DATE: TBD

TITLE: Montana Growth and
Opportunity Pension Fund
Investment Policy Statement

SUPERSEDES: NEW

BOARD ADOPTION: TBD

REVIEWED: June 4, 2025

I. Introduction

- A. The purpose of this policy is to provide a framework for the Montana Growth and Opportunity Pension Fund under the guidance of the Board.
- B. The Montana Growth and Opportunity Pension Fund is governed by the Montana Growth and Opportunity Trust 40.1000.
- C. The Montana Growth and Opportunity Pension Fund is permanent.
- D. Distributions of the interest from the Montana Growth and Opportunity Trust are as follows:
 - 1. 50% to the Montana Growth and Opportunity Pension Fund with the remaining 50% divided as follows:
 - a) 40%, up to \$20 million a year, to the State Property Tax Assistance Account.
 - b) 20%, up to \$10 million a year, to the Montana Water Development State Special Revenue Account.
 - c) 20%, up to \$10 million to the Better Local Bridge State Special Revenue Account.
 - d) 20%, up to \$10 million, to the Montana Early Childhood State Special Revenue Account.
 - e) Any remainder to the Montana Growth and Opportunity Trust Pension Fund.
 - 2. If in any year, the inception-to-date market rate of return as of June 30 in the previous two consecutive fiscal years is less than the current actuarially assumed rate of return set by either the teachers' retirement system or the public employees' retirement system, then no more than 25% of the balance of the fund may be transferred to the teachers' retirement system and an additional 25% transferred to the public employees' retirement system limited to the amount necessary to bring the inception-to-date market rate of return as of June 30 of the prior fiscal year up to the actuarially assumed rate of return established by the respective systems.
- E. The Board will have full discretion to manage the Montana Growth and Opportunity Pension Fund consistent with this policy. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

- F. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any situations where the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

II. Purpose

A. The purpose of this policy statement is to:

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

III. Investment Objectives

Strategic - The objective of the Montana Growth and Opportunity Pension Fund is to attain above benchmark total return within the parameters of this policy with an emphasis on investment income and preservation of principal.

A. Success in achieving this objective will be measured by comparing the risk and return of the account to the Trust Funds Investment Pool (TFIP) benchmark, the Short-Term Investment Pool (STIP) benchmark, the S&P Total Market Index, and the MSCI All Country World ex-U.S. Index, each weighted proportionately to the portfolio's holdings, over a five-year moving average.

B. Time Horizon - The Montana Growth and Opportunity Pension Fund is a permanent account. The Board expects to meet or exceed all objectives over the long-term investment horizon. Over shorter periods, the anticipated market volatility, and specific actions, including risk mitigation efforts by the Board may lead to unfavorable, but expected deviation from these objectives.

IV. Permitted Investments

A. The Montana Growth and Opportunity Distribution Account may only invest in the following:

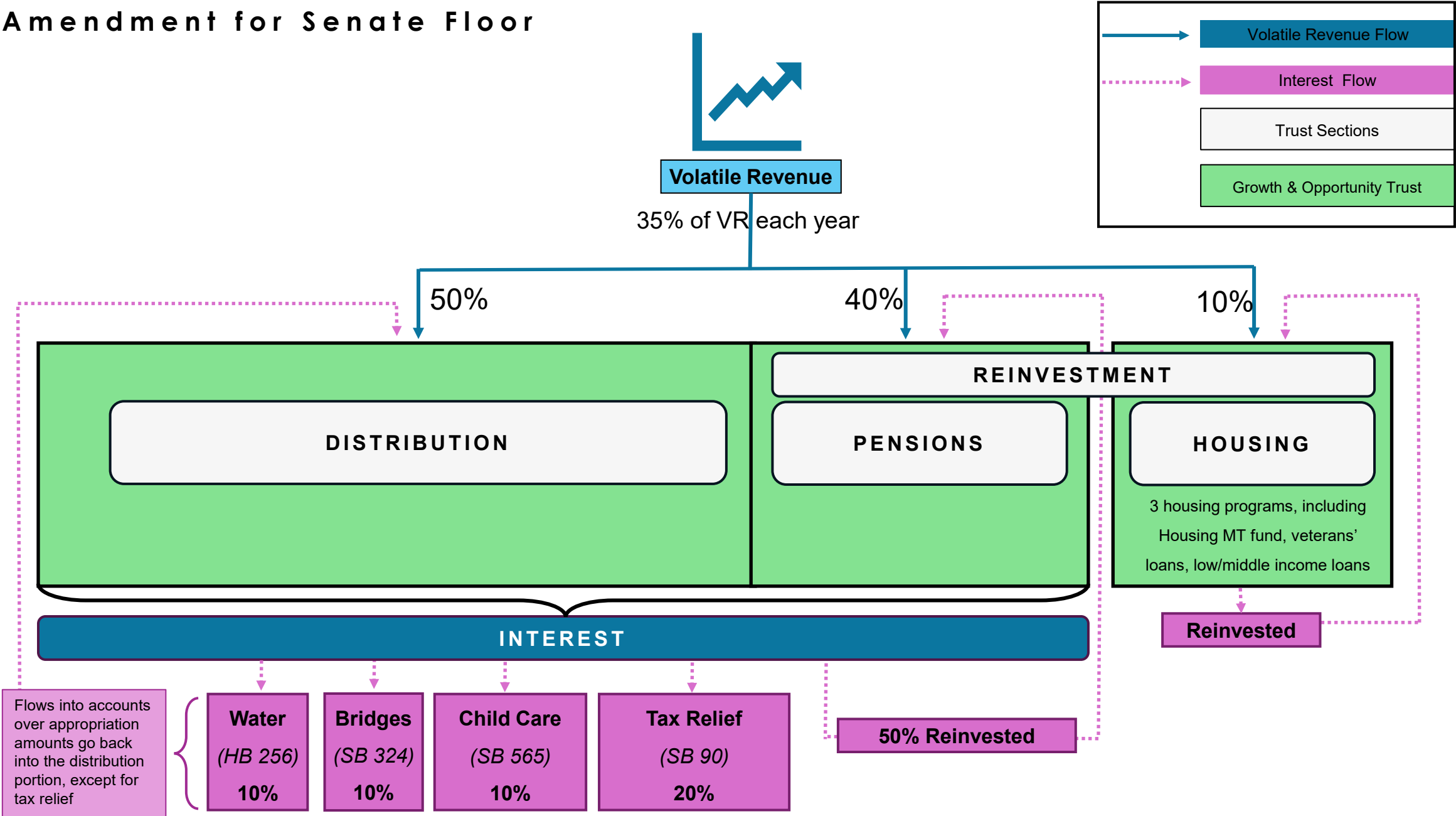
1. STIP or any cash vehicle at the Custodial Bank;
2. U.S. Treasury Obligations;
3. Direct Obligations of the U.S. Agencies;
4. Trust Funds Investment Pool (TFIP); and
5. Public Equities.

B. Direct Obligations of U.S. agencies shall consist of only the discount notes, notes and debentures of the agencies and does not include mortgage pass-through obligations. Coupons may be fixed or floating rate.

Authority: Montana Constitution, Article VIII, Section 13
 Montana Constitution, Article IX, Section 5
 Section 2-15-1808, MCA
 Section 17-1-113, MCA
 Sections 17-6-201 through 17-6-205, MCA
 HB924 (2025)

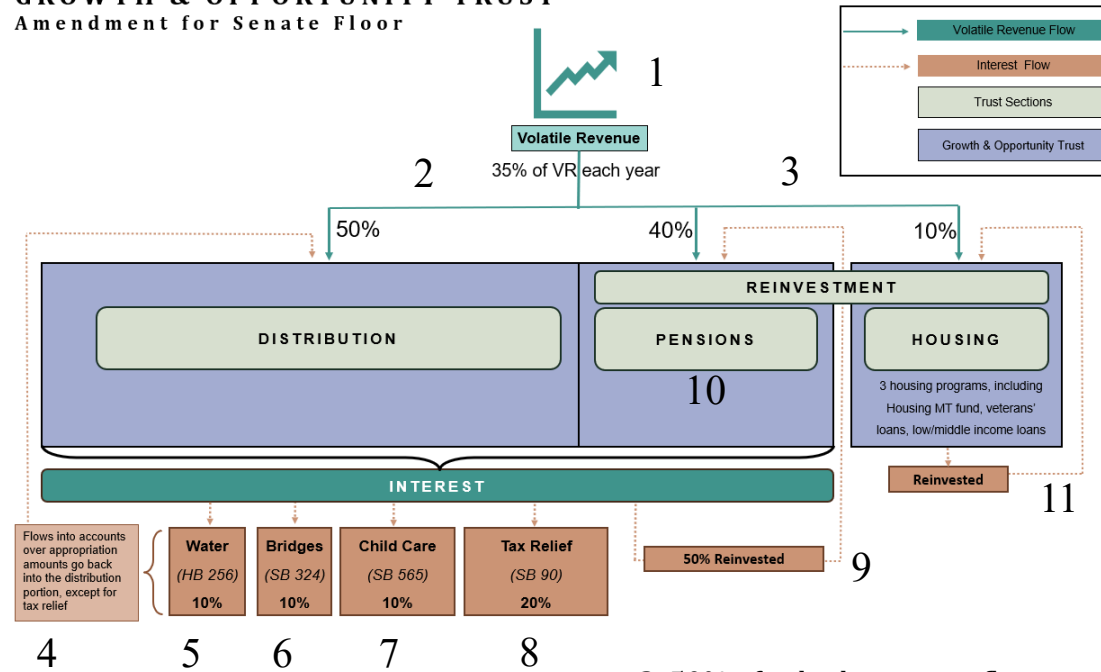
GROWTH & OPPORTUNITY TRUST

Amendment for Senate Floor



GROWTH & OPPORTUNITY TRUST

Amendment for Senate Floor



1. Flows in from volatile revenue - Montana's individual income tax is often volatile, and this volatility is driven by swings in both capital gains and partnership income. Interest earned off treasury cash (TCA Interest) is also volatile and is governed by both cash levels and interest rates. The total "volatile revenue" is the difference between the forecasted amounts for these sources in the official revenue estimate and the lowest year in the past 7 years. In HB 924, 35% of this volatile revenue is transferred to the GO trust. The executive can reduce the size of this transfer if the projected general fund ending fund balance falls below the operating reserve.

2. 50% of volatile revenue flows to the distribution portion

3. 50% of volatile revenue flows to the reinvestment portion (80% to pensions, 20% to housing)

4. Flows into water, bridges, and child care accounts can't be above the appropriations for those accounts - overages flow back into the distribution portion

5. 10% of interest to water development SSR (HB 256)- 90% of funding is directed to rehabilitation of dams and irrigation systems, with 10% directed towards dam inspections and pilot projects.

6. 10% of interest to bridges SSR (SB 324) This provides a fund for engineering and construction of the 2,196 "off-system" bridges or local bridges which are not eligible for federal funding assistance. The local entities would provide 20% or more local matching funds.

7. 10% of interest to childcare SSR (SB 565) provides grants to childcare business, education, quality improvements, affordability and innovation

8. 20% of interest to property tax relief SSR (SB 90)

9. 50% of interest generated to the reinvestment portion (pensions)

10. Pensions portion of GO Trust is available for transfer to pension systems under certain conditions. If the PERS/TRS pension boards certify that the inception-to-date return on investments (currently 7.76%) falls below the adopted assumed rate (currently 7.30%) for two consecutive years, then a transfer is initiated from the GO pension fund. The transfer is the amount necessary to bring the inception-to-date return up to the assumed rate. The transfer cannot exceed 25% of the GO pension fund's balance and cannot exceed \$300 million over a two-year period. In addition, the bill increases employer contribution rates for PERS and TRS by 0.1% per year for 20 years starting with FY 2028. There is a \$250 million transfer from the general fund to the GO pension fund.

11. Housing portion of GO Trust: HB 924 creates the Montana Housing Trust, which includes the housing programs currently help in the Coal Trust (veterans' and low-income loans) as well as the Housing Montana Fund.

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.720

EFFECTIVE DATE: ~~May 22, 2024~~TBD

TITLE: Commercial Loan Program
2024

SUPERSEDES: ~~September 23, 2022~~May 22,

BOARD ADOPTION: November 30, 2021

REVIEWED: ~~May 22, 2024~~June 4, 2025

I. Commercial Loan Program

A. General Parameters for Commercial and Multi-Tenant Housing Loans:

1. The Board does not lend directly to businesses and participates only with Approved Lenders in making loans to Montana businesses.
2. Approved Lenders originate all loans and submit loan applications and loan reservation forms.
3. The term Borrower means the Borrower applying for a loan from the Lender.
4. Borrowers must give preference to Montana labor when constructing projects.
5. Project construction contractors are subject to prevailing wages.
6. Small Business Loan Incentives are only available for Commercial Coal Tax Trust loans.
7. Job Credit Interest Rate Reductions are only available for Commercial Coal Tax Trust loans.
8. Commercial Coal Tax Trust loans maximum size is limited to ten percent (10%) of the Trust.
9. Commercial Coal Tax Trust loans exceeding six percent (6%) of the Trust require thirty percent (30%) Lender Participation.
10. The submission of a fee with the Loan Reservation Form locks an interest rate and reserves funding.

B. Interest Rates

1. Interest rates are effective for a one (1) week period and are posted on the Commercial Loan Rate Sheet.
2. The Commercial Loan Rate Sheet is posted on the Board's website each Thursday.
3. The interest rates reflect net yield to the Board and are exclusive of any Lender fees.
4. Initial interest rate is determined by the interest rate posted on the Commercial Loan Rate Sheet on the date the loan reservation form is received.

C. Loan Reservations

1. Reservations with an Identifiable Borrower
 - a) Lenders with an identifiable Borrower(s) at the time of the reservation may reserve funds for one year (365 days) with a fee of one-quarter percent (0.25%) of the reserved amount.
 - b) Lenders may lock interest rates at any time during the one-year (365 days) period at the rate last set.
 - c) If the loan has **not** been committed and the Board's interest rates decline after a Lender has locked interest rates during the one-year (365 days) period, a reservation at the lower rate for an additional one-year (365 days) may be obtained via payment of another one-

Adopted: November 30, 2021

Revised: ~~May 22, 2024~~TBD

Reviewed: ~~May 22, 2024~~June 4, 2025

quarter percent (0.25%) fee.

- d) If the loan has been committed and the Board's interest rates decline after a Lender has locked interest rates during the one-year (365 days) period, the lower rate may be obtained via payment of another one-quarter percent (0.25%) fee, but the original commitment letter expiration date will remain the same.
- e) Lenders must offer, underwrite, accept, and close the loan during the one-year (365 days) period.
- f) All applicable checklist items must be received within ninety (90) days after expiration of the one-year (365 days) period.
- g) The reservation may be extended as outlined in Section C.2. of this Policy.
- h) Blended interest rates may be applied for increases in the reserved amount of an existing reservation.
- i) The ~~last~~ fee ~~paid~~ is refundable if the ~~loan is funded or the~~ application is rejected.

2. Reservation Extensions

- a) If the project for which the loan proceeds will be utilized is not completed within the initial one-year (365 days) reservation period, up to two (2) additional one-year (365 days) increments may be granted upon written request and payment of an additional one-quarter percent (0.25%) fee for each extension.
- b) Additional one-year (365 days) extensions will not be granted if the project has been completed within the existing reservation/commitment period.
- c) Extension fees must be received via ACH within fifteen (15) working days after the expiration date of the current one-year (365 days) period in order to keep the reservation in force.

D. Financial Institution Incentive for Small Business Loans

- 1. The Board's interest rates may be reduced by one-half percent (0.50%) for loans of less than five-hundredths percent (0.05%) of the Montana Permanent Coal Tax Trust balance at the most recent fiscal year-end.

E. Job Creation Interest Rate Reduction

- 1. With the exception of Link Deposit and Value-Added loans, Borrowers who create jobs as a result of a Commercial Coal Tax Trust Loan are entitled to an interest rate reduction of five-hundredths percent (0.05%) for each qualifying job created up to a maximum of two and a half percent (2.50%).
- 2. One job is equal to the Private Annual Wage shown on the weekly posted Commercial Loan Rate Sheet.
- 3. For jobs paying more than the Private Annual Wage, job credits will be increased proportionately for each twenty-five percent (25%) increment above the Private Annual Wage to a maximum of two jobs.
- 4. For jobs paying less than the Private Annual wage, job credits will be reduced proportionately for each twenty-five percent (25%) increment below the Private Annual Wage.
- 5. Job credits are not available unless one whole job is created.
- 6. Nonprofit corporations may qualify for the job credit interest rate reductions if the interest rate reduction passes through to a for-profit business creating the jobs.
- 7. The Board may increase the interest rate commensurate with the number of jobs eliminated if the Borrower eliminates qualifying jobs. Lenders must notify the Board if the Borrower eliminates qualifying jobs.

8. The beginning date for counting jobs created is the date of the first written contact from the Lender or the Borrower pertaining to the project.
9. Applications for interest rate reductions may be delivered with the loan funding documents or at least ten (10) working days before the end of each calendar quarter.
10. The Borrower seeking an interest rate reduction must provide payroll records as evidence of the creation of jobs.
11. The Board shall notify the Lender within fifteen (15) business days of the action has been taken on an interest rate reduction request.
12. Investors owning business properties may receive an interest rate reduction if the lease passes the reduction to the lessee for the full term of the loan.
13. Interest rate reductions provided in this part will be effective on the next scheduled payment date.
14. The posted Private Annual Wage and State of Montana minimum wage will be used in calculating a job creation interest rate reduction request. Job credit interest rate reductions are not available for jobs paying less than the state minimum wage.

F. Interest Rate Buy Down on Existing Commercial Loans

1. The Board's portion of an outstanding loan interest rate may be reduced to the Board's current rate at the time the Loan Reservation Form and fee are received.
2. The interest rate will be calculated by rounding the remaining term up to the nearest year and applying the buy down interest rate for that specific year. The fee is:
 - a) One percent (1%) of outstanding Board loan balance, for sixty (60) months or less,
 - b) One and a half percent (1.5%) of outstanding Board loan balance for sixty-one to one hundred and twenty (61 to 120) months, or
 - c) Two percent (2%) of outstanding Board loan balance for one hundred and twenty-one (121) months or more.
3. Interest rate reductions are effective on the next payment due date after the fee is received and the reduction is approved by the Board.
4. Job creation interest rate reduction can be applied to the buy down interest rate for all new jobs created after the date of the rate buy down.
 - a) If a rate reduction resulting from the creation of jobs was applied to the loan prior to the interest rate buy down the previously applied rate reduction and any new job-related rate reduction after the interest rate buy down cannot exceed a total of two and a half percent (2.50%).
 - b) The previously used job credit rate reduction cannot be applied to the buy down interest rate.

G. Collateral Requirements

1. Collateral requirements include:
 - a) A first mortgage/lien position shared proportionately with Lender,
 - b) Sufficient economic life to support the term of the loan,
 - c) Personal guarantees as required by Lender or the Board,

- d) An attorney opinion on authority of Borrower to borrow and all collateral documents if required by Lender, and
- e) Other collateral as required by Lender or the Board.

H. Appraisals Requirements

1. Licensed Montana commercial appraisers are preferred unless a specialized property collateral requires an out-of-state appraiser.
2. Requirements apply to all appraisals irrespective of the Lender's appraisal or loan policy appraisal requirements and are based on the total loan amount shown below:
 - a) Up To \$500,000 - As required by Lender to provide basis for value.
 - b) Over \$500,000 - Appraisal Report, as defined by the Uniform Standards of Professional Appraisal Practice.
3. Appraisal requirements are based on the total loan amount.

I. Pricing Adjustment for Participation Loans Based on Loan-To-Value

1. Loan-To-Value (LTV) is based on the lesser of reasonable project costs or market value appraisal. Reasonable project costs do not include any form of payout to an owner, developer, or shareholder.
2. The following risk adjustments for Loan-To-Value on collateral will be made to the posted interest rate:

<u>Loan-To-Collateral Value</u>	<u>Board Participation</u>	<u>Net Yield To Board</u>
1-75% LTV	80%	Posted Rate
76% - 80% LTV	70%	Posted Rate
81% - 85% LTV	60%	Posted Rate
86% - 90% LTV	50%	Posted Rate
<u>OR:</u>		
76% - 80% LTV	75%	Posted Rate + .25%
81% - 85% LTV	70%	Posted Rate + .50%
86% - 90% LTV	65%	Posted Rate + .75%

J. Fundings

1. The loan in which the Board is to participate must be closed prior to the commitment letter expiration date.
2. Funding documents required in the commitment letter must be received within ninety (90) days following the first principal and interest payment due date of the project term note or the commitment date expiration, whichever comes first.
3. Fundings should occur on or around the tenth (10) day of the month.
4. At least thirty (30) days' notice must be provided to be eligible for fundings.

K. Ineligible Loans

1. Ineligible loans are:
 - a) Loans classified as substandard, doubtful, loss or similar category in Lender's most recent examination report,
 - b) Loans to businesses with classified loans at the Lender, other than the loan offered to the Board,
 - c) Loans to trusts,
 - d) Loans for land development or speculative ventures,

- e) Loans to individuals convicted of or with pending felony charges,
- f) Loans to individuals who have filed for bankruptcy,
- g) Revolving lines of credit, working capital or operating money, or
- h) Loans to pay delinquent taxes.

L. Project Specific Requirements

1. Any contract to construct a project financed by loan proceeds must require all contractors to give preference to the employment of bona fide Montana residents, as defined in Section 18-2-401, MCA, in the performance of the work on the projects, if their qualifications are substantially equal to those of non-residents.
2. Substantially equal qualifications mean the qualifications of two (2) or more persons among whom the employer cannot make a reasonable determination that the qualifications held by one person are significantly better suited for the position than the qualifications held by the other persons.
3. If the Board participates in construction financing and its share of the loan equals or exceeds \$1.5 million, the general contractor and all subcontractors shall be subject to Montana's prevailing wage law specified in Section 18-2-4, MCA.

M. Other Commercial Loan Policy Considerations

1. A loan that includes refinancing of existing debt, other than construction financing, will be considered if, at a minimum, the refinanced amount is retained by the Lender.
2. The Board participation will not exceed eighty percent (80%) of the total loan.
3. If the Borrower already has a loan participated with the Board and the Borrower wants to acquire additional debt, which would consolidate the existing participated loan and a new construction/equipment loan, using the same or a different Lender, the Board will not consider its portion of the existing participated loan as a refinance. The additional debt should create new jobs and/or create economic development.
4. Investor properties must cash flow with coverage at one and a quarter times (1.25X) on a twenty (20) year amortization or other financial consideration. The Board may establish a higher coverage ratio depending on economic conditions and/or industry.
5. Balloon payment loans are eligible provided Loan-To-Value at maturity is acceptable to the Board.
6. The Board will proportionately participate in any prepayment penalty required by the Lender.
7. Loans for projects on leased land will be considered if the lease does not expire prior to loan maturity.
8. Loan assumptions are permitted upon Board approval with a loan assumption fee of \$500.00.
9. Escrow impounds may be required for taxes and hazard insurance when Loan-To-Value exceeds fifty percent (50%).
10. Maximum loan amount to any Borrower is limited to ten percent (10%) of the book value of the Permanent Coal Tax Trust as of the month-end prior to a loan commitment.
11. If a Borrower has received or will receive a Value-Added Loan from the Board or is a business for which a local government has provided infrastructure funded by an infrastructure loan made by the Board, the outstanding principal of the value-added and/or infrastructure loan will be applied against the ten percent (10%) maximum loan size.
12. Any loan exceeding six percent (6%) of the Trust requires thirty percent (30%) Lender participation.

13. The Board may apply different criteria to loan requests from nonprofit Borrowers.
14. Maximum loan terms are:
 - a) Participation with Federal Guarantee, thirty (30) years,
 - b) Participation, twenty-five (25) years, or
 - c) Link Deposit, twenty (20) years.
15. All loans submitted for participation to the Board from Board members or Board staff shall first be approved by the Board before the loan is committed and funded.
16. Any time an approved Lender downgrades a commercial loan participated with the Board; the approved Lender must notify the Board of the downgrade within thirty (30) days. Notification must include the most recent Lender credit review and an explanation of why the credit was downgraded.
17. If the approved Lender applies a default interest rate to a participated loan, the Board interest rate will also be increased to that default interest rate and remain effective for the same period of time as for the approved Lender.
18. Thirty percent (30%) cash equity is required for hotel/motel facilities. The Loan-To-Value will consider the lower of hard costs or appraised value.
19. The Board may require additional due diligence and research on loans at its sole discretion.
20. Loans must cash flow with coverage at a one and a quarter times (1.25X) debt service.

Authority: Montana Code Annotated, Art. VIII, Section 13
Section 2-15-1808, MCA
Section 17-6-201, MCA
Title 17, chapter 6, part 3, MCA
ARM 8.97.1301, and 8.97.1308 through 8.97.1310

Adopted: November 30, 2021

Revised: ~~May 22, 2024~~ TBD

Reviewed: ~~May 22, 2024~~ June 4, 2025

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.721

EFFECTIVE DATE: TBD

TITLE: Sawmill Revitalization Loan Program

SUPERSEDES: NEW

BOARD ADOPTION: TBD

REVIEWED: June 4, 2025

I. Sawmill Revitalization Loan Program

A. General Parameters:

1. Provide loans to parties with the capacity to revitalize a closed sawmill and return it to commercial operation.
2. The Board does not lend directly to businesses and participates only with Approved Lenders in making loans to Montana businesses.
3. Approved Lenders originate all loans and submit loan applications and loan reservation forms.
4. The term Borrower means the Borrower applying for a loan from the Lender.
5. Borrowers must give preference to Montana labor when constructing projects.
6. Project construction contractors are subject to prevailing wages.
7. Small Business Loan Incentives are available.
8. Job Credit Interest Rate Reductions are available.
9. The submission of a fee with the Loan Reservation Form locks an interest rate and reserves funding.

B. Interest Rates

1. Interest rates are effective for a one (1) week period and are posted on the Sawmill Revitalization Loan Rate Sheet. Interest rate not to exceed 4%.
2. The Sawmill Revitalization Loan Rate Sheet is posted on the Board's website each Thursday.
3. The interest rates reflect net yield to the Board and are exclusive of any Lender fees.
4. Initial interest rate is determined by the interest rate posted on the Sawmill Revitalization Loan Rate Sheet on the date the loan reservation form is received.

C. Loan Reservations

1. Reservations with an Identifiable Borrower

- a) Lenders with an identifiable Borrower(s) at the time of the reservation may reserve funds for one year (365 days) with a fee of one-quarter percent (0.25%) of the reserved amount.
- b) Lenders may lock interest rates at any time during the one-year (365 days) period at the rate last set.
- c) If the loan has **not** been committed and the Board's interest rates decline after a Lender has locked interest rates during the one-year (365 days) period, a reservation at the lower rate for an additional one-year (365 days) may be obtained via payment of another one-quarter percent (0.25%) fee.
- d) If the loan has been committed and the Board's interest rates decline after a Lender has

Adopted: TBD

Revised: NEW

Reviewed: June 4, 2025

locked interest rates during the one-year (365 days) period, the lower rate may be obtained via payment of another one-quarter percent (0.25%) fee, but the original commitment letter expiration date will remain the same.

- e) Lenders must offer, underwrite, accept, and close the loan during the one-year (365 days) period.
- f) All applicable checklist items must be received within ninety (90) days after expiration of the one-year (365 days) period.
- g) The reservation may be extended as outlined in Section C.2. of this Policy.
- h) Blended interest rates may be applied for increases in the reserved amount of an existing reservation.
- i) The fee paid is refundable if the application is rejected.

2. Reservation Extensions

- a) If the project for which the loan proceeds will be utilized is not completed within the initial one-year (365 days) reservation period, up to two (2) additional one-year (365 days) increments may be granted upon written request and payment of an additional one-quarter percent (0.25%) fee for each extension.
- b) Additional one-year (365 days) extensions will not be granted if the project has been completed within the existing reservation/commitment period.
- c) Extension fees must be received via ACH within fifteen (15) working days after the expiration date of the current one-year (365 days) period in order to keep the reservation in force.

D. Financial Institution Incentive for Small Business Loans

- 1. The Board's interest rates may be reduced by one-half percent (0.50%) for loans of less than five-hundredths percent (0.05%) of the Montana Permanent Coal Tax Trust balance at the most recent fiscal year-end.

E. Job Creation Interest Rate Reduction

- 1. Borrowers who create jobs as a result of a Sawmill Revitalization Loan are entitled to an interest rate reduction of five-hundredths percent (0.05%) for each qualifying job created up to a maximum of two and a half percent (2.50%).
- 2. One job is equal to the Private Annual Wage shown on the weekly posted Commercial Loan Rate Sheet.
- 3. For jobs paying more than the Private Annual Wage, job credits will be increased proportionately for each twenty-five percent (25%) increment above the Private Annual Wage to a maximum of two jobs.
- 4. For jobs paying less than the Private Annual wage, job credits will be reduced proportionately for each twenty-five percent (25%) increment below the Private Annual Wage.
- 5. Job credits are not available unless one whole job is created.
- 6. Nonprofit corporations may qualify for the job credit interest rate reductions if the interest rate reduction passes through to a for-profit business creating the jobs.
- 7. The Board may increase the interest rate commensurate with the number of jobs eliminated if the Borrower eliminates qualifying jobs. Lenders must notify the Board if the Borrower eliminates qualifying jobs.
- 8. The beginning date for counting jobs created is the date of the first written contact from the Lender or the Borrower pertaining to the project.
- 9. Applications for interest rate reductions may be delivered with the loan funding documents or at

least ten (10) working days before the end of each calendar quarter.

10. The Borrower seeking an interest rate reduction must provide payroll records as evidence of the creation of jobs.
11. The Board shall notify the Lender within fifteen (15) business days of the action has been taken on an interest rate reduction request.
12. Investors owning business properties may receive an interest rate reduction if the lease passes the reduction to the lessee for the full term of the loan.
13. Interest rate reductions provided in this part will be effective on the next scheduled payment date.
14. The posted Private Annual Wage and State of Montana minimum wage will be used in calculating a job creation interest rate reduction request. Job credit interest rate reductions are not available for jobs paying less than the state minimum wage.

F. Interest Rate Buy Down on Existing Sawmill Revitalization Loans

1. The Board's portion of an outstanding loan interest rate may be reduced to the Board's current rate at the time the Loan Reservation Form and fee are received.
2. The interest rate will be calculated by rounding the remaining term up to the nearest year and applying the buy down interest rate for that specific year. The fee is:
 - a) One percent (1%) of outstanding Board loan balance, for sixty (60) months or less,
 - b) One and a half percent (1.5%) of outstanding Board loan balance for sixty-one to one hundred and twenty (61 to 120) months, or
 - c) Two percent (2%) of outstanding Board loan balance for one hundred and twenty-one (121) months or more.
3. Interest rate reductions are effective on the next payment due date after the fee is received and the reduction is approved by the Board.
4. Job creation interest rate reduction can be applied to the buy down interest rate for all new jobs created after the date of the rate buy down.
 - a) If a rate reduction resulting from the creation of jobs was applied to the loan prior to the interest rate buy down the previously applied rate reduction and any new job-related rate reduction after the interest rate buy down cannot exceed a total of two and a half percent (2.50%).
 - b) The previously used job credit rate reduction cannot be applied to the buy down interest rate.

G. Collateral Requirements

1. Collateral requirements include:
 - a) A first mortgage/lien position shared proportionately with Lender,
 - b) Sufficient economic life to support the term of the loan,
 - c) Personal guarantees as required by Lender or the Board,
 - d) An attorney opinion on authority of Borrower to borrow and all collateral documents if required by Lender, and
 - e) Other collateral as required by Lender or the Board.

H. Appraisals Requirements

1. Licensed Montana commercial appraisers are preferred unless a specialized property collateral requires an out-of-state appraiser.
2. Requirements apply to all appraisals irrespective of the Lender's appraisal or loan policy appraisal requirements and are based on the total loan amount shown below:
 - a) Up To \$500,000 - As required by Lender to provide basis for value.
 - b) Over \$500,000 - Appraisal Report, as defined by the Uniform Standards of Professional Appraisal Practice.
3. Appraisal requirements are based on the total loan amount.

I. Pricing Adjustment for Participation Loans Based on Loan-To-Value

1. Loan-To-Value (LTV) is based on the lesser of reasonable project costs or market value appraisal. Reasonable project costs do not include any form of payout to an owner, developer, or shareholder.
2. The following risk adjustments for Loan-To-Value on collateral will be made to the posted interest rate:

<u>Loan-To-Collateral Value</u>	<u>Board Participation</u>	<u>Net Yield To Board</u>
1-75% LTV	80%	Posted Rate
76% - 80% LTV	70%	Posted Rate
81% - 85% LTV	60%	Posted Rate
86% - 90% LTV	50%	Posted Rate
<u>OR:</u>		
76% - 80% LTV	75%	Posted Rate + .25%
81% - 85% LTV	70%	Posted Rate + .50%
86% - 90% LTV	65%	Posted Rate + .75%

J. Fundings

1. The loan in which the Board is to participate must be closed prior to the commitment letter expiration date.
2. Funding documents required in the commitment letter must be received within ninety (90) days following the first principal and interest payment due date of the project term note or the commitment date expiration, whichever comes first.
3. Fundings should occur on or around the tenth (10) day of the month.
4. At least thirty (30) days' notice must be provided to be eligible for fundings.

K. Ineligible Loans

1. Ineligible loans are:
 - a) Loans classified as substandard, doubtful, loss or similar category in Lender's most recent examination report,
 - b) Loans to businesses with classified loans at the Lender, other than the loan offered to the Board,
 - c) Loans to trusts,
 - d) Loans for land development or speculative ventures,

- e) Loans to individuals convicted of or with pending felony charges,
- f) Loans to individuals who have filed for bankruptcy,
- g) Revolving lines of credit, working capital or operating money, or
- h) Loans to pay delinquent taxes.

L. Project Specific Requirements

1. Any contract to construct a project financed by loan proceeds must require all contractors to give preference to the employment of bona fide Montana residents, as defined in Section 18-2-401, MCA, in the performance of the work on the projects, if their qualifications are substantially equal to those of non-residents.
2. Substantially equal qualifications mean the qualifications of two (2) or more persons among whom the employer cannot make a reasonable determination that the qualifications held by one person are significantly better suited for the position than the qualifications held by the other persons.
3. If the Board participates in construction financing and its share of the loan equals or exceeds \$1.5 million, the general contractor and all subcontractors shall be subject to Montana's prevailing wage law specified in Section 18-2-4, MCA.

M. Other Sawmill Revitalization Loan Policy Considerations

1. A loan that includes refinancing of existing debt, other than construction financing, will be considered if, at a minimum, the refinanced amount is retained by the Lender.
2. The Board participation will not exceed eighty percent (80%) of the total loan.
3. If the Borrower already has a loan participated with the Board and the Borrower wants to acquire additional debt, which would consolidate the existing participated loan and a new construction/equipment loan, using the same or a different Lender, the Board will not consider its portion of the existing participated loan as a refinance. The additional debt should create new jobs and/or create economic development.
4. Investor properties must cash flow with coverage at one and a quarter times (1.25X) on a twenty (20) year amortization or other financial consideration. The Board may establish a higher coverage ratio depending on economic conditions and/or industry.
5. Balloon payment loans are eligible provided Loan-To-Value at maturity is acceptable to the Board.
6. The Board will proportionately participate in any prepayment penalty required by the Lender.
7. Loans for projects on leased land will be considered if the lease does not expire prior to loan maturity.
8. Loan assumptions are permitted upon Board approval with a loan assumption fee of \$500.00.
9. Escrow impounds may be required for taxes and hazard insurance when Loan-To-Value exceeds fifty percent (50%).
10. The Board may apply different criteria to loan requests from nonprofit Borrowers.
11. Maximum loan terms are:
 - a) Participation with Federal Guarantee, thirty (30) years,
 - b) Participation without a Federal Guarantee, twenty-five (25) years.

12. All loans submitted for participation to the Board from Board members or Board staff shall first be approved by the Board before the loan is committed and funded.
13. Any time an approved Lender downgrades a loan participated with the Board; the approved Lender must notify the Board of the downgrade within thirty (30) days. Notification must include the most recent Lender credit review and an explanation of why the credit was downgraded.
14. If the approved Lender applies a default interest rate to a participated loan, the Board interest rate will also be increased to that default interest rate and remain effective for the same period of time as for the approved Lender.
15. The Board may require additional due diligence and research on loans at its sole discretion.
16. Loans must cash flow with coverage at a one and a quarter times (1.25X) debt service.

NEW

Authority: Montana Code Annotated, Art. VIII, Section 13
Section 2-15-1808, MCA
Section 17-6-201, MCA
Title 17, chapter 6, part 3, MCA
ARM 8.97.1301, and 8.97.1308 through 8.97.1310

MONTANA

BOARD OF INVESTMENTS

POLICY NUMBER: 70.750

EFFECTIVE DATE: TBD

TITLE: Montana Housing Infrastructure
Revolving Loan Fund Account

SUPERSEDES: NEW

BOARD ADOPTION: June 22, 2023

REVIEWED: June 4, 2025

I. Introduction

- A. The purpose of this policy is to provide a framework for the Montana Housing Infrastructure Revolving Fund under the guidance of the Board.
- B. The Montana Housing Infrastructure Revolving Loan Fund was established in 2023 to "increase home ownership and provide more long-term rental opportunity; increase housing supply and offer diverse housing types to meet the needs of population growth; and to create partnerships between the state, local governments, private sector developers, and applicants for residential development to finance necessary infrastructure for housing."
- C. The board will have full discretion to manage the Montana Housing Infrastructure Revolving Fund in a way that is consistent with this policy. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

II. Objective

- A. Within the parameters established in this policy, meet the statutory objectives of increasing homeownership, providing more long-term rental opportunities, increasing housing supply, and attaining sufficient total return for all investments.

III. Montana Housing Infrastructure Revolving Fund

A. General Parameters

- 1. The program is funded by two allocations from the state general fund:
 - a) \$106 million in the fiscal year beginning July 1, 2023; and
 - b) \$50 million in the fiscal year beginning July 1, 2025
- 2. The Board does not lend directly to businesses and only participates with Approved Lenders in loans to Montana entities.
- 3. Approved Lenders originate all loans and submit loan applications and loan reservation forms.
- 4. The term Borrower means the Borrower applying for a loan from the Lender.

B. Permitted Use of Funds

- 1. STIP;
- 2. United States Treasury Securities; and
- 3. Up to \$106 million may be used for projects meeting a minimum gross density of ten units per acre, which shall be invested in:

Adopted: June 22, 2023

Revised: TBD

Reviewed: June 4, 2025

- a) Loans and securities to local governments or residential developers for infrastructure or the demolition thereof, and pursuant to Policies 70.751 and 70.752; and
 - b) Fully collateralized, interest-bearing Demand Deposit Accounts at Montana-domiciled banks and credit unions linked to projects containing provisions for affordability as determined in Policies 70.751 and 70.752.
4. Up to \$50 million may be used for projects meeting a minimum gross density of three units per acre, which shall be invested in:
- a) Loans and securities to local governments or residential developers for infrastructure or the demolition thereof pursuant to Policies 70.751 and 70.752; and
 - b) Fully collateralized, interest-bearing Demand Deposit Accounts at Montana-domiciled banks and credit unions linked to projects containing provisions for affordability as determined in Policies 70.751 and 70.752.
5. Interest and income from (1) and (2) above may be used for:
- a) Loans and securities to local governments or residential developers for infrastructure or the demolition thereof pursuant to Policy 70.751 and 70.752;
 - b) Fully collateralized, interest-bearing Demand Deposit Accounts at Montana-domiciled banks and credit unions linked to projects containing provisions for affordability as determined in Policies 70.751 and 70.752; and
 - c) Loans to residential owners in partnership with approved lenders for mobile home parks or other multifamily housing.
6. Bond guarantees are a loan to the issuer in an amount equal to the bond's reserve fund deficiency, not to exceed \$10 million per bond in lieu of a pledge of the issuer's revolving loan fund and may be provided as follows:
- a) Up to \$70.3 million if a project has a minimum gross density of ten units per acre and provides provisions of affordability as determined in Policies 70.751 and 70.752; or
 - b) Up to \$33.3 million if a project has a minimum gross density of three units per acre.

Authority: Montana Code Annotated, Art. VIII, Section 13
Montana Constitution, Article IX, Section 5
Section 2-15-1808, MCA
Section 17-1-113, MCA
Sections 17-6-201 through 17-6-205, MCA
Section 17-6-308, MCA
Sections 17-6-801 through 17-6-805, MCA
House Bill No. 505 (2025)

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.751

EFFECTIVE DATE: ~~June 22, 2023~~ TBD

TITLE: Montana Housing Infrastructure
Revolving Bond Program

SUPERSEDES: ~~NEW~~ June 22, 2023

BOARD ADOPTION: June 22, 2023

REVIEWED: ~~June 22, 2023~~ June 4, 2025

I. Montana Housing Infrastructure Revolving Bond Program (Program)

A. General Parameters

1. Bonds or other securities purchased under the Program (Security) are made on a ~~first-come, first-served~~ first-come, first-served basis and held ~~as-in~~ a Separately Managed Account (SMA).
2. Borrowers are "eligible government units" as defined in Section 17-5-1604, MCA.
3. Eligible projects are expanding or extending water, wastewater, ~~storm-water~~ stormwater, street, road, curb, gutter, and sidewalk infrastructure to serve new or rehabilitated residential development.
4. The Board may purchase up to fifty percent (50%) , not to exceed \$10 million, of a Security issued by a Borrower per project and in accordance with state law.
5. Program interest rate is up to twenty-five percent (25%) of the Lender's loan rate and is exclusive of any fees. To provide for preservation of long-term affordability that runs with the property for the term of the Security, the Board may reduce the interest rate for long-term affordability focused projects as designated by the Borrower.
6. Loan term may not exceed twenty (20) years.
7. Borrowers are required to use bond counsel at their expense to prepare the documents and provide an opinion. The bond counsel must be nationally recognized and in good standing in the field of municipal law and whose opinions are generally accepted by purchasers of municipal bonds. In its discretion, the Board may require that counsel to the Board review the transaction at the expense of the Borrower.
8. Execution of original documents may be by manual signature or electronic signature.
9. Delegated approval authority is subject to Loan Committee Charter, Policy 10.163.
10. Securities previously approved by the Board may be increased by the Executive Director by an amount up to ten percent (10%) of the original approved security amount.
11. Upon security approval, the Board will issue a commitment letter to the Borrower and the Co-purchaser explaining the conditions under which it will purchase the Security.
12. At least three (3) weeks prior to accessing the funds, the Co-purchaser and the Borrower must coordinate the closing with the Board.
13. The Board may impose such terms and conditions on the purchase of a Security as it deems reasonable and in the best interests of the Program.
14. Borrower must waive or offset all impact fees for the applicable developer or the amount of impact fees up to the amount of the Security, whichever is less.
15. All statutory requirements for the issuance of the Security must be met prior to issuing the Security and available for review as part of the issuance process.

Adopted: June 22, 2023

Revised: TBD

Reviewed: ~~June 22, 2023~~ June 4, 2025

~~The Borrower must demonstrate that:~~

- ~~a) The infrastructure project will provide for residential development at a minimum gross density of 10 units for each acre; and~~
- ~~a) b) Made findings that the infrastructure funded in part by a security provides for provisions to preserve long-term affordability of the housing that runs with the property for the term of the security.~~

16. The Borrower must demonstrate that:

- a) The project meets the minimum gross density requirement in Policy 70.750.
- b) No less than 30% of the residential development is preserved for long-term affordability by using at least one of the following methods, which must run with the property for the term of the security:
 - Deed restrictions, regulatory agreements, or restrictive covenants filed with respect to the property,
 - Low-Income Housing Tax Credit, or
 - Community Land Trust.

17. This Program may not be combined with:

- a) the bond guarantee program provided in BOI Policy 70.750, or
- b) a community reinvestment organization as created in 90-6-147, MCA, or a similarly structured organization or financing mechanism.

B. Default

1. If the Co-purchaser applies a default interest rate to a participated Security, the Board interest rate will also be increased to that default interest rate and remain effective for the same period of time as for the Co-purchaser.

Authority: Montana Constitution, Art. VIII, Section 13
 Section 2-15-1808, MCA
 Title 17, chapter 5, part 16, MCA
Title 17, chapter 6, part 8, MCA
Chapter 774, Laws of 2023 (House Bill No. 819)

Adopted: June 22, 2023

Revised: TBD

Reviewed: June 22, 2023 June 4, 2025

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.752

EFFECTIVE DATE: ~~June 22, 2023~~TBDTITLE: Montana Housing Infrastructure
Revolving Loan ProgramSUPERSEDES: ~~New~~June 22, 2023

BOARD ADOPTION: June 22, 2023

REVIEWED: ~~June 22, 2023~~June 4, 2025

I. Montana Housing Infrastructure Revolving Loan Program (Program)

A. General Parameters

1. Participating loans under the Program are made on a first come, first served basis and held as a Separately Managed Account (SMA).
2. The Board does not lend directly to Borrowers and participates only with Approved Lenders.
3. Approved Lenders originate all loans and submit loan applications and loan reservation forms.
4. The term Borrower means the Borrower applying for a loan from the Lender.
5. Borrowers must give preference to Montana labor when constructing projects.
6. Project construction contractors are subject to prevailing wages.
7. The submission of a fee with the Loan Reservation Form locks an interest rate and reserves funding.
8. Loans may be for residential development to cover the costs of demolition or expanding or extending water, wastewater, storm water, street, road, curb, gutter, and sidewalk infrastructure to serve new or rehabilitated residential development.
9. The total amount of loans made to an entity may not exceed one-million dollars, or fifty percent (50%) of the projected project cost.
10. Maximum loan term is twenty (20) years.
11. Borrower must pay all impact fees due to the local government or the amount of impact fees up to the amount of impact fees up to the amount of the loan, whichever is less.

12. The Borrower must demonstrate that:

- a) The project meets the minimum gross density requirement in BOI Policy 70.750.
- b) No less than 30% of the residential development is preserved for long-term affordability by using at least one of the following methods, which must run with the property for the term of the security:
 - Deed restrictions, regulatory agreements, or restrictive covenants filed with respect to the property,
 - Low-Income Housing Tax Credit, or
 - Community Land Trust

Adopted: June 22, 2023

Revised: TBDReviewed: ~~June 22, 2023~~June 4, 2025

~~13. This Program may not be combined with:~~

- ~~a. the bond guarantee program provided in BOI Policy 70.750, or~~
- ~~a.b. a community reinvestment organization as created in 90-6-147, MCA, or a similarly structured organization or financing mechanism.~~

~~11. The Borrower and Lender must demonstrate that:~~

- ~~a) The infrastructure project will provide for residential development at a minimum gross density of 10 units for each acre; and—~~
- ~~— They have made findings that the infrastructure funded in part by a security provides for provisions to preserve long term affordability of the housing that runs with the property for the term of the security.~~
- ~~— No less than 30% of the residential development is preserved for long term affordability by using at least one of the following methods, which must run with the property for the term of the security:~~
 - ~~— Deed restriction,~~
 - ~~— Low Income Housing Tax Credit, or~~

~~Community Land Trust.~~

B. Interest Rates

1. Interest rates are effective for a one (1) week period and are posted on the Montana Housing Infrastructure Revolving Loan Program Rate Sheet.
2. The Montana Housing Infrastructure Revolving Loan Program Rate Sheet is posted on the Board's website each Thursday.
3. The interest rates reflect net yield to the Board and are exclusive of any Lender fees.
4. The initial interest rate is determined by the interest rate posted on the Montana Housing Infrastructure Revolving Loan Program Rate Sheet on the date the loan reservation form is received.

C. Loan Reservations

1. Reservations with an Identifiable Borrower(s)
 - a) Lenders with an Identifiable Borrower(s) at the time of the reservation, may reserve funds for one year (365 days) with a fee of one quarter percent (0.25%) of the reserved amount.
 - b) Lenders may lock interest rates at any time during the one-year (365 days) period at the rate last set.
 - c) If the loan has **not** been committed and the Board's interest rates decline after a Lender has locked interest rates during the one-year (365 days) period, a reservation at the lower rate for an additional one-year (365 days) may be obtained via payment of another one-quarter percent (0.25%) fee.
 - d) If the loan has been committed and the Board's interest rates decline after a Lender has locked interest rates during the one-year (365 days) period, the lower rate may be obtained via payment of another one-quarter percent (0.25%) fee, but the original commitment letter expiration date will remain the same.
 - e) Lenders must offer, underwrite, accept, and close the loan during the one-year (365 days) period.
 - f) All applicable checklist items must be received within ninety (90) days after expiration of the one-year (365 days) period.
 - g) The reservation may be extended as outlined in Section C.2. of this Policy.
 - h) Blended interest rates may be applied for increases in the reserved amount of an existing reservation.

- i) The ~~last fee-paid~~ is refundable if ~~the loan is funded or~~ the application is rejected.
2. Reservation Extensions
- a) If the project for which the loan proceeds will be utilized is not completed within the initial one-year (365 days) reservation period, up to two (2) additional one-year (365 days) increments may be granted upon written request and payment of an additional one-quarter percent (0.25%) fee for each extension.
 - b) Additional one-year (365 days) extensions will not be granted if the project has been completed within the existing reservation/commitment period.
 - c) Extension fees must be received via ACH within fifteen (15) working days after the expiration date of the current one-year (365 days) period in order to keep the reservation in force.
- D. Collateral Requirements
1. Collateral requirements include:
- a) A first mortgage/lien position shared proportionately with Lender;
 - b) Sufficient economic life to support the term of the loan;
 - c) Personal guarantees as required by Lender or the Board;
 - d) Due-on-sale clauses, requiring Lender's consent prior to loan transfer;
 - e) An attorney opinion on authority of Borrower to borrow and all collateral documents if required by Lender; and
 - f) Other collateral as required by Lender or the Board.
- E. Appraisals Requirements
- 1. Licensed Montana commercial appraisers are preferred unless a specialized property collateral requires an out-of-state appraiser.
 - 2. Requirements apply to all appraisals irrespective of the Lender's appraisal or loan policy appraisal requirements and are based on the total loan amount shown below:
 - a) Up To \$500,000 - As required by Lender to provide basis for value; or
 - b) Over \$500,000 - Appraisal Report, as defined by the Uniform Standards of Professional Appraisal Practice.
 - 3. Appraisal requirements are based on the total loan amount.
- F. Loan-To-Value Requirements
- 1. Loan-To-Value (LTV) is based on the lesser of reasonable project costs or market value appraisal. Reasonable project costs do not include any form of payout to an owner, developer, or shareholder.
 - 2. The LTV must be seventy-five percent (75%) or less.
- G. Fundings
- 1. The loan in which the Board is to participate must be closed prior to the commitment letter expiration date.
 - 2. Funding documents required in the commitment letter must be received within ninety (90) days following the first principal and interest payment due date of the project term note or the commitment date expiration, whichever comes first.
 - 3. Fundings should occur on or around the tenth (10) day of the month.
 - 4. At least thirty (30) days' notice must be provided to be eligible for fundings.

H. Ineligible Loans

1. Ineligible loans are:

- a) Loans classified as substandard, doubtful, loss, or similar category in Lender's most recent examination report;
- b) Loans to a borrower with classified loans at the Lender, other than the loan offered to the Board;
- c) Loans to trusts;
- d) Revolving lines of credit, working capital or operating money;
- e) Loans to pay delinquent taxes; or
- f) Loans that do not meet the criteria of ~~Sections 10, 11, 12, 13, and 14, Chapter 774, Laws of 2023 (House Bill No. 819)~~ Title 17, Chapter 6, Part 8, MCA.

I. Project Specific Requirements

- 1. Any contract to construct a project financed by loan proceeds must require all contractors to give preference to the employment of bona fide Montana residents, as defined in Section 18-2-401, MCA, in the performance of the work on the projects, if their qualifications are substantially equal to those of nonresidents.
- 2. Substantially equal qualifications mean the qualifications of two (2) or more persons among whom the employer cannot make a reasonable determination that the qualifications held by one person are significantly better suited for the position than the qualifications held by the other persons.
- 3. If the Board participates in construction financing and its share of the loan equals or exceeds \$25,000, the general contractor and all subcontractors shall be subject to Montana's prevailing wage law specified in Section 18-2-401, MCA.

J. Other Montana Housing Infrastructure Revolving Loan Program Policy Considerations

- 1. A loan that includes refinance of existing debt, other than construction financing, will be considered if, at a minimum, the refinanced amount is retained by the Lender.
- 2. Balloon payment loans are eligible provided Loan-To-Value at maturity is acceptable to the Board.
- 3. The Board will proportionately participate in any prepayment penalty required by the Lender.
- 4. Loan assumptions are permitted upon Board approval with a loan assumption fee of \$500.00.
- 5. Escrow impounds may be required for taxes and hazard insurance when Loan-To-Value exceeds fifty percent (50%).
- 6. The Board may apply different criteria to loan requests from nonprofit Borrowers.
- 7. All loans submitted for participation to the Board from Board members or Board staff shall first be approved by the Board before the loan is committed and funded.
- 8. Any time an approved Lender downgrades a loan participated with the Board; the approved Lender must notify the Board of the downgrade within thirty (30) days. Notification must include the most recent Lender credit review and an explanation of why the credit was downgraded.
- 9. If the approved Lender applies a default interest rate to a participated loan, the Board interest rate will also be increased to that default interest rate and remain effective for the same period of time as for the approved Lender.
- 10. The Board may require additional due diligence and research on loans at its sole discretion.

Authority: Montana Code Annotated, Art. VIII, Section 13
Section 2-15-1808, MCA
Section 17-6-201, MCA
Title 17, chapter 6, part 3, MCA
ARM 8.97.1301, and 8.97.1308 through 8.97.1310
Chapter 774, Laws of 2023 (House Bill No. 819)

Adopted: June 22, 2023

Revised: TBD

Reviewed: ~~June 22, 2023~~ June 4, 2025

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.753 DRAFT

EFFECTIVE DATE: TBD

TITLE: Resident-Owned Cooperative/
Multifamily-Owned Cooperative
(ROC/MOC) Loan Program

SUPERSEDES: NEW

BOARD ADOPTION: TBD

REVIEWED: June 4, 2025

I. Resident-Owned Cooperative/Multifamily-Owned Cooperative Loan Program (Program)

A. General Parameters

1. Participating loans under the Program are made on a first-come, first-served basis and are held in a Separately Managed Account (SMA).
2. The Board does not lend directly to borrowers and participates only with Approved Lenders.
3. Approved Lenders originate all loans and submit loan applications and loan reservation forms.
4. The term Borrower refers to the entity applying for a loan from the Lender.
5. The submission of a fee with the Loan Reservation Form reserves funding.
6. Loans may be to a resident-owned cooperative to purchase, acquire, convert, or refinance the mobile home park land and appurtenances, if any, on which the co-op members reside as their primary residence, or to a multifamily-owned cooperative to purchase, acquire, convert, or refinance the apartment complex they are currently renting as their primary residence.
7. The Board will participate in up to 90% of the loan.
8. The maximum loan term is 30 years.
9. The maximum loan amortization period is 40 years.
10. The loan will have a fixed interest rate.
11. Leases may not contain a tenant option to purchase the pad site for the duration of the note.
12. The percentage of tenant occupied homes may not exceed 35%.

B. Interest Rates

1. The interest rate is based on the on-the-run U.S. Treasury yield nearest to the loan maturity plus 0.10%.
2. The ROC/MOC Rate Sheet is posted weekly on the Board's website.
3. The interest rates reflect net yield to the Board and are exclusive of any Lender fees.
4. The initial interest rate is determined by the interest rate posted on the Board's website on the date the loan reservation form is received.

C. Loan Reservations

1. Reservations with an Identifiable Borrower(s)
 - a) Lenders with an Identifiable Borrower(s) at the time of the reservation may reserve funds for one year (365 days) with a fee of one-quarter percent (0.25%) of the reserved amount.

Adopted: TBD

Revised: NEW

Reviewed: June 4, 2025

- b) Lenders may lock interest rates at any time during the one-year (365 days) period at the rate last set.
- c) If the loan has **not** been committed and the Board's interest rates decline after a Lender has locked interest rates during the one-year (365 days) period, a reservation at the lower rate for an additional one-year (365 days) may be obtained via payment of another one-quarter percent (0.25%) fee.
- d) If the loan has been committed and the Board's interest rates decline after a Lender has locked interest rates during the one-year (365 days) period, the lower rate may be obtained via payment of another one-quarter percent (0.25%) fee, but the original commitment letter expiration date will remain the same.
- e) Lenders must offer, underwrite, accept, and close the loan during the one-year (365 days) period.
- f) All applicable checklist items must be received within ninety (90) days after expiration of the one-year (365 days) period.
- g) The reservation may be extended as Section C.2. of this Policy outlines.
- h) Blended interest rates may be applied for increases in the reserved amount of an existing reservation.
- i) The last fee paid is refundable if the application is rejected.

2. Reservation Extensions

- a) If the project for which the loan proceeds will be utilized is not completed within the initial one-year (365 days) reservation period, up to two (2) additional one-year (365 days) increments may be granted upon written request and payment of an additional one-quarter percent (0.25%) fee for each extension.
- b) Additional one-year (365 days) extensions will not be granted if the project has been completed within the existing reservation/commitment period.
- c) Extension fees must be received via ACH within fifteen (15) working days after the expiration date of the current one-year (365 days) period in order to keep the reservation in force.

D. Interest Rate Buy Down on Existing Loans

- a) The Board's portion of an outstanding loan interest rate may be reduced to the Board's current rate at the time the Loan Reservation Form and fee are received.
- b) The interest rate will be calculated by rounding the remaining term up to the nearest year and applying the buy-down interest rate for that specific year. The fee is:
 - One percent (1%) of the outstanding Board loan balance, for sixty (60) months or less; or
 - One and a half percent (1.5%) of the outstanding Board loan balance for sixty-one to one hundred and twenty (61 to 120) months,
- c) Interest rate reductions are effective on the next payment due date after the fee is received and the reduction is approved by the Board.

E. Collateral Requirements

1. Collateral requirements include:

- a) A first mortgage/lien position shared proportionately with Lender;
- b) Sufficient economic life to support the term of the loan;
- c) Due-on-sale clauses, requiring Lender's consent prior to loan transfer; and
- d) Other collateral as required by Lender or the Board.

F. Appraisal Requirements

1. Licensed Montana appraisers are preferred unless a specialized property collateral requires an out-of-state appraiser.
2. Requirements apply to all appraisals irrespective of the Lender's appraisal or loan policy appraisal requirements and are based on the total loan amount shown below:
 - a) Up To \$500,000 - As required by Lender to provide the basis for value; or
 - b) Over \$500,000 - Appraisal Report, as defined by the Uniform Standards of Professional Appraisal Practice.
3. Appraisal requirements are based on the total loan amount.

G. Loan-To-Value Requirements

1. Loan-To-Value (LTV) is based on the lesser of reasonable project costs or market value appraisal. Reasonable project costs do not include any form of payout to an owner, developer, or shareholder. The LTV must be seventy-five percent (75%) or less.

H. Other requirements:

1. Borrowers must partner with a technical assistance provider and property manager for the term of the note.
2. Reserves may be established to limit the risk of default.

I. Fundings

1. The loan in which the Board is to participate must be closed prior to the commitment letter expiration date.
2. Funding documents required in the commitment letter must be received within ninety (90) days following the first principal and interest payment due date of the project term note or the commitment date expiration, whichever comes first.
3. Fundings should occur on or around the tenth (10) day of the month.
4. At least thirty (30) days' notice must be provided to be eligible for fundings.

J. Ineligible Loans

1. The following loans are ineligible:
 - a) Loans classified as substandard, doubtful, loss, or similar category in Lender's most recent examination report;
 - b) Loans to a borrower with classified loans at the Lender, other than the loan offered to the Board;
 - c) Loans to trusts;
 - d) Revolving lines of credit, working capital or operating money; and
 - e) Loans to pay delinquent taxes.

K. Other Considerations

1. Balloon payment loans are eligible, provided the Loan-To-Value at maturity is acceptable to the Board.
2. The Board will proportionately participate in any prepayment penalty required by the Lender.
3. Loan assumptions are permitted upon Board approval with a loan assumption fee of \$500.00.
4. Escrow impounds may be required for taxes and hazard insurance.
5. The Board may apply different criteria to loan requests from nonprofit Borrowers.
6. All loans submitted for participation by Board members or staff shall first be approved by the Board before they are committed and funded.
7. Any time an approved Lender downgrades a loan participated with the Board; the approved Lender must notify the Board of the downgrade within thirty (30) days. Notification must include the most recent Lender credit review and an explanation of why the credit was downgraded.

8. If the approved Lender applies a default interest rate to a participated loan, the Board interest rate will also be increased to that default interest rate and remain effective for the same period of time as for the approved Lender.
9. The Board may require additional due diligence and research on loans at its sole discretion.

NEW

Authority: Montana Code Annotated, Art. VIII, Section 13
Section 2-15-1808, MCA
Section 17-6-201, MCA
Title 17, chapter 6, part 3, MCA
ARM 8.97.1301, and 8.97.1308 through 8.97.1310
Laws of 2025 (House Bill No. 505)

Adopted: TBD
Revised: NEW
Reviewed: June 4, 2025

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.780

EFFECTIVE DATE: TBD

TITLE: Real Estate Investment Service
Investment Policy Statement

SUPERSEDES: NEW

BOARD ADOPTION: TBD

REVIEWED: June 4, 2025

I. Introduction

- A. The purpose of this policy is to provide a framework for the Real Estate Investment Service Account under the guidance of the Board.
- B. All Separately Managed Accounts are governed by the Separately Managed Accounts Investment Policy Statement, Policy 40.900.
- C. The Real Estate Investment Service (REIS) Account was established to acquire space currently occupied by the state or intended for future use by the state as directed by the Legislature or another participant.
- D. The Account is permanent.
- E. The Board will have full discretion to manage the REIS account consistent with this policy. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.
- F. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any situations where the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

II. Purpose

- A. The purpose of this policy statement is to:
 - 1. Establish the investment objectives and performance standards of the REIS Account; and
 - 2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

III. Investment Objectives

- A. Strategic - The objective of the REIS is to attain above benchmark total return within the parameters of this policy with an emphasis on investment income and preservation of principal.
- B. Performance - Success in achieving this objective will be measured by comparing the risk and return of the fund to the securities owned, weighted proportionately to the portfolio's holdings, over a five (5) year rolling average.

- C. Time Horizon - The REIS Account is an expendable account. The Board expects to meet or exceed all objectives over the long-term investment horizon. Over shorter periods, the anticipated market volatility, and specific actions, including risk mitigation efforts by the Board may lead to unfavorable, but expected deviation from these objectives.

IV. Permitted Investments

A. The REIS Account may only invest in the following:

1. STIP or any cash vehicle at the Custodial Bank;
2. Fully collateralized, interest-bearing Demand Deposit Accounts at Montana domiciled banks and credit unions; and
3. Private real estate direct investment, including:
 - a) Workforce Housing located in Deer Lodge, Montana pursuant to HB819 (2023); and
 - b) Mental Health Facility pursuant to HB5 (2025).

NEW

Authority: Montana Constitution, Article VIII, Section 13
Section 2-15-1808, MCA
Sections 17-6-201 through 17-6-205, MCA

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 90.300

EFFECTIVE DATE: ~~September 23, 2022~~ IBDTITLE: Executive Director Continuity
~~2021~~September 23, 2022SUPERSEDES: ~~November 30,~~BOARD ADOPTION: November 30, 2021
4, 2025REVIEWED: ~~June 13, 2022 (via e-mail)~~June

I. Executive Director Continuity

- A. Mr. Dan Villa is the Executive Director of the Board as of September 25, 2018.
- B. Ms. Peggy MacEwen is the Chief Operating Officer/Deputy Director of the Board as of December 2, 2019. On October 9, 2024, the Board approved to rename the position as Chief Operating Officer/Deputy Director.
- C. Mr. Jon Putnam is the Chief Investment Officer (CIO) of the Board as of February 12, 2020.
- D. The Board has empowered the Executive Director certain critical authority and duties as outlined in Policy 30.200, including the ability 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.
- E. The Board has delegated certain critical authority and duties to its Executive Director that must be exercised and performed in the absence of the Executive Director.
- F. The Executive Director may be incapacitated or temporarily absent from the office under circumstances that render the Executive Director unavailable to exercise such authority and perform such duties.
- G. The Executive Director or the Chief Operating Officer/Deputy Director shall notify the Board Chair immediately at any time the Executive Director, due to incapacity or a temporary absence from the office, is unable to perform his/her duties. Incapacity means the occurrence of a mental or physical disability rendering the Executive Director incapable of exercising his/her authority and carrying out his/her duties.
- H. During an incapacity of the Executive Director, the Chief Operating Officer/Deputy Director is hereby designated Acting Executive Director.
- I. The Executive Director may, after notifying the Board Chair, delegate his/her executive authority to the Chief Operating Officer/Deputy Director to serve as Acting Executive Director during periods of official travel or authorized leave away from the Board's office, if in the judgment of the Executive Director, such delegation would be in the best interest of the Board.
- J. During any period that the Chief Operating Officer/Deputy Director is not available to assume the role of Acting Executive Director, the CIO shall serve as Acting Executive Director.
- K. The Acting Executive Director shall operate only within the authority and parameters established in the Board's Policy.

Authority: Montana Code Annotated, Art. VIII, Section 13
Section 2-15-1808, MCA
Section 17-6-201, MCA

Adopted: November 30, 2021

Revised: ~~IBD~~September 23, 2022Reviewed: May 28, 2025~~June 13, 2022~~

REAL ASSETS ASSET CLASS REVIEW

Presented by:

Ethan Hurley, CAIA – Director of Real Estate/Real Assets

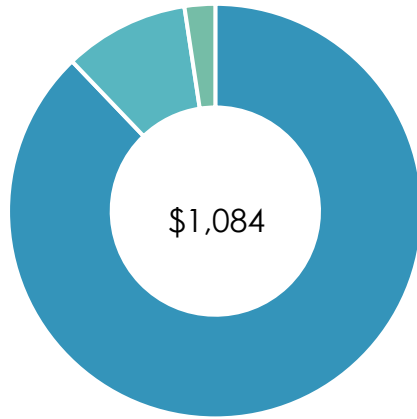
Rob Samson, CFA, CAIA – Investment Analyst

Date: June 4, 2025

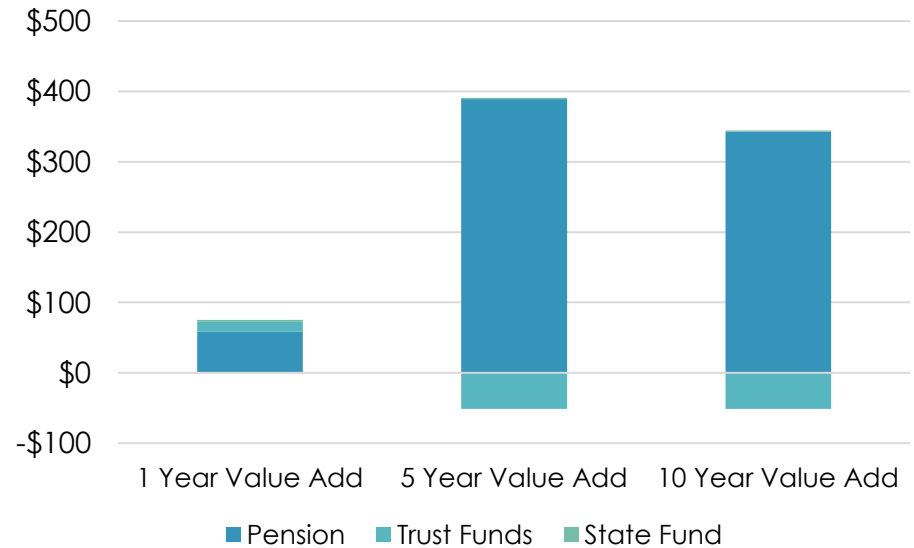
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Ownership & Performance



■ Pension ■ Trust Funds ■ State Fund



Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	6.64%	9.49%	11.59%	14.11%	NA	NA
Trust Funds	17.22%	10.43%	NA	NA	NA	NA
State Fund	12.13%	10.43%	NA	NA	NA	NA

*Dollar values are in \$1,000,000

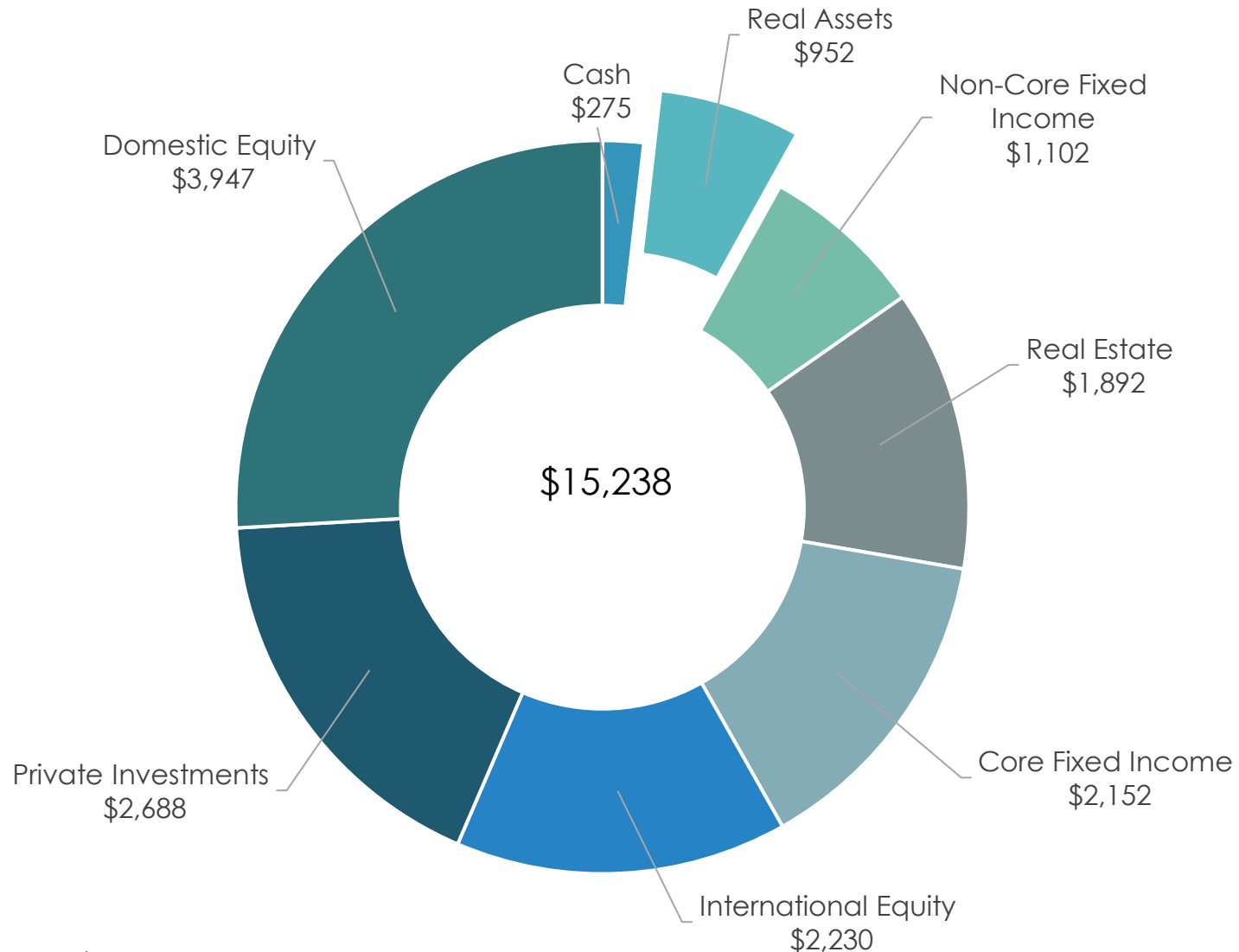
Real Assets Asset Class – Role, Allocation and Constraints

- Provide the Consolidated Asset Pension Plan (CAPP), Trust Funds Investment Pool (TFIP), and Montana State Fund (MSF) with exposure to diversified real assets opportunities, while achieving the highest possible return within the parameters of each respective set of investment guidelines.
- Diversify across types of real assets investment strategies, vintage years and geographies for long-term capital gains and current income.
- Inception Dates
 - CAPP: 4/1/2017
 - TFIP: 5/26/2022
 - MSF: 2/22/2023
- Approved Allocation Ranges
 - CAPP: 3% to 9% **(6.25% as of 3/31/2025)**
 - TFIP: 0% to 6% **(3.07% as of 3/31/2025)**
 - MSF: 0% to 6% **(1.75% as of 3/31/2025)**

Real Assets Asset Class – Role, Allocation and Constraints (cont'd)

- Benchmarks
 - CAPP
 - Weighted average of the MSCI ACWI Commodity Producers Index, US TIPS Index, and MSCI ACWI Infrastructure Index
 - TFIP & MSF
 - 50% of MSCI ACWI Commodity Producers Index and 50% MSCI ACWI Infrastructure Index
- Investment Policy Statement Constraints (CAPP)
 - No more than 2% of CAPP in any single real asset investment
 - No more than 40% of the asset class in Non-US
 - No more than 10% of the asset class in direct co-investments
 - Strategic Constraints
 - Commodities-related: 25% - 75%
 - Infrastructure-related: 25% - 75%
 - Inflation-Linked Bonds: 0% - 50%
 - Leverage Limits
 - Timber Leverage: 0% - 30%

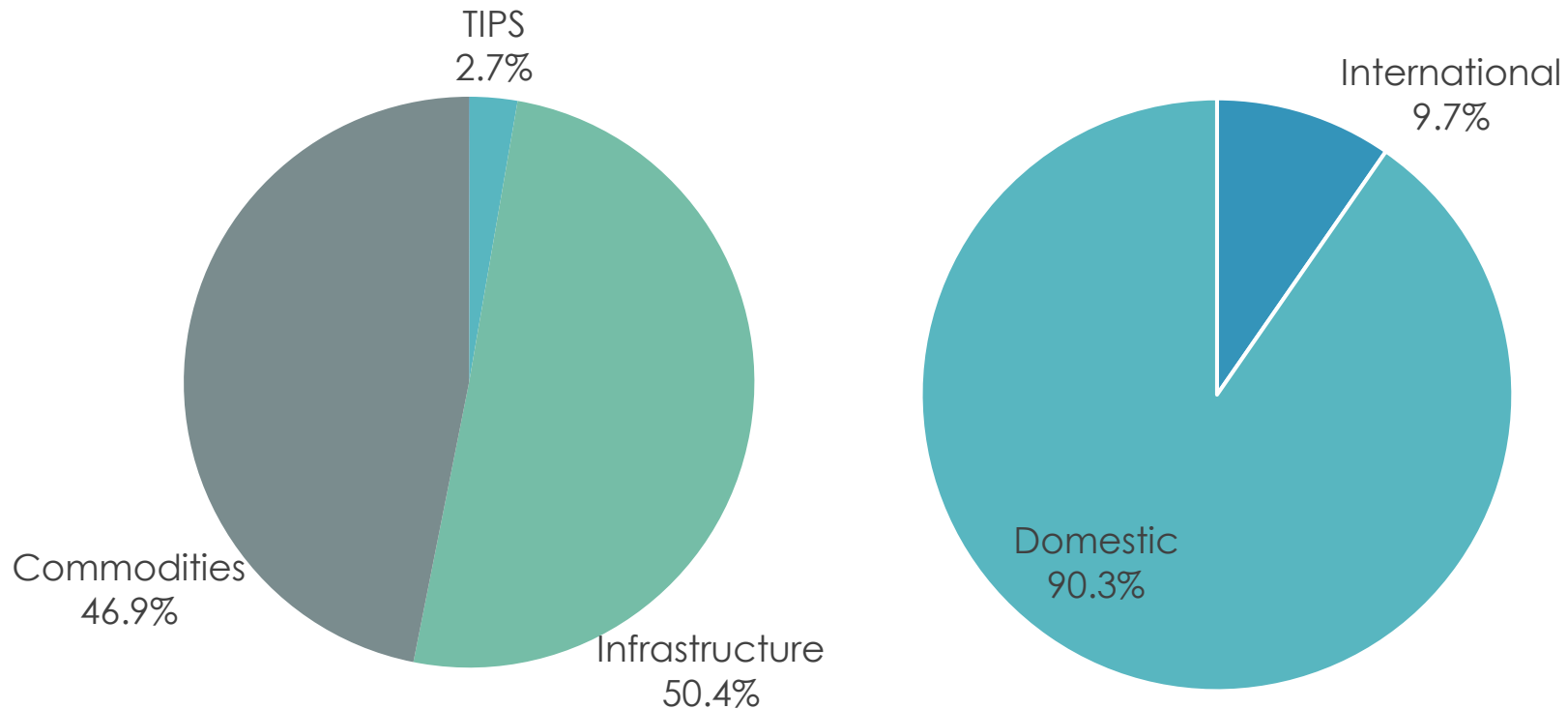
AUM by Asset Class - Pension



*Dollar values are in \$1,000,000

March 31, 2025

Composition by Asset Type & Geography



As of 3/31/25. Based on prior quarter's fair market value adjusted for cash flows during the most recent quarterly period. State Street

Types of Real Assets Equity/Debt Investments

Commodities Related

- Oil and gas, timber, aggregates (sand & gravel), mitigation banking credits, water rights, livestock, agriculture, grain

Infrastructure Related

- Midstream oil & gas storage and transportation, renewable power generation, rail cars, shipping, digital communications, data centers

Inflation Linked Bonds

- Treasury Inflation Protected Bonds

Types of Real Assets Investment Vehicles

Separately-Managed Accounts (SMAs)

- Lower cost than close-end commingled funds and similar costs to open-end commingled funds in the long-term
- Offers the highest level of customization
- One-on-one relationship with our partner

Closed-End Commingled Funds

- Cost-effective means to access benefits of scale
- Typically, offers an increased amount of diversification relative to SMAs
- Higher asset turnover than SMAs
- Investing alongside others

Open-End Commingled Funds

- Lower cost than close-end commingled funds and similar costs to SMAs in the long-term
- Offers an increased amount of diversification relative to SMAs
- Investing alongside others

Real Assets Returns – Sources and Drivers

Sources

- Appreciation/Depreciation
 - Increases or decreases in the market value of an asset/project/portfolio company/commodity
- Income
 - Received from contractual obligations

Drivers

- Commodity prices
- Operational improvements
- Expense reductions
- Market share growth
- EBITDA multiple expansion/compression
- Revenue growth
- Supply/demand
- Interest rates
- Capital expenditures
- Market comparable sales
- Capital markets liquidity

Real Assets – Benefits and Risks

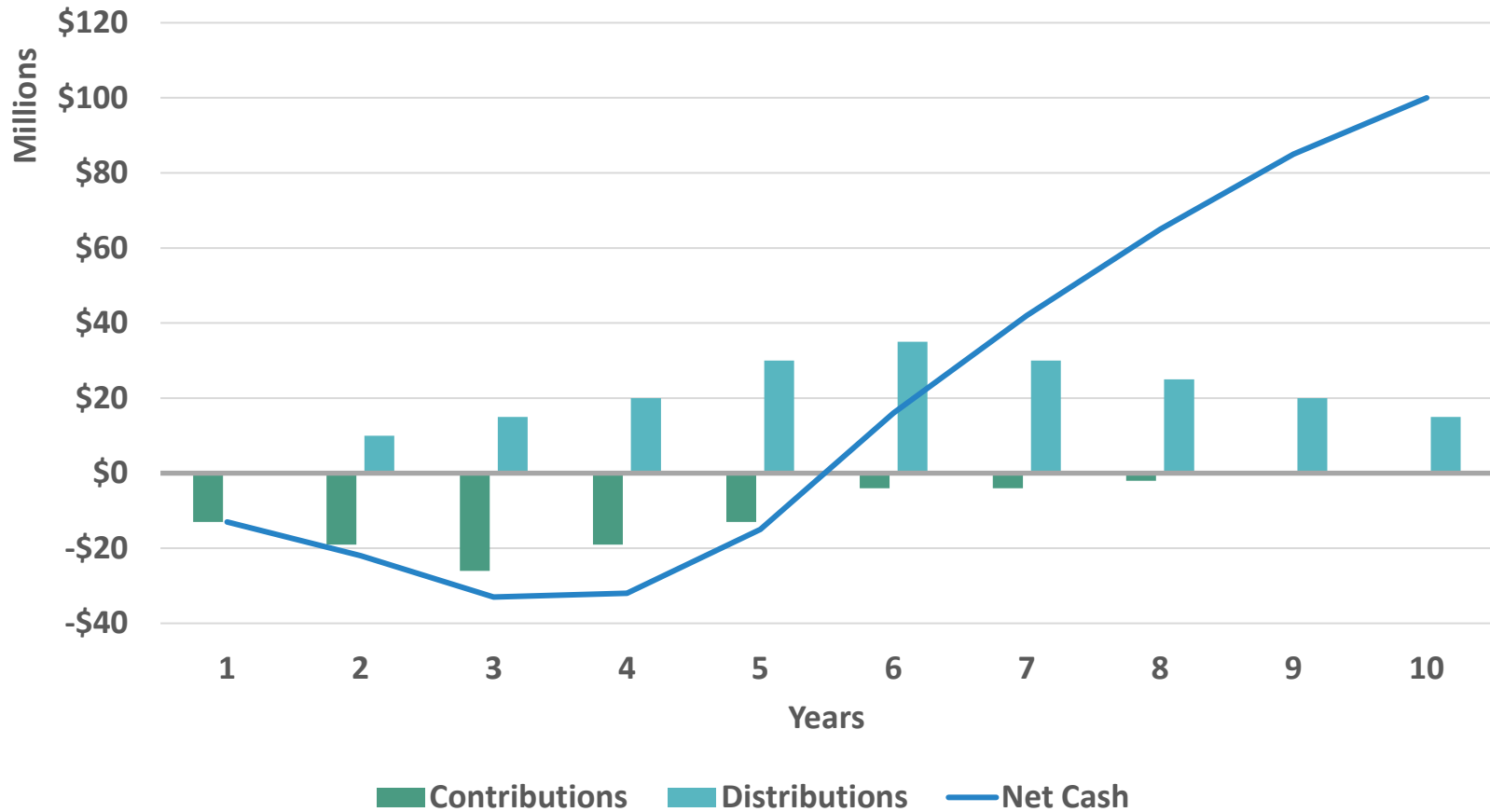
Benefits

- Return enhancement
- Diversification
- Hard asset downside protection
- Inflation hedge
- Contractual income
- Ability to influence performance

Risks

- People risk
- Business risk
- Financial risk
- Liquidity risk
- Inflation risk
- Operational risk
- Legal risk
- Counterparty risk

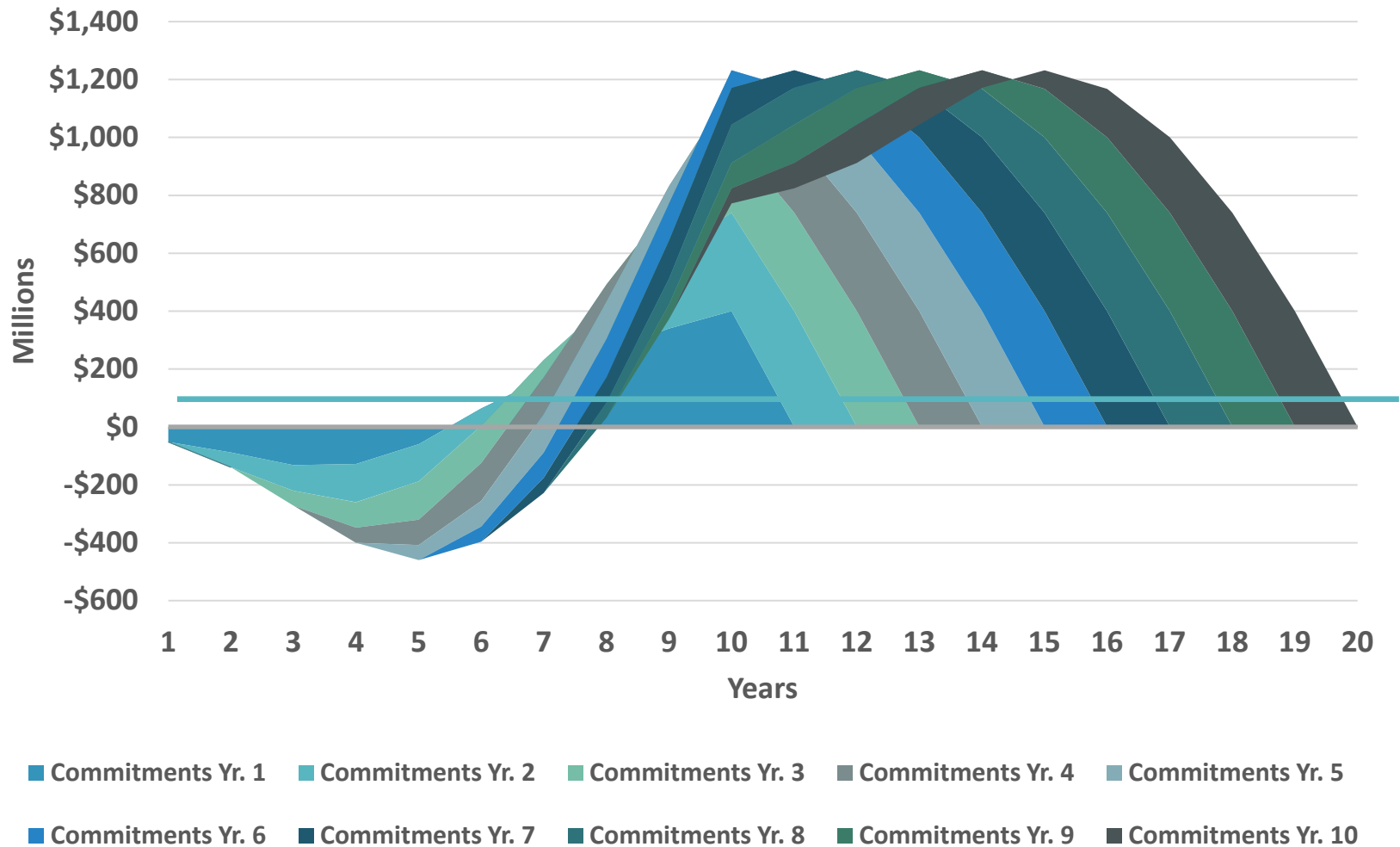
Life Cycle of a Private Equity Fund



Pacing

- Evaluates current real assets exposure and commitment plan relative to total plan assets
- Considers the following factors:
 - Current portfolio valuation
 - Paid in Capital (Contributed Funds/Cash In)
 - Distributed Capital (Distributed Funds/Cash Out)
 - Allocation within approved ranges
- Considers the annualized growth rate for the total plan assets (CAPP)
- Provides flexibility to explore various scenarios
- How future commitments, capital calls and distributions contribute to maintaining the allocation within approved ranges through time
- This is an arcane, inexact exercise
- The only controllable input/metric is how much we commit, or don't, in any given year
- RVK assists with periodic studies
- Expected long-term average annual allocation of ~\$100 - \$150 million

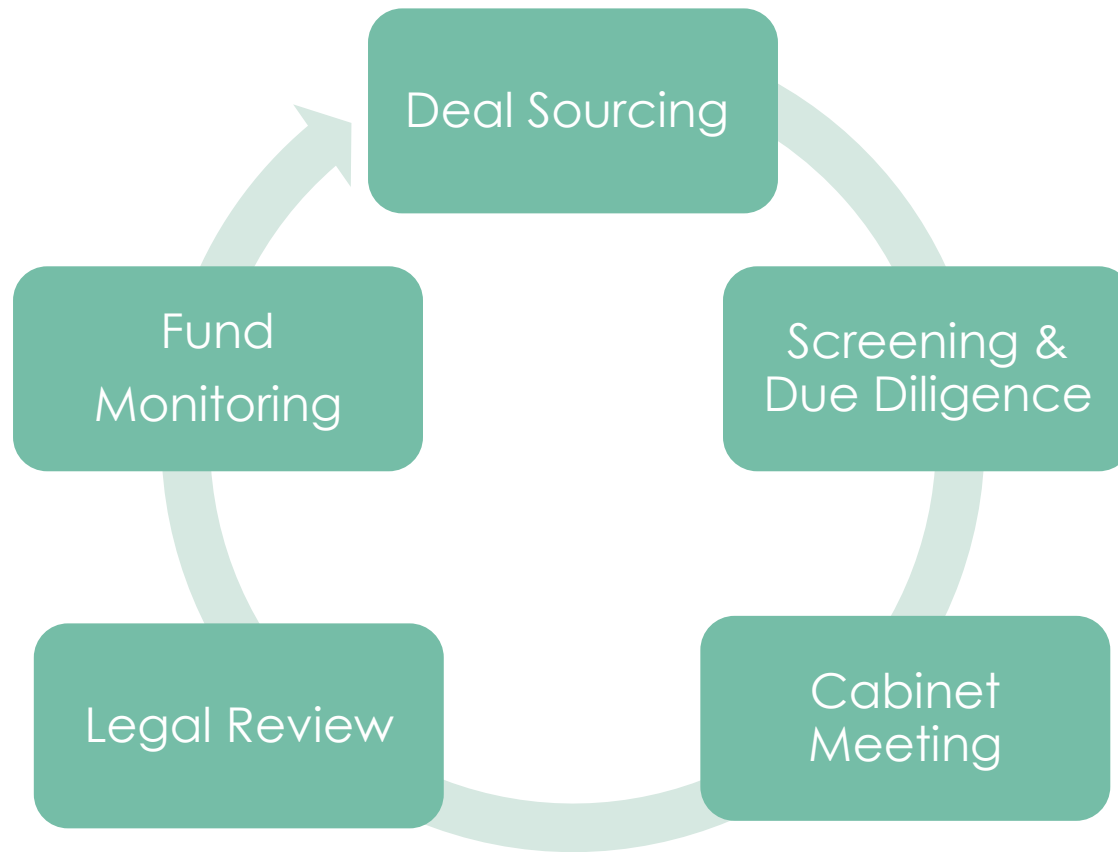
Life Cycle of Private Equity Portfolio



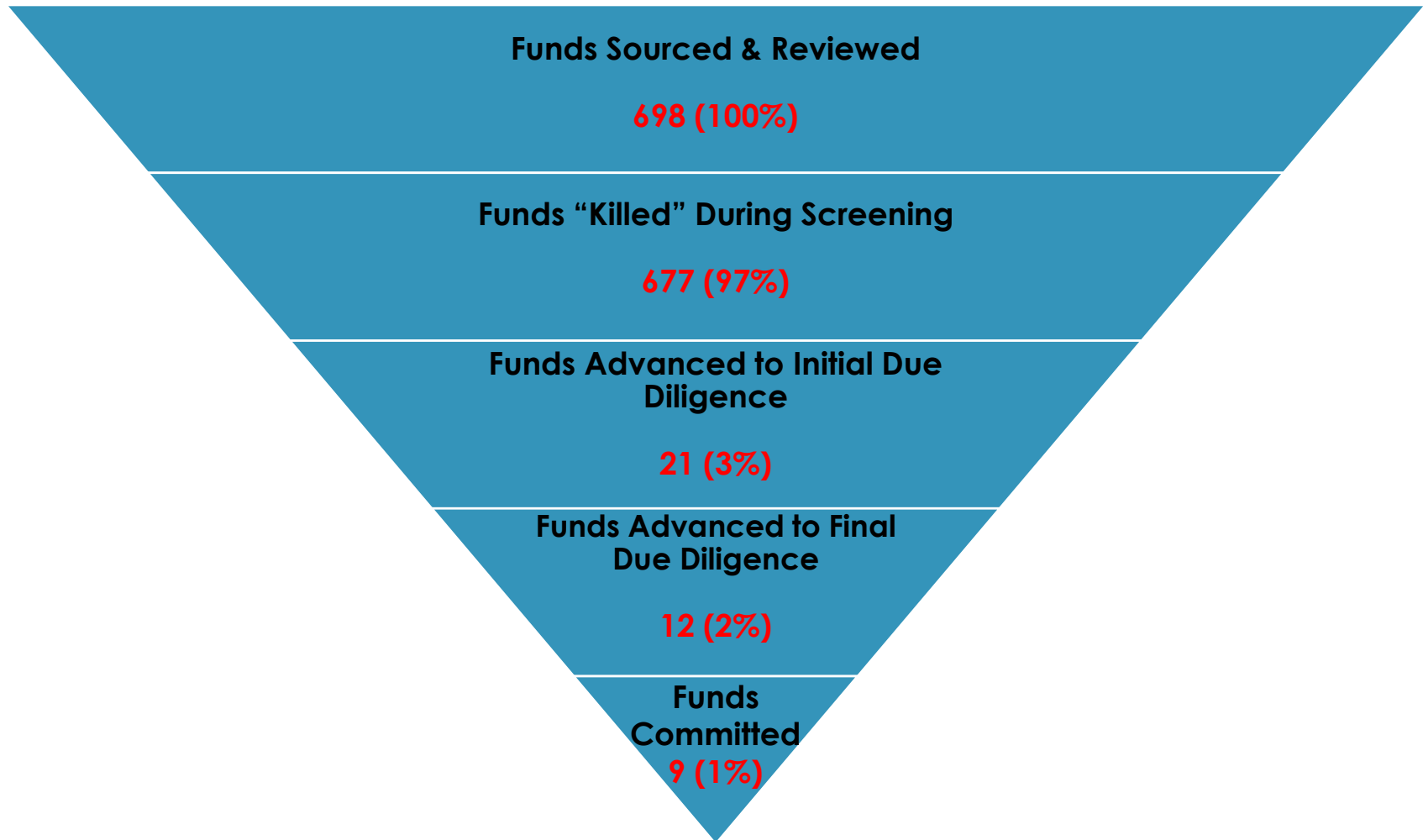
Source: Montana BOI

March 31, 2025

Real Assets Investment Process



Real Assets Deal Flow (2021 - FYTD 2025)



Deal Sourcing

- Network of Contacts
 - Limited Partners
 - Plan Sponsors
 - General Partners
 - Placement Agents
 - Consultants
 - Service Providers
- Periodicals
- External online database providers

Screening & Due Diligence

Initial Review

- Determine portfolio fit
- Hold initial call with GP
- Submit MBOI Part A DDQ for completion by GP and ascertain critical due diligence points/deal killers
- Introductory meeting with GP in Helena
- Decision point to proceed to further diligence

Continuing Diligence

- Submit much more comprehensive MBOI Part B DDQ for completion by GP (*modeled after ILPA DDQ/best practices*)
 - Analysis of firm, strategy, investment process, philosophy, risk, compliance, operations
- Review of historical record, net cash flows, performance, other data points
- Interviews and reference calls
- Build out GP/Fund Profiles
- Onsite due diligence at GP offices
- Background checks on select personnel

Cabinet Meeting

- Meeting with Cabinet – Executive Director, Chief Investment Officer, Investment Directors, Director of Operations
- Final commitment decision
 - Yes/No
 - How much to commit, adherence to IPS, other risk parameters
 - Chief Investment Officer in consultation with the Executive Director gives final approval for all commitments

Legal Review

- Staff conducts initial review of Private Placement Memorandum (PPM) and Limited Partnership Agreement (LPA) and communicates any pre-identified and pre-negotiated terms with GP to external counsel
- External counsel reviews legal documents and presents comments to staff for review
 - Focuses on compliance with ILPA Principles/best practices
 - Collaborative/iterative process with staff
- Comments/changes negotiated with GP
- Upon final negotiation/consensus and settlement on terms, legal counsel submits final copies of closing legal documents for execution by MBOI staff
- Legal counsel will later review any Most Favored Nations provisions MBOI is eligible to elect for approval

Investment Monitoring

- Set up fund internally with MBOI accounting and externally with third-party administrator, State Street
- Review Quarterly/Annual Reports & Financials
 - Formal review of private real asset investment managers done annually
 - Participate in quarterly calls with managers
- In-person fund update meetings, typically annually
- Attend Annual General Meetings (AGMs)
- Limited Partnership Advisory Committee (LPAC) membership participation as applicable
- Visit private real assets investments and GP offices as travel plans allow

Current Strategy and Rationale

What

- Exploring other real assets strategies to further diversify the portfolio and gain new exposures
- Exploring real assets-related debt strategies
- Continuing focus on existing high conviction GPs
- Separate accounts & open-end vehicles
- Continued focus on needs-based real assets supported by long-term, structural tailwinds

Why

- • Diversification, less correlated, current income, longer duration
- • Diversify away from equity exposure, greater downside protection, current income
- • Good portfolio fit, known quantities, partnership orientation, more depth less breadth
- • Long duration holds, income streams, increased alignment of incentives
- • Durable cash flows, increasing and consistent end-user demand in good times and bad, contractual payments linked to inflation

RVK

Quarterly Investment Performance Analysis

Montana Board of Investments

March 31, 2025

Montana Board of Investments
Comparative Performance
Retirement Plans

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Public Employees' Retirement - Net	-0.09	3.90	5.10	4.54	10.45	7.48	7.38	7.06	8.75	11.46	-8.48	17.61	11.94	7.69	07/01/1994
Public Employees' Benchmark	-0.50	4.00	4.54	4.03	11.16	6.96	7.02	N/A	8.94	12.75	-10.81	13.79	12.22	N/A	
Difference	0.41	-0.10	0.56	0.51	-0.71	0.53	0.36	N/A	-0.19	-1.28	2.33	3.82	-0.28	N/A	
Public Employees' Retirement - Gross	0.06	4.40	5.98	5.29	11.17	8.17	8.02	7.62	9.66	12.21	-7.89	18.32	12.53	8.07	07/01/1994
All Public Plans (>\$5B) Total Fund Median	0.67	4.64	6.02	4.25	10.21	7.31	7.18	7.13	9.22	11.35	-9.52	16.83	12.01	8.04	
Rank	88	55	53	20	25	15	6	11	38	30	38	29	36	41	
Teachers' Retirement - Net	-0.09	3.90	5.12	4.53	10.43	7.48	7.38	7.06	8.76	11.44	-8.52	17.61	11.93	7.70	07/01/1994
Teachers' Benchmark	-0.49	4.00	4.55	4.01	11.15	6.95	7.01	N/A	8.95	12.71	-10.86	13.78	12.21	N/A	
Difference	0.41	-0.10	0.57	0.52	-0.71	0.53	0.36	N/A	-0.19	-1.27	2.34	3.83	-0.28	N/A	
Teachers' Retirement - Gross	0.06	4.41	5.99	5.28	11.16	8.16	8.01	7.62	9.67	12.19	-7.93	18.32	12.52	8.08	07/01/1994
All Public Plans (>\$5B) Total Fund Median	0.67	4.64	6.02	4.25	10.21	7.31	7.18	7.13	9.22	11.35	-9.52	16.83	12.01	8.04	
Rank	88	54	53	20	26	15	7	11	38	30	38	29	36	41	
Police Retirement - Net	-0.09	3.91	5.11	4.56	10.45	7.49	7.39	7.04	8.77	11.49	-8.48	17.58	11.95	7.58	07/01/1994
Police Benchmark	-0.50	4.01	4.55	4.06	11.17	6.97	7.03	N/A	8.97	12.77	-10.80	13.73	12.23	N/A	
Difference	0.41	-0.10	0.56	0.50	-0.72	0.52	0.36	N/A	-0.20	-1.29	2.32	3.85	-0.29	N/A	
Police Retirement - Gross	0.06	4.41	5.99	5.31	11.18	8.18	8.02	7.59	9.68	12.24	-7.89	18.28	12.54	7.96	07/01/1994
All Public Plans (>\$5B) Total Fund Median	0.67	4.64	6.02	4.25	10.21	7.31	7.18	7.13	9.22	11.35	-9.52	16.83	12.01	8.04	
Rank	88	54	53	20	25	14	6	11	38	30	38	29	36	59	

Net performance shown is net of all manager fees and expenses (Net-All). All Public Plans > \$5B Total Fund Median is reported gross of fees.
Benchmark returns reflect unmanaged indices which are not impacted by management fees. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments
Comparative Performance
Retirement Plans

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Firefighters' Retirement - Net	-0.09	3.90	5.11	4.55	10.45	7.49	7.39	7.05	8.76	11.49	-8.47	17.58	11.95	7.58	07/01/1994
Firefighters' Benchmark	-0.50	4.01	4.55	4.05	11.17	6.97	7.03	N/A	8.96	12.77	-10.80	13.73	12.23	N/A	
Difference	0.41	-0.11	0.56	0.50	-0.72	0.53	0.36	N/A	-0.20	-1.28	2.32	3.86	-0.28	N/A	
Firefighters' Retirement - Gross	0.06	4.41	5.99	5.30	11.17	8.18	8.02	7.61	9.67	12.24	-7.88	18.28	12.53	7.95	07/01/1994
All Public Plans (>\$5B) Total Fund Median	0.67	4.64	6.02	4.25	10.21	7.31	7.18	7.13	9.22	11.35	-9.52	16.83	12.01	8.04	
Rank	88	54	53	20	25	14	6	11	38	30	38	29	36	60	
Sheriffs' Retirement - Net	-0.09	3.89	5.10	4.54	10.44	7.48	7.39	7.05	8.75	11.45	-8.47	17.61	11.94	7.61	07/01/1994
Sheriffs' Benchmark	-0.50	3.99	4.53	4.01	11.14	6.95	7.02	N/A	8.94	12.67	-10.81	13.79	12.22	N/A	
Difference	0.41	-0.10	0.56	0.53	-0.70	0.54	0.37	N/A	-0.19	-1.23	2.34	3.82	-0.28	N/A	
Sheriffs' Retirement - Gross	0.06	4.39	5.97	5.29	11.17	8.17	8.02	7.61	9.66	12.20	-7.87	18.32	12.53	7.98	07/01/1994
All Public Plans (>\$5B) Total Fund Median	0.67	4.64	6.02	4.25	10.21	7.31	7.18	7.13	9.22	11.35	-9.52	16.83	12.01	8.04	
Rank	88	55	53	20	25	15	6	11	38	30	38	29	36	58	
Highway Patrol Retirement - Net	-0.09	3.89	5.10	4.53	10.44	7.48	7.39	7.06	8.75	11.42	-8.46	17.62	11.94	7.60	07/01/1994
Highway Patrol Benchmark	-0.50	3.99	4.54	3.99	11.13	6.95	7.02	N/A	8.95	12.59	-10.79	13.80	12.24	N/A	
Difference	0.41	-0.10	0.56	0.54	-0.69	0.54	0.37	N/A	-0.19	-1.17	2.33	3.83	-0.30	N/A	
Highway Patrol Retirement - Gross	0.06	4.40	5.98	5.28	11.17	8.17	8.02	7.62	9.66	12.17	-7.87	18.33	12.53	7.98	07/01/1994
All Public Plans (>\$5B) Total Fund Median	0.67	4.64	6.02	4.25	10.21	7.31	7.18	7.13	9.22	11.35	-9.52	16.83	12.01	8.04	
Rank	88	55	53	20	25	15	6	11	38	30	38	29	36	58	

Net performance shown is net of all manager fees and expenses (Net-All). All Public Plans > \$5B Total Fund Median is reported gross of fees. Benchmark returns reflect unmanaged indices which are not impacted by management fees. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments
Comparative Performance
Retirement Plans

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Game Wardens' Retirement - Net	-0.09	3.90	5.10	4.54	10.44	7.48	7.38	7.03	8.75	11.43	-8.48	17.62	11.91	7.61	07/01/1994
Game Wardens' Benchmark	-0.49	4.00	4.55	3.99	11.13	6.93	7.01	N/A	8.95	12.60	-10.82	13.79	12.18	N/A	
Difference	0.40	-0.11	0.56	0.54	-0.69	0.54	0.37	N/A	-0.19	-1.17	2.35	3.82	-0.27	N/A	
Game Wardens' Retirement - Gross	0.06	4.40	5.98	5.28	11.17	8.17	8.02	7.58	9.67	12.18	-7.88	18.32	12.50	7.99	07/01/1994
All Public Plans (>\$5B) Total Fund Median	0.67	4.64	6.02	4.25	10.21	7.31	7.18	7.13	9.22	11.35	-9.52	16.83	12.01	8.04	
Rank	88	55	53	20	25	15	6	12	38	30	38	29	37	58	
Judges' Retirement - Net	-0.09	3.90	5.10	4.54	10.45	7.48	7.39	7.06	8.76	11.46	-8.50	17.63	11.94	7.61	07/01/1994
Judges' Benchmark	-0.49	4.00	4.54	4.03	11.16	6.96	7.03	N/A	8.96	12.73	-10.84	13.80	12.22	N/A	
Difference	0.40	-0.11	0.56	0.51	-0.71	0.53	0.36	N/A	-0.20	-1.28	2.35	3.83	-0.28	N/A	
Judges' Retirement - Gross	0.06	4.40	5.98	5.29	11.17	8.17	8.02	7.62	9.67	12.21	-7.91	18.34	12.53	7.99	07/01/1994
All Public Plans (>\$5B) Total Fund Median	0.67	4.64	6.02	4.25	10.21	7.31	7.18	7.13	9.22	11.35	-9.52	16.83	12.01	8.04	
Rank	88	55	53	20	25	15	6	11	38	30	38	29	36	58	
Volunteer Firefighters' Retirement - Net	-0.09	3.90	5.11	4.53	10.44	7.48	7.37	7.04	8.76	11.44	-8.50	17.61	11.94	7.44	07/01/1994
Volunteer Firefighters' Benchmark	-0.50	4.01	4.54	3.99	11.15	6.95	7.02	N/A	8.96	12.66	-10.86	13.85	12.18	N/A	
Difference	0.41	-0.10	0.57	0.54	-0.70	0.54	0.35	N/A	-0.19	-1.22	2.36	3.76	-0.24	N/A	
Volunteer Firefighters' Retirement - Gross	0.06	4.40	5.98	5.28	11.17	8.17	8.00	7.60	9.68	12.19	-7.91	18.31	12.53	7.82	07/01/1994
All Public Plans (>\$5B) Total Fund Median	0.67	4.64	6.02	4.25	10.21	7.31	7.18	7.13	9.22	11.35	-9.52	16.83	12.01	8.04	
Rank	88	54	53	20	25	15	7	11	38	30	38	29	36	66	

Net performance shown is net of all manager fees and expenses (Net-All). All Public Plans > \$5B Total Fund Median is reported gross of fees.
Benchmark returns reflect unmanaged indices which are not impacted by management fees. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments
Asset Allocation by Segment
Retirement Plans

As of March 31, 2025

	Consolidated Asset Pension Pool (CAPP)		Short Term Investment Pool (STIP)		Total Fund	
	(\$)	%	(\$)	%	(\$)	%
Public Employees' Retirement	7,230,494,420	48.08	79,082,029	39.42	7,309,576,449	47.97
Teachers' Retirement	5,103,739,760	33.94	92,722,776	46.22	5,196,462,537	34.10
Firefighters' Retirement	716,840,889	4.77	7,443,197	3.71	724,284,086	4.75
Police Retirement	633,558,319	4.21	6,469,096	3.22	640,027,414	4.20
Sheriffs' Retirement	574,104,945	3.82	6,188,275	3.08	580,293,221	3.81
Game Wardens' Retirement	359,773,462	2.39	4,129,609	2.06	363,903,071	2.39
Highway Patrol Retirement	225,095,124	1.50	2,601,397	1.30	227,696,522	1.49
Judges' Retirement	139,377,092	0.93	1,443,021	0.72	140,820,112	0.92
Volunteer Firefighters' Retirement	54,100,261	0.36	551,030	0.27	54,651,291	0.36
Retirement Plans Total Fund Composite	15,037,084,273	98.68	200,630,430	1.32	15,237,714,703	100.00

March 31, 2025 : \$15,237,714,703



Segments	Market Value (\$)	Allocation (%)
CAPP Ex Cash	14,942,980,234	98.07
CAPP Cash Pension	74,515,116	0.49
CAPP Asset Class Cash	19,588,923	0.13
Short Term Investment Pool (STIP)	200,630,430	1.32
Total Cash	294,734,469	1.93

Allocations shown may not sum up to 100% exactly due to rounding. Retirement Plan market values may differ from State Street due to uninvested amounts not included in segment totals.



	Market Value (\$)	Allocation (%)
Consolidated Asset Pension Pool (CAPP)	15,037,084,323	55.68
Short Term Investment Pool	8,523,135,020	31.56
Trust Funds Investment Pool	3,444,759,049	12.76

Allocations shown may not sum up to 100% exactly due to rounding. Market values do not include pending transactions.

Montana Board of Investments
Comparative Performance
Investment Pools

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Consolidated Asset Pension Pool (CAPP)	-0.10	3.90	5.10	4.54	10.54	7.56	N/A	8.79	11.53	-8.60	17.83	12.10	7.94	04/01/2017
CAPP Custom Benchmark	-0.51	4.01	4.54	4.01	11.25	7.02	N/A	9.00	12.80	-10.99	13.95	12.38	7.32	
Difference	0.41	-0.10	0.56	0.52	-0.71	0.54	N/A	-0.20	-1.28	2.39	3.87	-0.28	0.62	
Trust Funds Investment Pool	2.18	4.21	4.17	0.54	1.15	2.55	2.45	0.73	2.59	-6.26	1.49	7.23	5.25	10/01/1995
Trust Fund Custom Benchmark	2.49	4.11	3.61	0.27	0.60	2.30	1.97	-0.36	1.24	-5.04	0.71	7.51	4.46	
Difference	-0.31	0.10	0.56	0.28	0.55	0.24	0.47	1.09	1.35	-1.22	0.78	-0.28	0.79	
Short Term Investment Pool	1.10	3.68	5.08	4.40	2.72	2.55	2.01	5.33	5.13	1.67	0.11	0.73	2.49	04/01/1997
Short Term Custom Index	1.09	3.69	5.11	4.49	2.70	2.49	1.97	5.42	5.28	1.69	0.04	0.36	2.43	
Difference	0.02	-0.01	-0.04	-0.09	0.02	0.06	0.04	-0.09	-0.15	-0.02	0.07	0.37	0.07	
iMoney.net Money Fund (Gross) Median	1.12	3.69	5.10	4.55	2.82	2.66	2.10	5.35	5.38	1.83	0.15	0.73	2.50	
Difference	-0.01	-0.01	-0.02	-0.15	-0.10	-0.11	-0.09	-0.02	-0.25	-0.16	-0.05	0.00	-0.01	

Performance shown is net of all manager fees and expenses (Net-All). Benchmark returns reflect unmanaged indices which are not impacted by management fees. Fiscal year ends on 06/30. See the Addendum for custom index specification. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments
Asset Allocation
Consolidated Asset Pension Pool (CAPP)

As of March 31, 2025

March 31, 2025 : \$15,037,084,451



	Market Value (\$)	Allocation (%)
Domestic Equity	3,947,315,520	26.25
Private Investments	2,687,596,580	17.87
International Equity	2,230,062,790	14.83
Core Fixed Income	2,151,930,069	14.31
Real Estate	1,892,079,122	12.58
Non-Core Fixed Income	1,101,661,650	7.33
Real Assets	951,923,604	6.33
Cash Pension	74,515,116	0.50

Allocations shown may not sum up to 100% due to rounding.

Montana Board of Investments
Comparative Performance
Consolidated Asset Pension Pool (CAPP)

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Equity	-5.07	3.42	6.42	7.84	18.16	12.02	11.39	22.94	25.70	-18.98	27.17	20.09	10.07	05/01/2003
Domestic Equity Custom Index	-4.80	3.72	7.20	8.27	18.35	12.61	12.02	23.82	26.25	-19.22	26.12	21.10	10.73	
Difference	-0.27	-0.30	-0.78	-0.43	-0.20	-0.59	-0.63	-0.88	-0.55	0.24	1.04	-1.01	-0.67	
International Equity	4.27	5.37	6.09	4.08	11.01	4.37	5.23	6.45	14.91	-17.62	7.83	13.35	4.91	04/01/1997
International Equity Custom Index	4.59	4.54	5.50	3.99	11.02	4.29	5.02	5.23	15.62	-16.58	8.53	11.12	5.14	
Difference	-0.32	0.83	0.59	0.09	-0.02	0.08	0.21	1.22	-0.71	-1.04	-0.70	2.23	-0.23	
Core Fixed Income	2.91	4.50	4.80	0.71	-0.01	1.65	1.52	1.18	5.43	-11.91	-1.54	8.23	5.00	04/01/1995
Core Fixed Income Custom Index	2.78	4.81	4.88	0.52	-0.40	1.29	1.22	1.25	5.53	-13.01	-1.54	7.51	4.40	
Difference	0.13	-0.31	-0.08	0.20	0.39	0.37	0.30	-0.07	-0.10	1.10	0.00	0.73	0.60	
Non-Core Fixed Income	1.13	5.79	6.46	4.01	5.84	4.06	4.01	7.21	11.10	-11.25	3.21	6.37	6.57	06/01/2009
Bloomberg US HY 2% Issuer Cap Index	1.00	6.53	7.69	4.98	7.28	4.93	5.01	8.19	13.44	-11.18	5.26	7.05	7.64	
Difference	0.13	-0.73	-1.23	-0.97	-1.44	-0.87	-1.00	-0.99	-2.35	-0.07	-2.05	-0.68	-1.06	
Real Assets	1.42	5.56	6.64	9.21	11.59	5.97	N/A	8.18	8.48	15.88	21.24	-13.43	5.93	04/01/2017
Real Assets Custom Index	9.41	9.38	9.49	3.64	14.04	2.78	3.24	2.60	4.39	1.36	13.32	-12.32	3.92	
Difference	-7.99	-3.82	-2.86	5.58	-2.45	3.18	N/A	5.58	4.09	14.52	7.91	-1.11	2.01	
Real Estate	0.66	0.87	-0.06	0.31	4.96	5.13	6.66	-2.42	-5.76	12.00	20.00	-0.35	4.15	06/01/2006
Real Estate Custom Index	0.96	0.32	-2.27	-3.14	4.12	2.23	3.20	-8.04	-12.88	20.96	13.64	-19.66	3.92	
Difference	-0.30	0.55	2.20	3.45	0.84	2.90	3.46	5.62	7.13	-8.96	6.36	19.31	0.23	
Cash Pension	1.22	3.92	5.94	5.18	3.17	2.88	N/A	6.28	6.01	2.06	0.13	0.84	2.69	05/01/2017
Short Term Custom Index	1.09	3.69	5.11	4.49	2.70	2.49	1.97	5.42	5.28	1.69	0.04	0.36	2.36	
Difference	0.13	0.23	0.83	0.69	0.48	0.39	N/A	0.86	0.72	0.37	0.08	0.47	0.33	
Private Investments*	0.05	3.40	4.52	5.13	12.73	12.16	11.77	5.14	6.08	5.94	39.81	10.91	12.26	05/01/2002
Private Investments Custom Index	-5.79	2.35	0.17	3.73	16.47	7.85	9.09	11.52	17.46	-13.86	16.54	18.90	10.47	
Difference	5.85	1.05	4.35	1.40	-3.73	4.32	2.68	-6.38	-11.38	19.79	23.27	-7.99	1.79	

*Performance is based on the prior quarter's fair market value adjusted for cash flows during the most recent quarterly period.

Performance shown is net of all manager fees and expenses (Net-All). Benchmark returns reflect unmanaged indices which are not impacted by management fees. Fiscal year ends on 06/30. Please see Addendum for custom index specification. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

**Montana Board of Investments
Comparative Performance
Investment Pools**

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Equity	-5.06	3.45	6.59	7.93	18.32	12.23	11.63	23.14	25.77	-18.95	27.47	20.37	10.33	05/01/2003
All Public Plans-US Equity Segment Median	-3.88	3.62	5.87	7.01	17.50	11.02	10.54	20.73	23.18	-18.06	24.45	18.90	10.16	
Rank	82	54	41	24	25	22	21	28	21	63	30	31	36	
Population	64	64	64	60	53	52	48	66	61	65	70	67	12	
International Equity	4.29	5.42	6.29	4.24	11.25	4.63	5.52	6.66	15.06	-17.46	8.18	13.71	5.30	04/01/1997
All Public Plans-Intl. Equity Segment Median	5.00	5.17	5.54	5.15	11.58	5.25	6.06	5.59	17.01	-16.87	9.33	12.71	N/A	
Rank	55	46	38	64	60	69	77	35	75	57	73	44	N/A	
Population	60	60	60	58	55	54	53	62	60	65	69	68	N/A	
Core Fixed Income	2.92	4.52	4.83	0.75	0.04	1.70	1.56	1.21	5.47	-11.87	-1.48	8.29	5.12	04/01/1995
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	2.80	5.05	5.33	0.94	0.48	2.09	1.97	1.90	5.99	-12.95	-1.24	8.33	4.98	
Rank	26	96	96	66	73	84	85	94	87	14	64	52	24	
Population	123	123	123	122	121	118	116	132	142	150	156	163	54	
Non-Core Fixed Income	1.15	5.82	6.89	4.32	6.21	4.49	4.47	7.64	11.43	-11.05	3.64	6.91	7.08	06/01/2009
IM U.S. High Yield Bonds (SA+CF) Median	1.06	5.91	7.32	5.03	7.24	4.98	5.03	8.17	12.73	-9.26	5.34	6.58	7.67	
Rank	42	54	74	87	83	85	81	66	76	83	91	45	77	
Population	133	132	132	130	126	121	115	142	160	172	173	186	86	
Trust Funds Investment Pool	2.22	4.35	4.50	0.82	1.36	2.72	2.59	1.07	2.84	-6.02	1.59	7.30	5.34	10/01/1995
All Public Plans-US Fixed Income Segment Median	2.48	4.54	4.83	1.12	1.21	2.47	2.20	1.98	5.79	-11.80	-0.11	8.62	N/A	
Rank	73	66	67	61	47	31	35	71	87	14	12	78	N/A	
Population	67	66	66	63	56	54	52	65	63	70	73	74	N/A	
Real Estate	0.90	1.48	0.96	1.41	6.11	6.45	8.06	-1.42	-4.54	13.02	21.37	1.11	5.53	06/01/2006
All Public Plans-Real Estate Segment Median	0.79	2.10	1.79	0.00	5.17	6.03	7.35	-1.90	-6.02	13.88	20.84	1.66	N/A	
Rank	45	65	65	33	28	41	35	44	41	56	47	72	N/A	
Population	49	45	44	42	32	26	20	40	40	42	41	38	N/A	

Performance shown is gross of fees. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments
Comparative Performance
Equity Composites

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Large Cap Equity - Net	-4.48	4.02	8.25	8.96	18.92	13.36	12.52	25.16	27.18	-19.30	28.39	21.44	9.91	12/01/2006
S&P 500 Index (Cap Wtd)	-4.27	3.80	8.25	9.06	18.59	13.25	12.50	25.02	26.29	-18.11	28.71	18.40	9.99	
Difference	-0.21	0.22	0.00	-0.11	0.32	0.11	0.01	0.14	0.89	-1.19	-0.32	3.04	-0.08	
Domestic Large Cap Equity - Gross	-4.48	4.03	8.26	8.97	19.00	13.48	12.64	25.17	27.19	-19.29	28.61	21.66	10.10	12/01/2006
IM U.S. Large Cap Equity (SA+CF) Median	-4.17	3.83	6.93	8.73	18.41	12.57	12.02	23.00	25.10	-16.99	27.41	18.36	10.04	
Rank	57	47	25	45	35	32	34	35	34	68	37	34	47	
Domestic Mid Cap Equity - Net	-5.76	1.23	-2.20	4.51	17.02	8.45	8.14	13.83	16.39	-13.07	25.15	13.53	8.62	01/01/2005
Russell Mid Cap Index	-3.40	6.15	2.59	4.62	16.28	9.18	8.82	15.34	17.23	-17.32	22.58	17.10	9.28	
Difference	-2.35	-4.92	-4.80	-0.11	0.74	-0.72	-0.68	-1.51	-0.84	4.24	2.57	-3.57	-0.66	
Domestic Mid Cap Equity - Gross	-5.76	1.23	-2.20	4.51	17.02	8.52	8.38	13.83	16.39	-13.07	25.15	13.53	8.99	01/01/2005
IM U.S. Mid Cap Equity (SA+CF) Median	-4.34	3.41	-0.50	4.39	16.18	9.16	9.20	13.91	18.44	-13.97	24.74	14.25	9.92	
Rank	60	67	62	44	40	62	72	51	67	43	44	58	82	
Domestic Small Cap Equity - Net	-7.94	1.02	-2.37	2.49	16.13	7.35	7.81	11.69	18.15	-16.81	27.56	13.07	10.70	03/01/2003
Russell 2000 Index	-9.48	-0.75	-4.01	0.52	13.27	5.41	6.30	11.54	16.93	-20.44	14.82	19.96	9.55	
Difference	1.54	1.77	1.64	1.97	2.86	1.94	1.51	0.15	1.22	3.62	12.74	-6.89	1.15	
Domestic Small Cap Equity - Gross	-7.94	1.04	-2.35	2.52	16.30	7.59	8.16	11.72	18.18	-16.79	28.00	13.50	11.16	03/01/2003
IM U.S. Small Cap Equity (SA+CF) Median	-8.35	-0.20	-2.96	2.47	15.83	7.66	8.19	12.54	17.48	-16.60	23.76	17.64	11.51	
Rank	43	39	46	50	44	54	51	58	45	52	33	59	57	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. A peer group of similar managers may not exist for all composites. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

**Montana Board of Investments
Comparative Performance
Equity Composites**

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
International Large Cap Passive - Net	5.57	5.06	6.37	4.67	11.00	4.54	5.24	5.33	15.68	-15.86	7.76	10.81	6.31	06/01/2009
MSCI ACW Ex US Index (USD) (Net)	5.23	5.08	6.09	4.48	10.92	4.47	4.98	5.53	15.62	-16.00	7.82	10.65	6.13	
Difference	0.33	-0.02	0.29	0.19	0.08	0.07	0.26	-0.21	0.07	0.14	-0.06	0.16	0.18	
International Large Cap Passive - Gross	5.58	5.08	6.41	4.70	11.04	4.59	5.30	5.36	15.71	-15.82	7.82	10.87	6.38	06/01/2009
International Equity Active - Net	3.75	5.91	6.21	3.63	11.21	4.41	5.71	7.45	13.90	-19.26	7.77	15.91	4.03	04/01/1997
MSCI ACW Ex US Index (USD) (Net)	5.23	5.08	6.09	4.48	10.92	4.47	4.98	5.53	15.62	-16.00	7.82	10.65	N/A	
Difference	-1.49	0.83	0.12	-0.86	0.29	-0.06	0.73	1.92	-1.72	-3.26	-0.05	5.25	N/A	
International Equity Active - Gross	3.87	6.30	6.74	4.16	11.77	4.94	6.25	7.99	14.48	-18.82	8.30	16.50	4.56	04/01/1997
IM International Large Cap Core Equity (SA+CF) Median	6.60	6.24	6.83	6.39	12.66	5.90	6.27	6.20	17.94	-15.91	11.92	11.69	7.07	
Rank	84	50	53	84	68	83	52	30	88	75	79	28	100	
International Value - Net	5.98	10.56	11.49	6.44	13.35	5.56	6.31	11.15	14.97	-13.14	9.32	9.31	3.73	11/01/2006
MSCI ACW Ex US Val Index (USD) (Net)	8.58	9.96	11.35	7.23	13.62	4.57	4.71	6.04	17.30	-8.59	10.46	-0.77	3.34	
Difference	-2.60	0.60	0.14	-0.79	-0.28	0.99	1.60	5.11	-2.34	-4.55	-1.14	10.09	0.39	
International Value - Gross	6.09	10.92	11.98	6.92	13.88	6.07	6.83	11.64	15.49	-12.73	9.85	9.87	4.29	11/01/2006
IM International Large Cap Value Equity (SA+CF) Median	8.97	9.39	9.76	7.95	14.12	5.97	6.34	5.15	18.77	-8.96	12.36	4.44	5.21	
Rank	72	36	33	66	54	48	31	5	81	71	68	26	83	
International Growth - Net	0.91	-0.77	-1.99	0.55	7.36	3.28	4.34	0.73	13.80	-23.99	3.79	23.08	3.31	11/01/2006
MSCI ACW Ex US Grth Index (USD) (Net)	1.96	0.43	1.15	1.75	8.11	4.13	5.06	5.07	14.03	-23.05	5.09	22.20	4.25	
Difference	-1.05	-1.20	-3.14	-1.20	-0.75	-0.84	-0.72	-4.34	-0.23	-0.94	-1.31	0.88	-0.93	
International Growth - Gross	1.04	-0.40	-1.49	1.06	7.91	3.83	4.91	1.24	14.39	-23.58	4.33	23.74	3.85	11/01/2006
IM International Large Cap Growth Equity (SA+CF) Median	2.45	2.17	1.71	3.27	10.36	6.04	6.71	4.01	17.12	-22.09	10.93	22.45	5.68	
Rank	67	69	73	77	83	91	97	78	82	53	85	47	100	
International Small Cap - Net	2.57	5.24	7.01	2.71	12.52	3.49	5.78	8.93	14.01	-21.69	11.57	14.63	4.81	09/01/2006
MSCI ACWI Ex US Sm Cap Index IMI (USD) (Net)	0.64	1.21	1.87	0.99	11.84	3.22	5.32	3.36	15.66	-19.97	12.93	14.24	5.04	
Difference	1.93	4.03	5.14	1.73	0.68	0.27	0.46	5.57	-1.65	-1.71	-1.36	0.39	-0.23	

Gross of fees performance is not available (N/A) for the International Small Cap composite which currently consists of Acadian Ex US Small Cap (SA) and BlackRock ACW Ex US Sm Cap Index (CF).

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. A peer group of similar managers may not exist for all composites. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments
Comparative Performance
Domestic Equity Managers

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Large Cap Equity														
BlackRock MSCI US Equity Index (SA) - Net	-4.51	3.95	8.15	8.85	18.57	N/A	N/A	25.04	27.11	-19.46	26.95	21.33	13.83	04/01/2019
MSCI US Index (USD) (Gross)	-4.51	3.97	8.17	8.85	18.58	13.21	12.41	25.08	27.10	-19.46	26.97	21.37	13.85	
Difference	0.00	-0.02	-0.03	-0.01	-0.02	N/A	N/A	-0.04	0.01	0.00	-0.02	-0.05	-0.02	
BlackRock MSCI US Equity Index (SA) - Gross	-4.51	3.96	8.16	8.86	18.58	N/A	N/A	25.05	27.12	-19.45	26.96	21.34	13.84	04/01/2019
IM U.S. Large Cap Core Equity (SA+CF) Median	-4.24	3.55	6.88	9.03	18.31	12.75	12.10	24.18	24.70	-16.47	27.77	17.72	13.65	
Rank	58	38	31	54	46	N/A	N/A	41	30	79	56	29	43	
Northern Trust MSCI US Index (SA) - Net	-4.52	3.95	8.14	8.85	18.57	N/A	N/A	25.05	27.12	-19.46	26.97	21.34	13.86	11/01/2018
MSCI US Index (USD) (Gross)	-4.51	3.97	8.17	8.85	18.58	13.21	12.41	25.08	27.10	-19.46	26.97	21.37	13.87	
Difference	-0.01	-0.02	-0.03	-0.01	-0.01	N/A	N/A	-0.03	0.02	0.00	0.00	-0.03	0.00	
Northern Trust MSCI US Index (SA) - Gross	-4.52	3.96	8.16	8.86	18.58	N/A	N/A	25.06	27.13	-19.45	26.98	21.36	13.88	11/01/2018
IM U.S. Large Cap Core Equity (SA+CF) Median	-4.24	3.55	6.88	9.03	18.31	12.75	12.10	24.18	24.70	-16.47	27.77	17.72	13.61	
Rank	58	38	31	54	46	N/A	N/A	41	30	79	56	29	43	
iShares:Core S&P Tot USM (ITOT) - Net	-4.86	3.77	7.21	8.18	N/A	N/A	N/A	23.71	26.41	-19.46	N/A	N/A	6.76	12/01/2021
S&P Tot Mkt Index	-4.87	3.73	7.09	8.11	18.08	12.37	11.72	23.88	26.06	-19.53	25.66	20.79	6.69	
Difference	0.01	0.05	0.12	0.06	N/A	N/A	N/A	-0.17	0.35	0.07	N/A	N/A	0.07	
iShares:Core S&P 500 (IVV) - Net	-4.25	3.77	8.33	8.86	N/A	N/A	N/A	24.88	25.74	-17.03	N/A	N/A	8.30	12/01/2021
S&P 500 Index (Cap Wtd)	-4.27	3.80	8.25	9.06	18.59	13.25	12.50	25.02	26.29	-18.11	28.71	18.40	8.02	
Difference	0.02	-0.04	0.08	-0.20	N/A	N/A	N/A	-0.14	-0.55	1.08	N/A	N/A	0.28	
Domestic Mid Cap Equity														
iShares:Core S&P Md-Cp (IJH) - Net	-5.76	1.23	-2.20	4.51	17.02	8.20	N/A	13.83	16.39	-13.07	25.15	13.53	8.18	07/01/2017
S&P Mid Cap 400 Index (Cap Wtd)	-6.10	0.77	-2.70	4.42	16.91	8.20	8.43	13.93	16.44	-13.06	24.76	13.66	8.56	
Difference	0.34	0.46	0.50	0.09	0.11	-0.01	N/A	-0.09	-0.05	-0.01	0.39	-0.12	-0.38	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. A peer group of similar managers may not exist for all funds. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments
Comparative Performance
Domestic Equity Managers

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Small Cap Equity														
BlackRock MSCI USA Small Cap Index (SA) - Net	-7.76	1.25	-2.25	N/A	N/A	N/A	N/A	11.98	18.40	N/A	N/A	N/A	7.17	09/01/2022
MSCI US Sm Cap Index (USD) (Net)	-7.85	0.99	-2.60	2.05	15.45	7.03	7.37	11.57	17.86	-17.55	19.11	18.32	6.72	
Difference	0.09	0.27	0.35	N/A	N/A	N/A	N/A	0.41	0.54	N/A	N/A	N/A	0.45	
BlackRock MSCI USA Small Cap Index (SA) - Gross	-7.75	1.28	-2.22	N/A	N/A	N/A	N/A	12.01	18.43	N/A	N/A	N/A	7.20	09/01/2022
IM U.S. Small Cap Core Equity (SA+CF) Median	-8.11	0.37	-1.98	2.80	16.13	7.88	8.34	12.32	17.26	-16.11	24.21	18.90	7.66	
Rank	42	43	52	N/A	N/A	N/A	N/A	55	38	N/A	N/A	N/A	57	
iShares:Core S&P Sm-Cp (IJR) - Net	-8.96	-0.26	-3.39	N/A	N/A	N/A	N/A	8.50	15.85	N/A	N/A	N/A	4.45	11/01/2022
S&P Sm Cap 600 Index (Cap Wtd)	-8.93	-0.28	-3.38	0.71	15.09	6.16	7.52	8.70	16.05	-16.10	26.82	11.29	4.66	
Difference	-0.04	0.03	0.00	N/A	N/A	N/A	N/A	-0.19	-0.20	N/A	N/A	N/A	-0.22	

Gross of fees performance is not available (N/A) for the following funds: iShares:Core S&P Tot USM (ITOT), iShares:Core S&P 500 (IVV), iShares:Core S&P Md-Cp (IJH), and iShares:Core S&P Sm-Cp (IJR).

The current annual expense ratios for the iShares:Core S&P Tot USM (ITOT), iShares:Core S&P 500 (IVV), iShares:Core S&P Md-Cp (IJH), and iShares:Core S&P Sm-Cp (IJR) are 0.03%, 0.03%, 0.05%, and 0.06%, respectively.

See the Addendum for custom index specification.

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. A peer group of similar managers may not exist for all funds. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments
Comparative Performance
International Equity Managers

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
International Developed Large Cap Equity														
Acadian Asset Non-US Equity (SA) - Net	5.72	13.15	16.73	7.41	15.84	6.91	8.31	17.22	13.66	-13.02	16.67	8.89	5.01	11/01/2006
MSCI ACW Ex US Val Index (USD) (Net)	8.58	9.96	11.35	7.23	13.62	4.57	4.71	6.04	17.30	-8.59	10.46	-0.77	3.34	
Difference	-2.86	3.19	5.37	0.17	2.22	2.33	3.60	11.18	-3.64	-4.43	6.22	9.66	1.67	
Acadian Asset Non-US Equity (SA) - Gross	5.84	13.53	17.25	7.89	16.38	7.42	8.85	17.74	14.18	-12.61	17.23	9.45	5.56	11/01/2006
IM ACWI Ex US Value (SA+CF) Median	6.33	8.98	9.43	7.62	14.09	5.96	6.55	7.20	19.95	-11.11	11.13	6.65	5.14	
Rank	60	10	7	45	29	27	8	4	89	61	9	44	35	
Lazard Asset Management (SA) - Net	6.33	7.18	4.99	5.10	11.00	4.19	N/A	3.70	16.54	-13.28	4.11	9.59	4.47	06/01/2015
Lazard Custom Index	5.23	5.08	6.09	4.48	10.92	4.28	4.50	5.53	15.62	-16.00	7.82	10.65	4.21	
Difference	1.10	2.10	-1.10	0.62	0.08	-0.09	N/A	-1.83	0.92	2.73	-3.72	-1.06	0.26	
Lazard Asset Management (SA) - Gross	6.44	7.53	5.44	5.58	11.52	4.69	N/A	4.16	17.06	-12.84	4.62	10.14	4.99	06/01/2015
IM ACWI Ex US Value (SA+CF) Median	6.33	8.98	9.43	7.62	14.09	5.96	6.55	7.20	19.95	-11.11	11.13	6.65	6.21	
Rank	50	55	71	72	86	78	N/A	72	65	62	94	40	75	
BlackRock ACW Ex US SuperFund A (CF) - Net	5.51	5.16	6.35	4.68	11.11	4.68	5.18	5.49	15.74	-15.77	8.00	10.80	6.33	06/01/2009
MSCI ACW Ex US Index (USD) (Net)	5.23	5.08	6.09	4.48	10.92	4.47	4.98	5.53	15.62	-16.00	7.82	10.65	6.13	
Difference	0.28	0.08	0.27	0.19	0.19	0.22	0.21	-0.05	0.12	0.23	0.17	0.15	0.20	
BlackRock ACW Ex US SuperFund A (CF) - Gross	5.52	5.19	6.40	4.72	11.16	4.74	5.25	5.53	15.77	-15.72	8.07	10.88	6.41	06/01/2009
IM All ACWI Ex US (SA+CF) Median	5.55	5.66	6.80	5.48	12.10	5.60	6.25	6.10	17.13	-16.92	9.74	14.84	7.78	
Rank	51	55	54	65	64	77	79	56	67	43	64	60	91	
iShares:Core MSCI EAFE (IEFA) - Net	7.64	5.83	5.45	N/A	N/A	N/A	N/A	3.30	18.26	N/A	N/A	N/A	17.04	11/01/2022
MSCI EAFE IM Index (USD) (Net)	6.42	5.29	4.64	5.30	11.49	4.91	5.37	3.55	17.51	-15.53	11.08	8.47	16.34	
Difference	1.22	0.54	0.80	N/A	N/A	N/A	N/A	-0.25	0.76	N/A	N/A	N/A	0.71	
Baillie Gifford (SA) - Net	1.51	1.22	0.36	-1.45	5.87	2.54	N/A	2.39	9.48	-31.43	1.69	34.22	3.92	06/01/2015
MSCI ACW Ex US Grth Index (USD) (Net)	1.96	0.43	1.15	1.75	8.11	4.13	5.06	5.07	14.03	-23.05	5.09	22.20	4.81	
Difference	-0.45	0.79	-0.79	-3.20	-2.24	-1.58	N/A	-2.68	-4.55	-8.38	-3.40	12.02	-0.88	
Baillie Gifford (SA) - Gross	1.62	1.58	0.84	-0.98	6.37	3.03	N/A	2.88	10.01	-31.11	2.16	34.86	4.43	06/01/2015
IM ACWI Ex US Growth (SA+CF) Median	3.48	2.43	2.79	3.96	10.24	5.57	6.65	5.30	16.72	-23.43	9.20	22.06	6.22	
Rank	62	62	66	99	99	97	N/A	72	97	92	91	13	99	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. A peer group of similar managers may not exist for all funds. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences. See the Addendum for custom index specification.

Montana Board of Investments
Comparative Performance
International Equity Managers

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Invesco (SA) - Net	0.55	-1.97	-3.40	2.03	8.46	3.82	N/A	-0.26	16.78	-17.80	5.60	14.84	3.99	06/01/2015
MSCI ACW Ex US Grth Index (USD) (Net)	1.96	0.43	1.15	1.75	8.11	4.13	5.06	5.07	14.03	-23.05	5.09	22.20	4.81	
Difference	-1.41	-2.40	-4.55	0.27	0.35	-0.30	N/A	-5.33	2.75	5.26	0.50	-7.36	-0.81	
Invesco (SA) - Gross	0.67	-1.59	-2.89	2.58	9.06	4.41	N/A	0.26	17.41	-17.32	6.20	15.51	4.61	06/01/2015
IM ACWI Ex US Growth (SA+CF) Median	3.48	2.43	2.79	3.96	10.24	5.57	6.65	5.30	16.72	-23.43	9.20	22.06	6.22	
Rank	79	84	86	67	75	84	N/A	96	40	22	78	83	97	
International Developed Small Cap Equity														
BlackRock ACW Ex US Sm Cap Index (CF) - Net	0.98	1.25	2.13	1.02	11.85	3.37	5.49	3.12	15.26	-19.65	12.84	14.45	6.29	02/01/2012
MSCI ACWI Ex US Sm Cap Index (USD) (Net)	0.64	1.21	1.87	0.99	11.84	3.22	5.32	3.36	15.66	-19.97	12.93	14.24	6.12	
Difference	0.34	0.04	0.26	0.03	0.02	0.15	0.17	-0.24	-0.40	0.32	-0.08	0.21	0.17	
BlackRock ACW Ex US Sm Cap Index (CF) - Gross	1.00	1.29	2.19	1.09	11.95	3.47	5.61	3.18	15.32	-19.57	12.98	14.50	6.42	02/01/2012
IM International Small Cap Equity (SA+CF) Median	3.49	4.63	4.46	2.95	12.56	4.22	6.96	4.30	15.09	-21.53	13.74	13.95	8.68	
Rank	75	77	69	63	52	64	76	60	48	40	57	49	90	
Acadian Ex US Small Cap (SA) - Net	3.26	7.04	9.27	3.44	N/A	N/A	N/A	11.99	12.23	N/A	N/A	N/A	4.40	03/01/2022
MSCI ACW Ex US Sm Cap Index (USD) (Net)	0.64	1.21	1.87	0.99	11.84	3.22	5.32	3.36	15.66	-19.97	12.93	14.24	1.29	
Difference	2.62	5.83	7.39	2.45	N/A	N/A	N/A	8.64	-3.43	N/A	N/A	N/A	3.11	
Acadian Ex US Small Cap (SA) - Gross	3.41	7.53	9.95	4.10	N/A	N/A	N/A	12.69	12.94	N/A	N/A	N/A	5.07	03/01/2022
IM International Small Cap Equity (SA+CF) Median	3.49	4.63	4.46	2.95	12.56	4.22	6.96	4.30	15.09	-21.53	13.74	13.95	2.42	
Rank	51	31	21	43	N/A	N/A	N/A	14	75	N/A	N/A	N/A	34	
International Emerging Equity														
iShares:Core MSCI EmMkts (IEMG) - Net	3.35	3.05	7.92	1.99	N/A	N/A	N/A	6.52	11.68	-21.88	N/A	N/A	-1.23	01/01/2022
MSCI Emg Mkts IM Index (USD) (Net)	1.70	1.39	6.60	1.46	8.77	1.84	3.82	7.09	11.67	-19.83	-0.28	18.39	-0.78	
Difference	1.65	1.65	1.32	0.53	N/A	N/A	N/A	-0.57	0.01	-2.04	N/A	N/A	-0.45	

Gross of fees performance is not available (N/A) for the following funds: iShares:Core MSCI EAFE (IEFA), International Equity Pool STIF, and iShares:Core MSCI EmMkts (IEMG). The current annual expense ratios for the iShares:Core MSCI EAFE (IEFA), and iShares:Core MSCI EmMkts (IEMG): are 0.07%, and 0.09%, respectively.

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. A peer group of similar managers may not exist for all funds. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences. See the Addendum for custom index specification.

Montana Board of Investments
Comparative Performance
Core Fixed Income Managers

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
US Fixed Income Aggregate - Net	2.92	4.52	4.83	0.72	-0.15	N/A	N/A	1.21	5.40	-11.87	-1.52	7.65	0.46	12/01/2019
Bloomberg US Agg Bond Index	2.78	4.81	4.88	0.52	-0.40	1.58	1.46	1.25	5.53	-13.01	-1.55	7.51	0.20	
Difference	0.14	-0.29	-0.05	0.21	0.25	N/A	N/A	-0.04	-0.13	1.14	0.02	0.15	0.27	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments
Comparative Performance
Non-Core Fixed Income Managers

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Neuberger Berman High Yield (SA) - Net	0.89	5.75	7.68	4.32	6.53	4.46	4.32	8.11	11.90	-11.34	4.76	6.30	5.93	01/01/2010
Bloomberg US HY 2% Issuer Cap Index	1.00	6.53	7.69	4.98	7.28	4.93	5.01	8.19	13.44	-11.18	5.26	7.05	6.38	
Difference	-0.11	-0.78	-0.01	-0.66	-0.75	-0.47	-0.69	-0.09	-1.55	-0.16	-0.50	-0.74	-0.45	
Neuberger Berman High Yield (SA) - Gross	0.94	5.90	7.90	4.53	6.78	4.77	4.67	8.33	12.12	-11.16	4.96	6.75	6.34	01/01/2010
IM U.S. High Yield Bonds (SA+CF) Median	1.06	5.91	7.32	5.03	7.23	4.95	5.03	8.19	12.73	-9.26	5.34	6.58	6.54	
Rank	61	51	22	80	71	64	70	45	65	84	60	46	59	
Oaktree US High Yield (SA) (CAPP) - Net	0.54	5.64	7.08	4.72	6.96	4.80	N/A	7.91	12.68	-9.92	4.91	6.56	4.38	01/01/2018
Bloomberg US HY 2% Issuer Cap Index	1.00	6.53	7.69	4.98	7.28	4.93	5.01	8.19	13.44	-11.18	5.26	7.05	4.63	
Difference	-0.46	-0.89	-0.61	-0.26	-0.32	-0.13	N/A	-0.29	-0.76	1.26	-0.35	-0.49	-0.25	
Oaktree US High Yield (SA) (CAPP) - Gross	0.63	5.93	7.48	5.10	7.38	5.24	N/A	8.31	13.10	-9.60	5.34	7.07	4.83	01/01/2018
IM U.S. High Yield Bonds (SA+CF) Median	1.06	5.91	7.32	5.03	7.24	4.98	5.03	8.17	12.73	-9.26	5.34	6.58	4.69	
Rank	86	48	44	44	47	36	N/A	45	39	54	50	43	42	
Shenkman High Yield Fixed Income (SA) (CAPP) - Net	0.90	5.46	6.79	4.68	6.58	4.68	N/A	7.26	12.06	-8.87	4.24	6.32	4.28	12/01/2017
Bloomberg US HY 2% Issuer Cap Index	1.00	6.53	7.69	4.98	7.28	4.93	5.01	8.19	13.44	-11.18	5.26	7.05	4.62	
Difference	-0.11	-1.06	-0.90	-0.29	-0.70	-0.25	N/A	-0.94	-1.38	2.31	-1.02	-0.73	-0.35	
Shenkman High Yield Fixed Income (SA) (CAPP) - Gross	1.00	5.77	7.21	5.09	7.02	5.13	N/A	7.67	12.50	-8.52	4.68	6.82	4.73	12/01/2017
IM U.S. High Yield Bonds (SA+CF) Median	1.06	5.91	7.32	5.03	7.24	4.98	5.03	8.17	12.73	-9.26	5.34	6.58	4.68	
Rank	57	57	58	44	60	41	N/A	66	55	38	71	46	47	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences. No peer group is shown for Cohen & Steers Preferred Securities (SA) due to the lack of suitable Preferred Securities peer groups.

Montana Board of Investments
Comparative Performance
Non-Core Fixed Income Managers

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Cohen & Steers Preferred Securities (SA) - Net	1.16	5.94	7.24	3.84	N/A	N/A	N/A	10.35	7.28	-11.53	3.70	N/A	3.21	11/01/2020
Cohen & Steers Preferred Securities Custom Benchmark	1.17	5.37	6.26	3.76	N/A	N/A	N/A	8.99	8.57	-12.02	2.72	N/A	2.72	
Difference	-0.01	0.56	0.98	0.08	N/A	N/A	N/A	1.36	-1.29	0.49	0.98	N/A	0.48	
Cohen & Steers Preferred Securities (SA) - Gross	1.24	6.19	7.59	4.18	N/A	N/A	N/A	10.70	7.64	-11.23	4.06	N/A	3.55	11/01/2020
Payden & Rygel EMD (SA) - Net	2.93	6.66	5.55	2.90	N/A	N/A	N/A	3.49	11.73	-15.45	-3.49	N/A	-0.69	01/01/2021
Payden & Rygel EMD Custom Benchmark	2.87	6.25	5.96	3.22	N/A	N/A	N/A	3.81	11.59	-15.97	-3.92	N/A	-0.91	
Difference	0.06	0.41	-0.41	-0.33	N/A	N/A	N/A	-0.32	0.13	0.52	0.43	N/A	0.22	
Payden & Rygel EMD (SA) - Gross	3.02	6.94	5.92	3.26	N/A	N/A	N/A	3.85	12.12	-15.15	-3.14	N/A	-0.34	01/01/2021
IM Emerging Markets Debt (SA+CF) Median	2.67	6.85	7.43	4.41	5.22	2.60	3.72	6.95	12.61	-11.96	-2.45	6.69	0.55	
Rank	40	44	66	85	N/A	N/A	N/A	64	58	69	58	N/A	75	
Zazove Convertible Bonds (SA) - Net	-0.34	4.96	2.79	N/A	N/A	N/A	N/A	5.82	N/A	N/A	N/A	N/A	5.31	04/01/2023
Bloomberg US Convert's Liquid Bond Index	-1.20	7.85	7.19	2.23	12.78	9.36	9.21	10.13	14.64	-20.06	3.07	54.45	9.20	
Difference	0.86	-2.89	-4.40	N/A	N/A	N/A	N/A	-4.30	N/A	N/A	N/A	N/A	-3.89	
Zazove Convertible Bonds (SA) - Gross	-0.23	5.32	3.27	N/A	N/A	N/A	N/A	6.32	N/A	N/A	N/A	N/A	5.83	04/01/2023
IM U.S. Convertible Bonds (SA+CF) Median	-0.68	5.40	5.53	1.93	9.55	6.83	6.43	9.26	8.13	-11.70	6.22	18.71	7.36	
Rank	47	52	86	N/A	N/A	N/A	N/A	74	N/A	N/A	N/A	N/A	78	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences. No peer group is shown for Cohen & Steers Preferred Securities (SA) due to the lack of suitable Preferred Securities peer groups.

Montana Board of Investments
Comparative Performance
TFIP Fixed Income Managers

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Trust Funds Investment Pool Fixed Income	2.89	5.05	5.61	1.76	1.13	2.65	2.34	2.27	7.03	-11.24	-0.47	8.84	5.17	10/01/1995
Bloomberg US Agg Bond Index	2.78	4.81	4.88	0.52	-0.40	1.58	1.46	1.25	5.53	-13.01	-1.55	7.51	4.28	
Difference	0.11	0.24	0.73	1.25	1.53	1.07	0.88	1.02	1.50	1.77	1.08	1.33	0.89	
Trust Funds Investment Pool Fixed Income	2.89	5.05	5.61	1.76	1.13	2.65	2.34	2.27	7.03	-11.24	-0.47	8.84	5.17	10/01/1995
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	2.80	5.05	5.33	0.94	0.48	2.09	1.97	1.90	5.99	-12.95	-1.24	8.33	4.79	
Rank	28	50	24	10	21	11	14	37	13	8	21	35	7	
Shenkman High Yield Fixed Income (SA) (TFIP) - Net	0.90	5.44	6.72	4.61	6.51	N/A	N/A	7.18	12.02	-9.04	4.31	6.05	4.21	07/01/2019
Bloomberg US HY 2% Issuer Cap Index	1.00	6.53	7.69	4.98	7.28	4.93	5.01	8.19	13.44	-11.18	5.26	7.05	4.53	
Difference	-0.10	-1.08	-0.98	-0.37	-0.77	N/A	N/A	-1.02	-1.42	2.15	-0.95	-1.00	-0.32	
Shenkman High Yield Fixed Income (SA) (TFIP) - Gross	1.01	5.76	7.14	5.02	6.94	N/A	N/A	7.59	12.46	-8.68	4.74	6.54	4.64	07/01/2019
IM U.S. High Yield Bonds (SA+CF) Median	1.06	5.91	7.32	5.03	7.24	4.98	5.03	8.17	12.73	-9.26	5.34	6.58	4.64	
Rank	55	57	62	52	62	N/A	N/A	67	56	39	68	53	52	
Oaktree US High Yield (SA) (TFIP) - Net	0.53	5.66	7.15	4.88	7.14	N/A	N/A	8.04	12.72	-9.51	4.93	6.72	4.63	08/01/2019
Bloomberg US HY 2% Issuer Cap Index	1.00	6.53	7.69	4.98	7.28	4.93	5.01	8.19	13.44	-11.18	5.26	7.05	4.49	
Difference	-0.48	-0.86	-0.54	-0.10	-0.14	N/A	N/A	-0.15	-0.72	1.67	-0.33	-0.32	0.14	
Oaktree US High Yield (SA) (TFIP) - Gross	0.62	5.95	7.54	5.27	7.55	N/A	N/A	8.44	13.14	-9.20	5.36	7.25	5.05	08/01/2019
IM U.S. High Yield Bonds (SA+CF) Median	1.06	5.91	7.32	5.03	7.24	4.98	5.03	8.17	12.73	-9.26	5.34	6.58	4.74	
Rank	86	46	43	36	38	N/A	N/A	41	38	49	50	38	25	
Neuberger Berman High Yield (SA) (TFIP) - Net	0.86	5.72	7.80	4.28	6.30	N/A	N/A	8.24	11.83	-11.43	4.62	N/A	6.30	04/01/2020
Bloomberg US HY 2% Issuer Cap Index	1.00	6.53	7.69	4.98	7.28	4.93	5.01	8.19	13.44	-11.18	5.26	7.05	7.28	
Difference	-0.15	-0.81	0.11	-0.70	-0.98	N/A	N/A	0.04	-1.62	-0.25	-0.64	N/A	-0.98	
Neuberger Berman High Yield (SA) (TFIP) - Gross	0.91	5.88	8.01	4.48	6.54	N/A	N/A	8.46	12.05	-11.25	4.81	N/A	6.54	04/01/2020
IM U.S. High Yield Bonds (SA+CF) Median	1.06	5.91	7.32	5.03	7.24	4.98	5.03	8.17	12.73	-9.26	5.34	6.58	7.24	
Rank	66	52	21	82	79	N/A	N/A	40	68	84	65	N/A	79	

Net performance shown is net of all manager fees and expenses (Net-All). Gross returns are compared to median performance of similar managers. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments
Comparative Performance
Trust Accounts

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Abandoned Mine Trust	1.10	3.68	5.08	4.40	2.72	2.58	2.07	5.35	5.13	1.68	0.13	0.73	3.77	12/01/1993
Barker Hughesville St Response	1.97	4.10	4.25	1.58	N/A	N/A	N/A	1.43	2.90	-3.87	1.36	N/A	1.24	05/01/2020
Belt Water Treatment Plant Fund	1.95	3.97	4.14	1.62	1.76	2.96	N/A	1.40	2.96	-3.71	1.34	6.80	2.95	03/01/2018
Big Sky Economic Development Fund	2.17	4.18	4.10	1.21	1.54	2.79	2.61	0.73	2.53	-4.27	1.45	7.12	4.11	07/01/2005
Butte Area One Restoration	1.97	4.10	4.26	1.74	1.75	2.69	2.37	1.39	3.08	-3.26	1.26	6.07	2.93	11/01/2008
Clark Fork River Restoration	1.95	4.13	4.27	1.77	1.71	2.64	2.34	1.47	3.06	-3.17	1.19	5.65	3.14	11/01/2008
Coal Tax Cultural Trust Fund	2.15	4.15	4.11	1.29	1.58	2.81	2.62	0.78	2.73	-4.20	1.43	6.99	5.33	12/01/1993
Coal Tax Park Acquisition	2.08	4.13	4.15	1.38	1.61	2.82	2.62	0.98	2.72	-4.02	1.37	6.86	5.32	12/01/1993
Conservation District Fund	2.08	4.57	4.48	N/A	N/A	N/A	N/A	-0.06	N/A	N/A	N/A	N/A	1.86	12/01/2023
Debt and Liability Fee Account	1.10	3.71	5.14	N/A	N/A	N/A	N/A	5.39	N/A	N/A	N/A	N/A	5.25	11/01/2023
East Helena Compensation Fund	1.16	3.97	4.81	3.49	2.36	2.87	2.44	3.84	4.53	0.48	0.42	2.65	2.30	01/01/2013
East Helena Greenway Trail Maintenance	1.86	4.05	4.44	2.11	N/A	N/A	N/A	2.08	3.32	-2.81	N/A	N/A	1.72	03/01/2021
Endowment for Children	2.15	4.11	4.05	1.31	1.60	2.80	2.58	0.80	2.80	-4.18	1.41	7.01	4.06	08/01/2007
Flying J CECRA Facilities Fund	1.97	4.10	4.26	1.59	N/A	N/A	N/A	1.44	2.91	-3.85	1.36	N/A	1.26	05/01/2020
FWP License Account	1.43	3.85	4.75	3.06	1.88	2.12	1.71	3.75	4.04	-1.41	0.46	1.85	2.78	11/01/1997
FWP Mitigation Trust Fund	1.81	4.05	4.51	2.21	1.69	2.35	1.81	2.32	3.41	-2.79	0.98	3.84	3.57	12/01/1993
FWP Real Property Trust	2.12	4.09	4.08	1.33	1.56	2.79	2.58	0.84	2.77	-4.13	1.38	6.83	4.80	12/01/1993
Group Benefits	1.33	3.81	4.90	3.44	2.27	2.53	2.03	4.35	4.16	-0.33	0.63	2.05	3.65	12/01/1993
Harold Hamm Endowment	1.98	4.13	4.27	1.55	1.71	2.87	N/A	1.40	2.87	-3.94	1.43	6.71	2.34	07/01/2016
History and Civics Endowment	1.98	4.15	5.55	N/A	N/A	N/A	N/A	4.89	N/A	N/A	N/A	N/A	5.53	01/01/2024
Invasive Species Trust Fund	1.86	4.45	4.54	1.61	N/A	N/A	N/A	1.71	2.65	-3.88	1.19	N/A	0.92	10/01/2020
Kyiyo Pow Pow	0.71	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.09	12/01/2024
Libby Asbestos Site State Cost	2.02	3.89	4.09	1.63	N/A	N/A	N/A	1.30	2.98	-3.60	1.25	N/A	1.28	05/01/2020
Lubrecht Forest Carbon Offset Credits	0.70	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.32	12/01/2024
Luttrell Pit - Operational & Maintenance	2.02	4.10	4.21	1.82	N/A	N/A	N/A	1.30	3.07	-3.27	1.36	N/A	1.37	05/01/2020
Montana Pole	1.91	4.09	4.30	1.93	1.76	2.76	2.50	1.67	3.12	-2.92	1.14	5.61	4.56	09/01/1996
Montana State University	1.28	3.73	4.96	3.86	2.44	2.45	1.99	4.53	4.77	0.58	0.30	1.30	2.15	08/01/2004
Montana State Library Trust	2.04	4.13	4.19	N/A	N/A	N/A	N/A	1.15	N/A	N/A	N/A	N/A	5.85	10/01/2023
Montana Tech-UM Agency Funds	1.16	3.71	5.02	4.22	2.65	2.55	2.03	5.08	4.99	1.36	0.20	1.01	2.03	03/01/2003
MT BOI - Clark Fork Site	2.05	4.15	4.11	1.43	1.62	2.74	2.54	1.01	2.81	-3.95	1.44	6.65	3.56	11/01/2008
MT BOI UOFM Other	1.39	3.92	5.15	3.42	2.54	2.84	2.42	4.38	3.94	-0.16	0.73	3.47	2.91	08/01/2002
MT Housing Infrastructure Trust	0.54	2.17	3.30	N/A	N/A	N/A	N/A	3.92	N/A	N/A	N/A	N/A	4.04	08/01/2023
MUS Group Insurance	1.25	3.78	4.99	3.91	2.51	2.60	2.13	4.74	4.74	0.57	0.26	1.70	1.88	10/01/2011
MUS Workers Compensation	1.40	3.82	4.78	3.52	2.41	2.70	N/A	3.97	4.44	0.10	0.46	2.55	2.33	04/01/2016

Performance shown is gross of fees. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Montana Board of Investments
Comparative Performance
Trust Accounts

As of March 31, 2025

	QTD/ CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Older Montanans Trust	2.15	4.19	4.21	1.35	1.60	2.85	2.63	0.92	2.78	-4.23	1.41	7.19	3.95	08/01/2007
Permanent Coal Trust Excl Crp	1.64	3.19	3.61	1.72	1.91	2.78	2.67	1.48	2.57	-2.02	1.82	5.57	5.13	12/01/1993
PERS Defined Cont Disability	-0.11	4.52	6.41	5.29	10.82	7.47	N/A	12.08	17.09	-15.55	13.16	14.06	7.20	09/01/2015
Potter Trust Fund	1.98	4.11	4.24	1.54	1.71	2.87	N/A	1.37	2.86	-3.96	1.41	6.78	2.59	06/01/2016
Resource Indemnity Trust	2.18	4.18	4.09	1.17	1.53	2.81	2.63	0.66	2.60	-4.44	1.48	7.23	5.39	12/01/1993
School Facilities Fund	2.16	4.19	4.11	1.20	1.49	2.56	N/A	0.73	2.42	-4.24	1.39	6.97	2.30	01/01/2018
Smelter Hill Up Restorative	2.01	4.12	4.25	1.67	1.64	2.40	2.04	1.36	3.00	-3.54	1.29	5.62	2.16	11/01/2008
State Fund Insurance	2.12	4.57	5.41	2.59	3.30	3.62	3.35	3.72	6.49	-7.68	3.04	7.62	5.14	12/01/1993
Streamside Tailings Operable Unit	2.04	4.13	4.23	1.57	1.68	2.76	2.54	1.25	2.90	-3.70	1.27	6.47	4.66	02/01/1999
Subsequent Injury Fund	1.08	3.62	5.00	4.43	2.74	2.57	2.02	5.22	5.37	1.66	0.13	0.73	3.01	12/01/1993
Tobacco Trust Fund	2.16	4.17	4.07	1.19	1.53	2.78	2.60	0.68	2.63	-4.40	1.51	7.10	4.80	01/01/2001
Treasurers	1.24	3.63	4.82	4.13	2.51	2.40	1.91	4.65	5.08	1.34	0.10	0.63	2.84	12/01/1993
Montana Coal Endowment Fund	2.17	4.17	4.10	1.21	1.52	2.81	2.62	0.71	2.63	-4.37	1.47	7.15	5.28	12/01/1993
MT Coal Endowment Regional Water	2.17	4.17	4.10	1.21	1.54	2.81	2.62	0.71	2.63	-4.37	1.47	7.15	4.95	06/01/2000
Trust and Legacy Account	2.16	4.20	4.14	1.22	1.55	2.82	2.63	0.73	2.62	-4.37	1.47	7.19	5.94	07/01/1991
UCFRB Assess/Litig Cost Rec	2.17	4.20	4.13	1.20	1.48	2.71	2.52	0.74	2.61	-4.37	1.53	6.68	4.90	07/01/1999
UCFRB Restoration Fund	2.12	4.17	4.18	1.33	1.56	2.79	2.56	0.96	2.71	-4.22	1.36	6.90	4.84	06/01/1999
Upper Blackfoot Response	1.23	3.75	5.02	4.17	2.68	2.85	2.37	4.97	4.94	1.22	0.32	1.55	2.05	09/01/2010
Weed Control Trust	2.18	4.18	4.09	1.17	1.53	2.81	2.63	0.66	2.60	-4.44	1.48	7.23	4.68	12/01/1993
Wildlife Habitat Trust	2.07	4.14	4.16	1.36	1.58	2.79	2.57	1.01	2.72	-4.10	1.38	6.75	4.80	12/01/1993
Work Force Housing	1.05	3.54	4.91	N/A	N/A	N/A	N/A	5.21	N/A	N/A	N/A	N/A	5.09	11/01/2023
Yellowstone Pipeline Cleanup Fund	1.81	4.01	4.41	2.33	N/A	N/A	N/A	2.15	3.16	-1.42	N/A	N/A	1.79	04/01/2021
Zortman/Landusky LT H2O	1.10	3.68	5.07	4.39	2.72	2.55	2.05	5.33	5.13	1.68	0.13	0.73	5.75	09/01/1999
Z/L Long Term H2O Trust Fund	1.10	3.68	5.07	4.39	2.72	2.55	2.08	5.33	5.13	1.68	0.13	0.73	3.93	09/01/2005

Performance shown is gross of fees. Fiscal year ends on 06/30. Since inception performance may vary from State Street reported performance due to calculation methodology differences.

Performance Notes

- All gross and net performance data is provided by State Street Analytics (SSA). Reported gross returns for the retirement plans prior to 07/01/2002 are net of all fees.
- Fiscal year ends on 06/30.
- Gross performance for the retirement plans is calculated with fee accruals provided by Montana's Accounting department.
- Gross of fees performance is not available (N/A) for the following funds: iShares:Core S&P Tot USM (ITOT), iShares:Core S&P 500 (IVV), iShares:Core S&P Md-Cp (IJH), iShares:Core S&P Sm-Cp (IJR), iShares:Core MSCI EAFE (IEFA), and iShares:Core MSCI EmMkts (IEMG).
- Non-Core Fixed Income currently consists of High Yield, Preferred Securities, EMD and Convertible Bonds.
- Private Investments currently consist of Private Equity, Private Credit, Venture Capital, and Passive ETFs.

Index Notes

- Retirement plan custom benchmarks are provided by State Street Bank and are calculated daily using actual allocations.
- The CAPP Custom Benchmark consists of the portfolio weighted average of the primary benchmark for each CAPP asset class.
- The Short Term Custom Benchmark consists of 100% ICE 1 Mo LIBOR Index (USD) through 4/30/2018, and 100% Federal Reserve US Treasury 1 Mo Constant Maturity Index thereafter.
- The Domestic Equity Custom Index consists of 100% S&P 1500 Comp Index through 04/30/2017 and 100% MSCI USA IM Index (USD) (Gross) thereafter.
- The International Equity Custom Index consists of 100% MSCI EAFE Index (USD) (Net) through 10/31/2006, 100% MSCI ACW Ex US Index (USD) (Net) through 06/30/2007, 92.5% MSCI ACW Ex US Index (USD) (Net) and 7.5% MSCI ACW Ex US SC IM Index (USD) (Net) through 02/28/2014, and 100% MSCI ACW Ex-US IM Index thereafter.
- The Real Estate Custom Index consists of 100% NCREIF ODCE Index (AWA) (Net) (1 Qtr Lag) through 03/31/2017, 100% MSCI US REIT Index (USD) (Gross) through 06/30/2020, and 100% NCREIF ODCE (AWA) (1 Qtr Lag) Index thereafter.
- The Private Investments Custom Index consists of 100% S&P 1500 Comp Index+4% (1 Qtr Lag) through 03/31/2017, 100% MSCI US Small Cap Index (USD) (Gross) through 12/31/2020, and the portfolio weighted average of MSCI US SC / S&P LSTA US Leverage Loan 100 Index for PE / PC thereafter.
- The Lazard Custom Index consists of 100% MSCI ACW Ex US Value Index (USD) (Net) through 6/30/2018 and 100% MSCI ACW Ex US Index (USD) (Net) thereafter.
- The Templeton Custom Index consists of 100% MSCI ACW Ex US Small Cap Value Index (USD) (Net) through 5/31/2018, and 100% MSCI ACW Ex US Small Cap Index (USD) (Net) thereafter.
- The Reams Custom Index consists of 100% Bloomberg US Unv Bond Index through 03/31/2017, 100% Bloomberg US Agg Bond Index through 12/31/2019, and 100% Bloomberg US Unv Bond Index thereafter.
- The Cohen & Steers Custom Index consists of 60% ICE BofAML US IG Institutional Capital Securities Index, 20% ICE BofAML Core Fixed Rate Preferred Securities Index, and 20% Bloomberg Barclays Developed Market USD Contingent Capital Index.
- The Payden & Rygel Custom Index consists of 70% JP Morgan EMBI Global Diversified Index, 30% JP Morgan GBI-EM Global Diversified Index.
- The JPM US Equity Custom Benchmark consists of 100% S&P 500 Index (Cap Weighted) through 06/30/2019 and 100% MSCI US Index (USD) (Gross) thereafter.
- The Real Assets Custom Index consists of 100% MSCI All Country World Commodity Producers Index (USD) (Net) through 12/31/2020, 33.33% MSCI All Country World Commodity Producers Index (USD) (Net), 33.33% MSCI All Country World Infrastructure Index, 33.33% Bloomberg Barclays Global Inflation Linked US TIPS Index through 5/31/2024, and the portfolio weighted average of MSCI All Country World Commodity Producers Index (USD) (Net), MSCI All Country World Infrastructure Index, Bloomberg Barclays Global Inflation Linked US TIPS Index, and Short Term Custom Benchmark thereafter.
- The Core Fixed Income Custom Index consists of 100% Bloomberg US Agg Bond Index through 03/31/2017, the portfolio weighted average of Broad Fixed Income - PAC Custom Blend, Bloomberg US Corp Inv Grade Index, Bloomberg US MBS Index, Bloomberg US Int TIPS Index, Bloomberg US Trsy Int Trm Index through 11/30/2019, and 100% Bloomberg US Agg Bond Index thereafter.
- As of 07/01/2021, the Trust Fund Custom Index Benchmark is the portfolio weighted averaged of the primary benchmark, consisting of NCREIF ODCE Index (1Q lag), Bloomberg US High Yield - 2% Issuer Cap Index, and Bloomberg US Aggregate Bond Index.

Trust Accounts Comments

- History and Civics Endowment and Conservation District Fund were added in 12/2023.
- Debt and Liability Fee Account and Work Force Housing were added in 10/2023.
- Kyiyo Pow Pow and Lubrecht Forest Carbon Offset Credits were added in 12/2024.
- Hail Insurance Investments began liquidation in 12/2024.

Manager Transition Comments

- BlackRock MSCI Emg Mkts Index NL (CF) was terminated in 04/2023.
- Zazove Convertible Bonds (SA) was funded in 03/2023.
- American Century Investment Mgmt (SA) was terminated in 03/2023.
- Templeton Investment Counsel (SA) was terminated in 03/2023.
- Reams Asset Core Plus (SA) was terminated in 03/2023.
- iShares:Russ 2000 ETF (IWM) and iShares:MSCI EAFE ETF (EFA) were liquidated in Q4 2022 to fund iShares:Core S&P Small Cap ETF (IJR) and iShares:Core MSCI EAFE ETF (IEFA), respectively.
- BlackRock MSCI USA Small Cap Index was transitioned from a commingled fund to a separate account structure during Q3 2022 to obtain a lower fee structure.
- Acadian Ex US Small Cap (SA) was funded in 02/2022.
- DFA Emg Mkts Sm Cap;I (DEMSX) was liquidated in 02/2022.
- DFA Intl Sm Co;I (DFISX) was liquidated in 02/2022.
- iShares:MSCI Em Mkts (EEM) was liquidated in 01/2022.
- iShares:Core MSCI EmMkts (IEMG) was funded in 12/2021.
- SPDR S&P 500 ETF (SPY) was liquidated in 12/2021.
- iShares:Core S&P 500 (IVV) was funded in 11/2021.
- Vaughan Nelson Management (SA), T. Rowe U.S. Structured Research (SA), J.P. Morgan 130/30 (SA), Jacobs Levy 130/30 Large Cap (SA), and DFA US Sm Cap TR (CF) were liquidated in 11/2021.
- iShares:Core S&P Tot USM (ITOT) was funded in 11/2021.
- The Natural Resources PAC was renamed to the Real Assets PAC during Q1 2021.
- Payden & Rygel EMD (SA) was funded in 12/2020.
- Cohen & Steers Preferred Securities (SA) was funded in 10/2020.
- Neuberger Berman High Yield (SA) and TFIP Private Real Estate were funded in the Trust Fund Investment Pool during Q1 2020.
- Diversifying Strategies investments were liquidated and Investment Grade Credit, US Treasury & Agency, and TIPS were consolidated into the Core Fixed Income composite during Q4 2019.
- Post High Yield Plus (SA), GMO:Bchmk-Fr All;III (GBMFX), and PIMCO:All Asset;Inst (PAAIX) were liquidated during Q3 2019.
- Oaktree US High Yield Fixed Income (SA) and Shenkman High Yield Fixed Income (SA) were funded in the Trust Fund Investment Pool during Q3 2019.
- Artisan Partners (SA), Iridian Asset Management (SA), Congress Mid Cap Growth (SA), TimeSquare Capital Management (SA), and Alliance Bernstein (SA) were liquidated in Q2 2019.
- BlackRock MSCI US Equity Index (CF) was transitioned into a separately managed account during Q1 2019.
- Northern Trust MSCI US Equity Index (SA), GMO:Bchmk-Fr All;III (GBMFX), and PIMCO:All Asset;Inst (PAAIX) were funded during Q4 2018.
- Voya Investment Management (SA) was liquidated in 07/2018.
- iShares:Russ 2000 ETF (IWM) was funded in 04/2018.
- Jacobs Levy 130/30 Large Cap (SA) was funded in 03/2018.
- Congress Mid Cap Growth (SA) was funded in 02/2018.
- Oaktree US High Yield (SA) and Shenkman High Yield Fixed Income (SA) were funded in 12/2017.
- Analytic Investors 130/30 (SA) was liquidated in 09/2017.
- Effective 07/2016, the Metropolitan West Capital Management legal entity merged into the Wells Capital Management Incorporated legal entity. The Metropolitan West Capital Mgmt (SA) has been updated to Wells Capital Management (SA) to reflect the change.
- Residual assets from the liquidation of AllianceBernstein Int'l Value (SA), Martin Currie (SA), Hansberger Global Investors (SA), and Aberdeen Total Return Bond Strategy (SA) were distributed in 06/2017.
- INTECH Enhanced Plus was liquidated in 06/2017.
- BlackRock MSCI US Equity Index (CF), BlackRock MSCI US Sm Cap Equity Index (CF), and iShares:Core S&P Md-Cp (IJH) were funded in 06/2017.
- SPDR S&P 500 ETF (SPY) and iShares:MSCI EAFE ETF (EFA) were re-funded in 06/2017.
- BlackRock Equity Index Fund A (CF) and BlackRock Mid Cap Equity Index A (CF) were liquidated in 05/2017.
- Nicholas Investment Partners was liquidated in 07/2016. Residual assets from liquidation were distributed in 03/2017.
- Wells Capital Management (SA), Domestic Equity Pool SPIF, and International Equity Pool SPIF were liquidated in 10/2016. Wells Capital Management (SA) residual assets from liquidation were distributed in 03/2017.
- DFA Emg Mkts Sm Cap;I (DEMSX) was funded in 02/2017.
- SPDR S&P 500 ETF (SPY) was liquidated in 01/2017.
- iShares:MSCI Em Mkts (EEM) was funded in 12/2016.
- SPDR S&P 500 ETF (SPY) was initially funded in 09/2015, was then liquidated in 12/2015, and was re-funded in 10/2016.
- iShares S&P SmallCap 600 Index ETF (IJR) was liquidated in 01/2016.
- Effective 05/2014, ING rebranded to Voya. The ING Investment Management (SA) has been updated to Voya Investment Management (SA) to reflect the change.

**Montana Board of Investments
Fee Schedule**

As of March 31, 2025

	Fee Schedule	Market Value As of 03/31/2025 (\$)
iShares:Core S&P Tot USM (ITOT)	0.03 % of Assets	88,415,523
iShares:Core S&P 500 (IVV)	0.03 % of Assets	68,972,663
iShares:Core S&P Md-Cp (IJH)	0.05 % of Assets	125,701,946
iShares:Core S&P Sm-Cp (IJR)	0.06 % of Assets	80,403,873
iShares:Core MSCI EAFE (IEFA)	0.07 % of Assets	90,648,823
iShares:Core MSCI EmMkts (IEMG)	0.09 % of Assets	65,794,179

ETF fees are sourced from Morningstar and/or the investment manager.

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Investment Update

Board Meeting: June 4, 2025

Information as of: March 31, 2025

Market values contained in this report are shown in USD. The information contained in this report is unaudited. The annual, audited Unified Investment Program Financial Statements are available on the Board's website at www.investmentmt.com.

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CIO Update

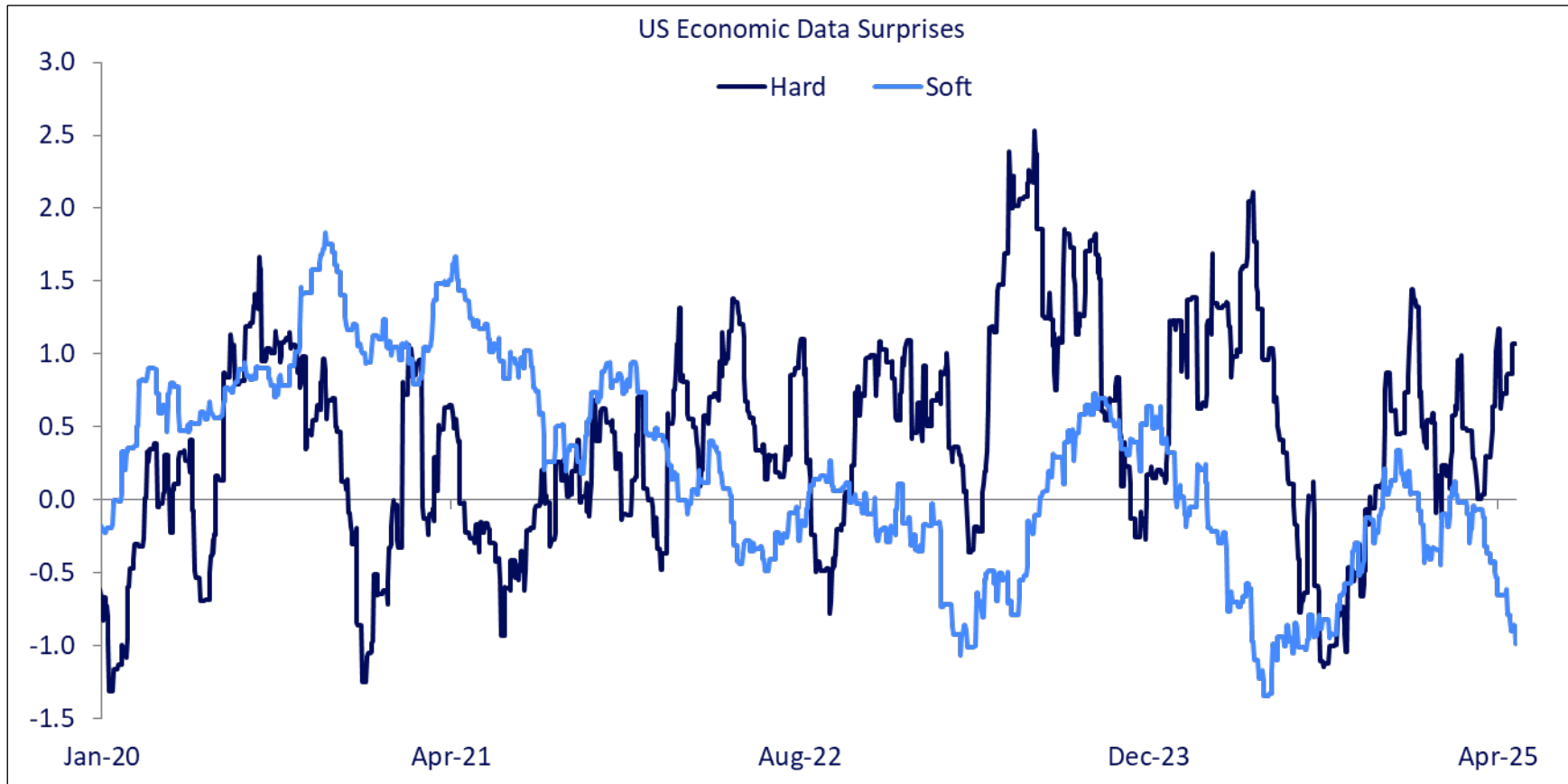
Economic Environment

- **GDP** – The Bloomberg Economics Survey in April forecast U.S. GDP to grow 1.4% in 2025 and 1.5% in 2026. The Atlanta Federal Reserve GDPNow forecast is 2.5% as of May 15th.
- **Job Growth** – Payroll numbers remain solid. The 3-month average addition to payrolls was 155K. The unemployment rate was 4.2% in April.
- **Retail Sales** – Retail sales in April slowed particularly in goods exposed to higher import tariffs. Services spending remained robust. Average hourly earnings increased 3.8% y/y in April.
- **Inflation** – In April, headline CPI was up 2.3% y/y and CPI ex. Food & Energy was up 2.8% y/y. The Univ. of Michigan 5 to 10-year inflation expectation survey hit a multi-decade high of 4.4% in April.
- **Housing** – Single family home inventory remains low. The seasonally adjusted annual rate of existing home sales remains near historic lows.
- **ISM Indices** – In April, the ISM Manufacturers Index fell to 48.7. The ISM Services Index rose slightly to 51.6. Readings above 50 indicate growth.

CIO Update

Economic Environment

Hard data and soft data have diverged over the last couple months.

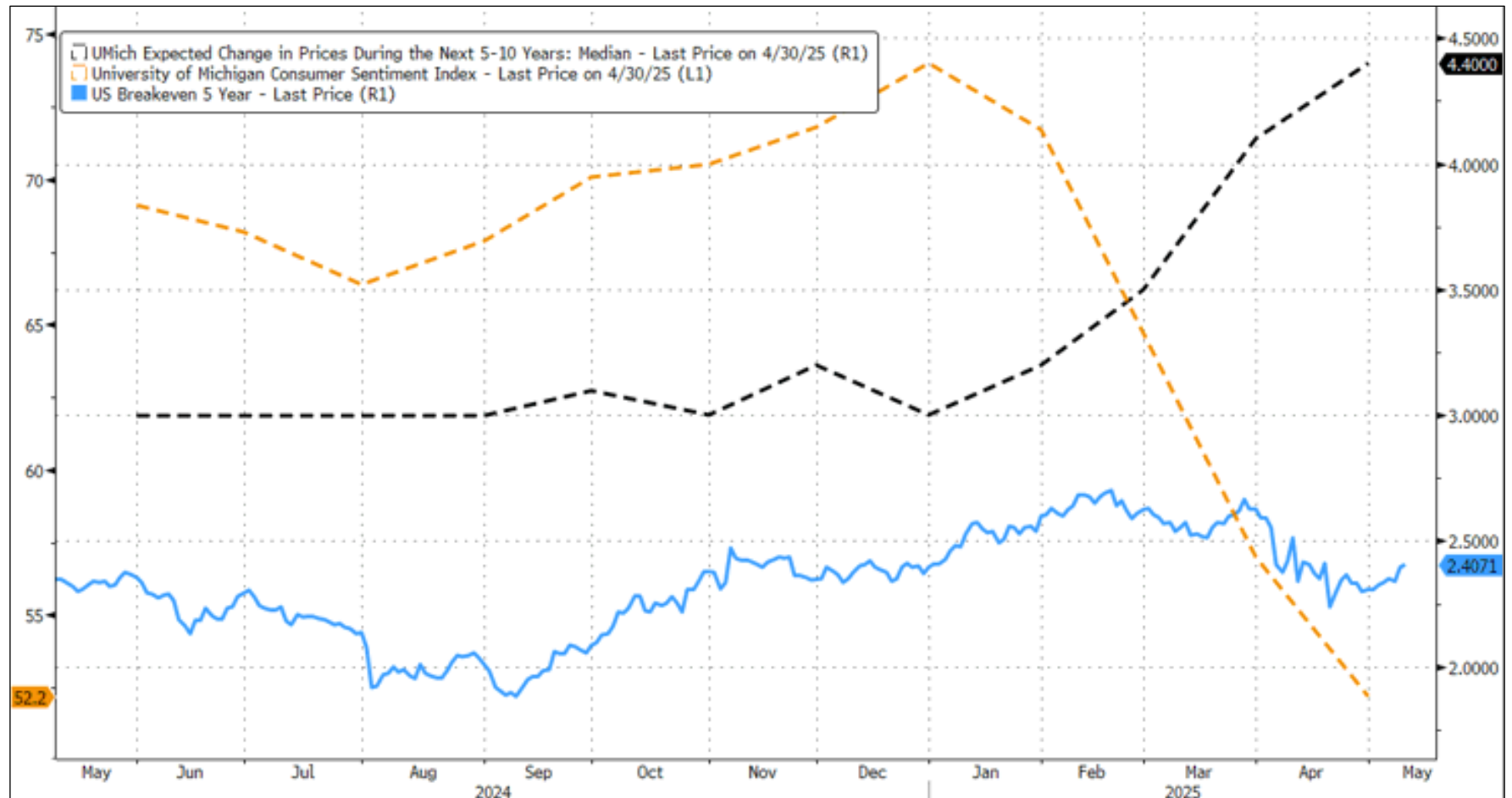


Source: State Street Global Markets, Bloomberg; data as of 04/28/25

CIO Update

Economic Environment

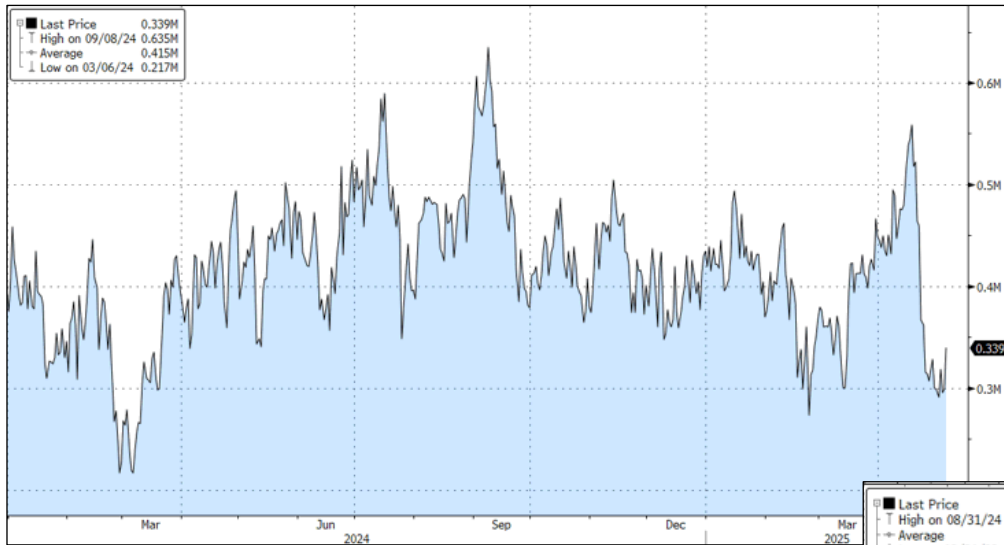
Consumer confidence has dropped, and consumers are expecting dramatically higher inflation. However, market measures of inflation remain relatively steady.



CIO Update

Economic Environment

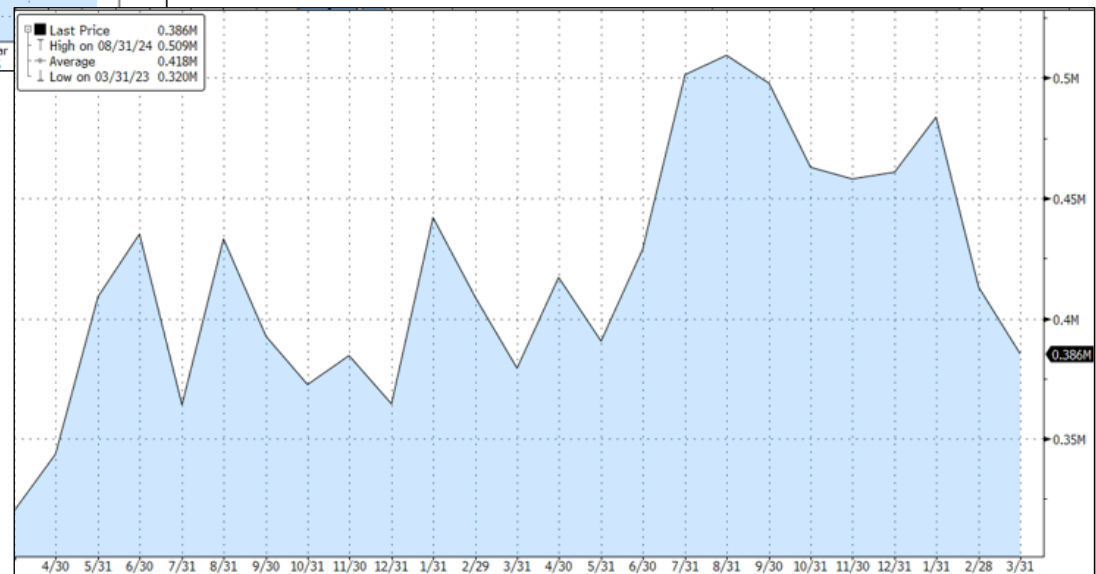
Laden Ship Container Tonnage – Departures from China to U.S.



Source: Bloomberg; data as of 05/06/25

Companies rushed to ship product to get ahead of tariffs. Recent shipments have fallen.

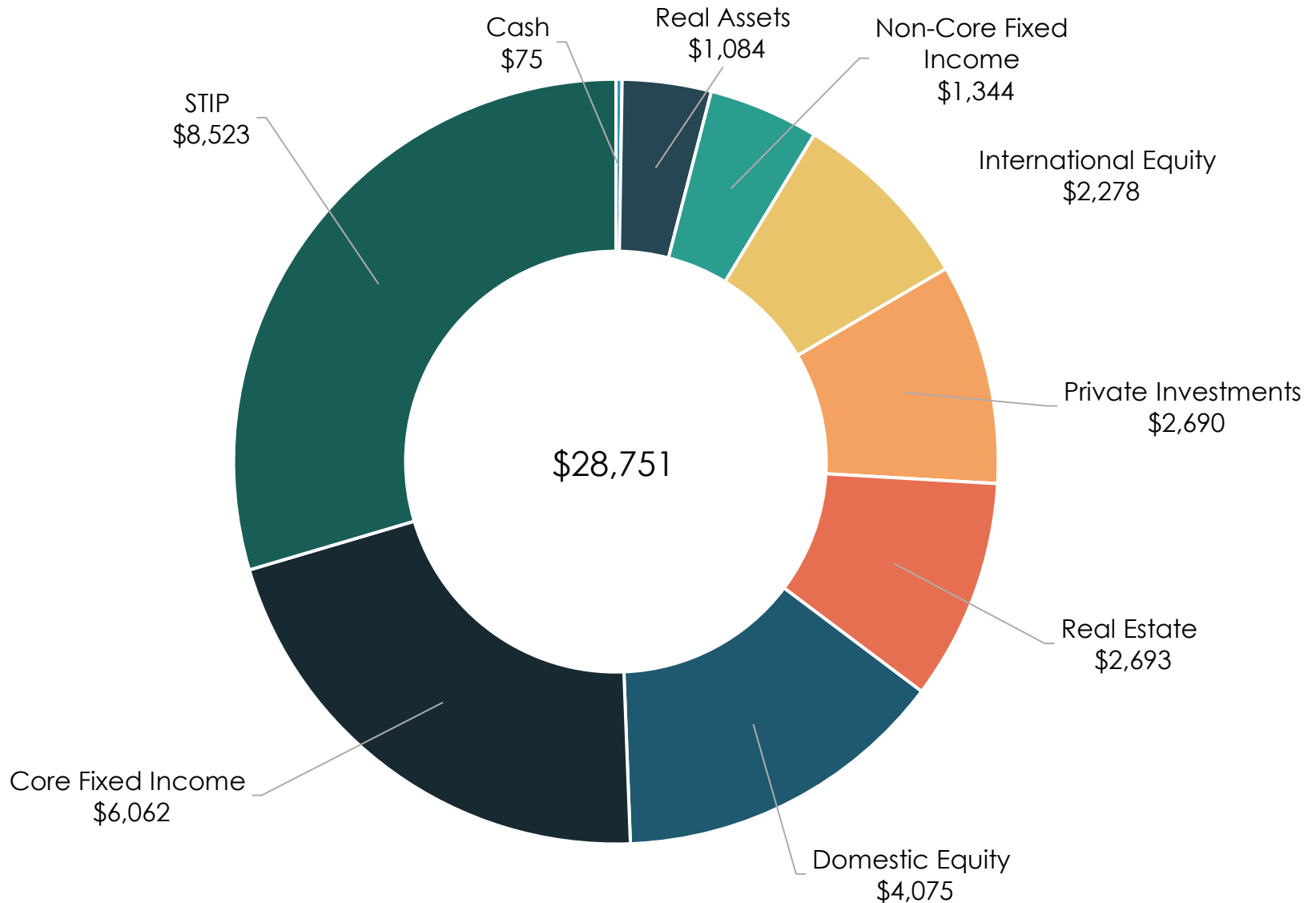
Port of Los Angeles Inbound Containers



Source: Bloomberg; data as of 03/31/25

CIO Update

AUM by Asset Class

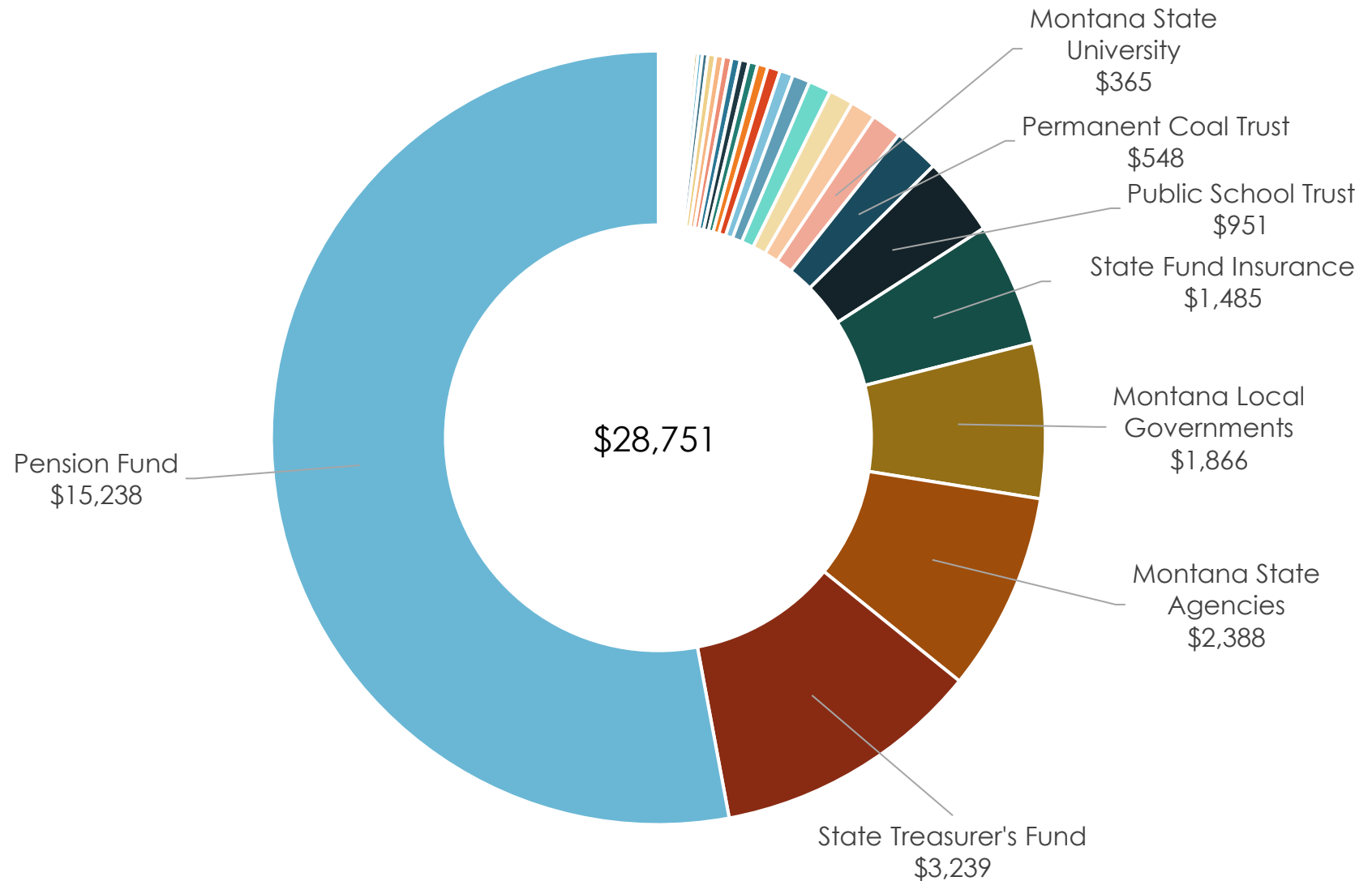


* Dollar values are in \$1,000,000

March 31, 2025

CIO Update

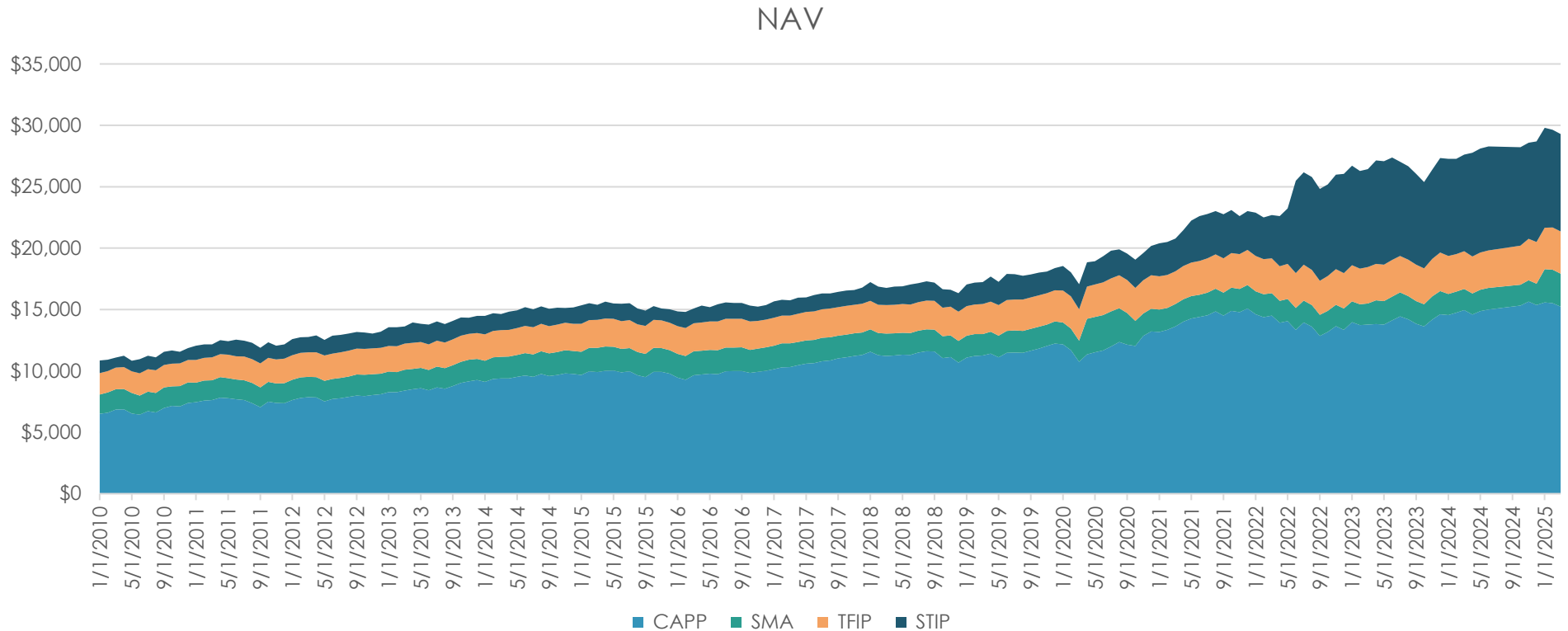
AUM by Participant Type



* Dollar values are in \$1,000,000
March 31, 2025

CIO Update

AUM by Pool

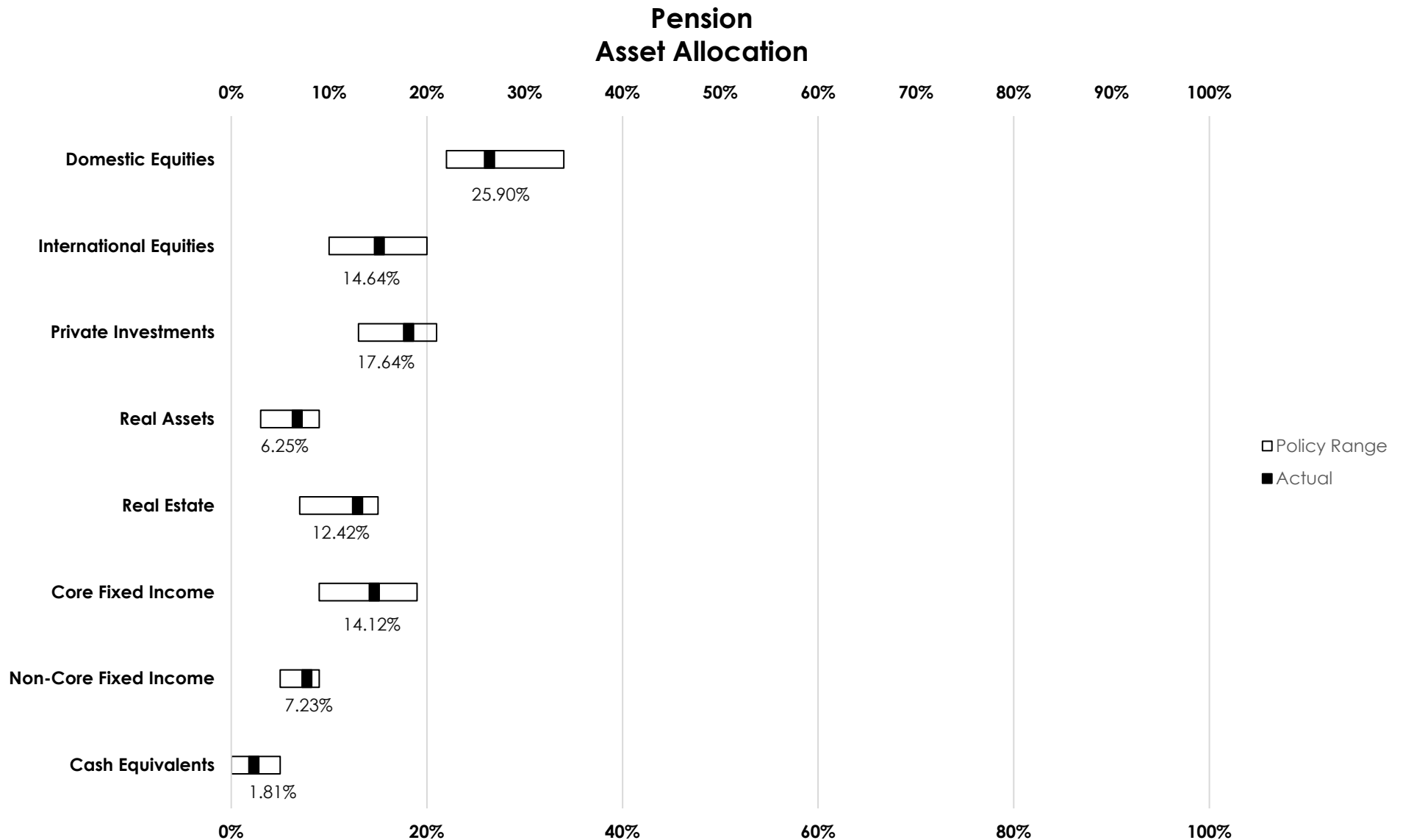


* Dollar values are in \$1,000,000

March 31, 2025

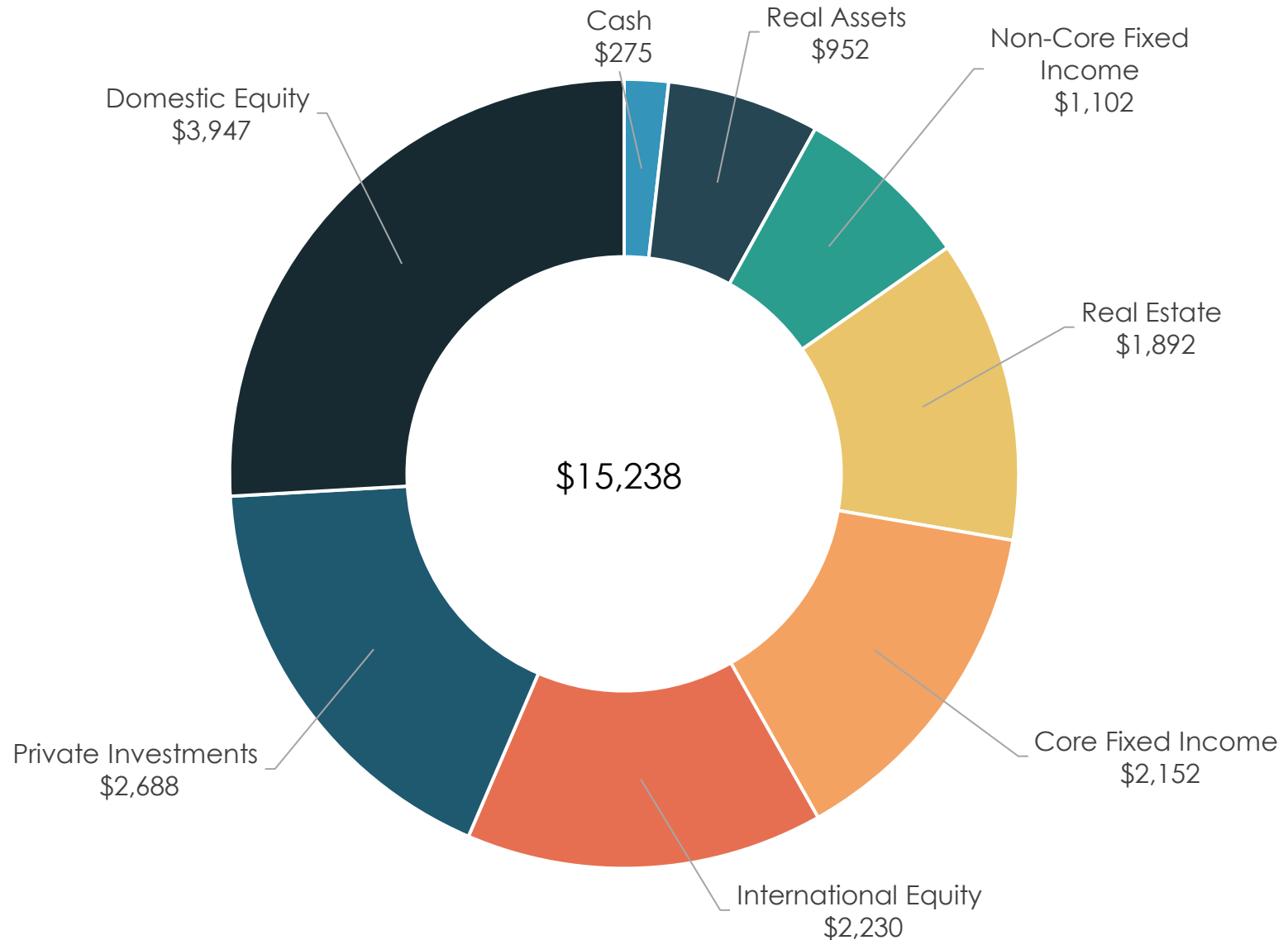
CIO Update

Pension Asset Allocation



CIO Update

Pension Asset Allocation



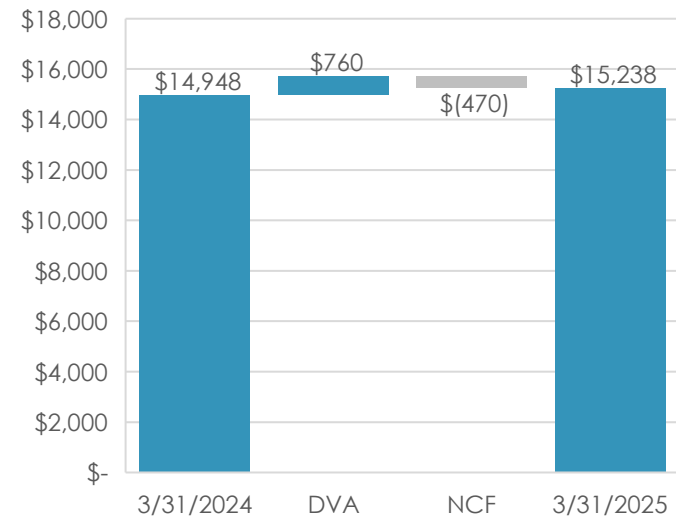
* Dollar values are in \$1,000,000

March 31, 2025

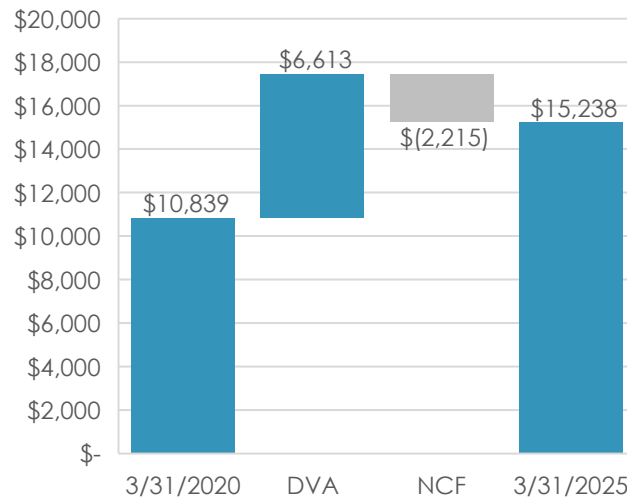
CIO Update

Pension Net Performance

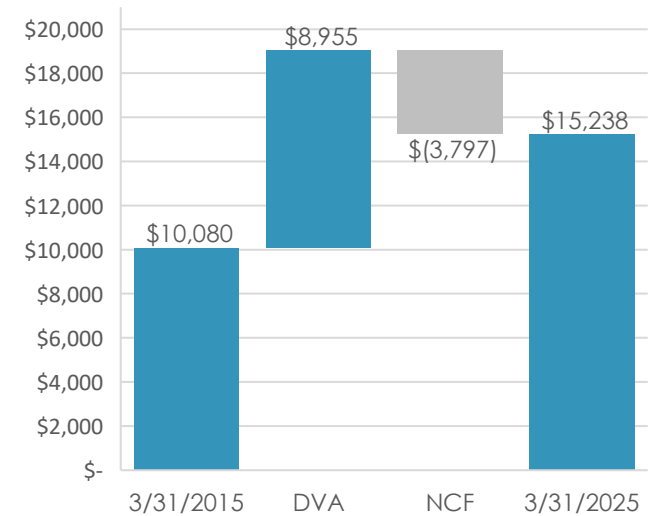
Asset Changes
1 Year



Asset Changes
5 Year



Asset Changes
10 Year



- Dollar Value Added – The total dollar return of the portfolio including income and capital gains.
- Net Cash Flow - The total dollar amount distributed from portfolio assets to meet the deficit of contributions minus distributions.
 - A grey bar indicates an aggregate net outflow by all plans even though some plans may have experienced net inflows.
 - Though aggregates are shown, each plan is independent and not able to rely on other plans to meet their respective liabilities.

* Dollar values are in \$1,000,000

March 31, 2025

CIO Update

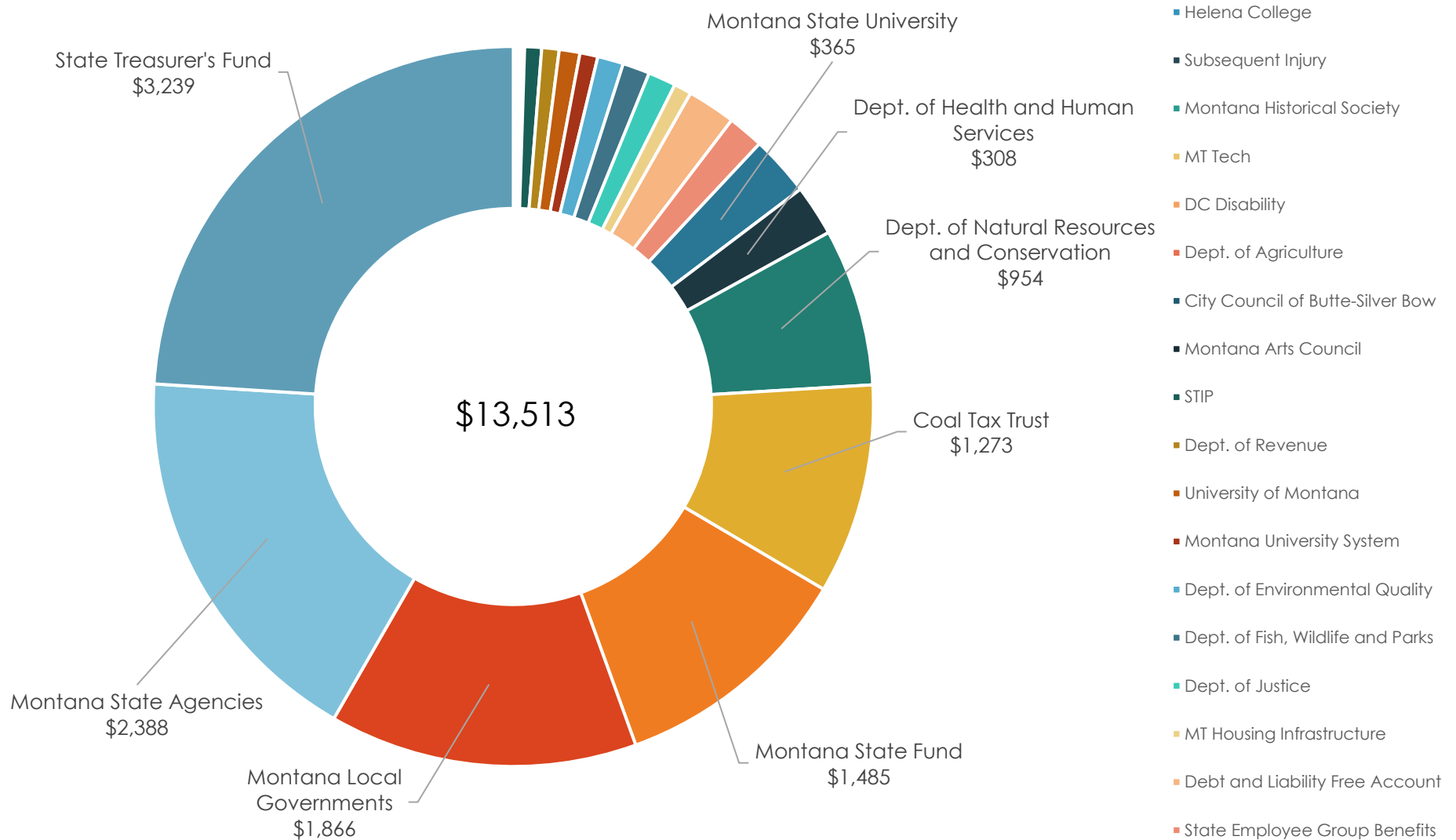
Pension Net Performance

Performance	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	Since Inception
Public Employees' Retirement	3.90%	5.10%	4.54%	10.45%	7.39%	7.06%	7.69%
Police Officers' Retirement	3.91%	5.11%	4.56%	10.45%	7.39%	7.04%	7.58%
Game Wardens' Retirement	3.90%	5.10%	4.54%	10.44%	7.39%	7.03%	7.62%
Sheriffs' Retirement	3.89%	5.10%	4.54%	10.45%	7.39%	7.05%	7.61%
Judges' Retirement	3.90%	5.10%	4.54%	10.45%	7.39%	7.06%	7.61%
Highway Patrol Retirement	3.89%	5.10%	4.53%	10.44%	7.39%	7.06%	7.60%
Teachers' Retirement	3.90%	5.12%	4.53%	10.43%	7.38%	7.06%	7.70%
Vol Firefighters' Retirement	3.90%	5.11%	4.53%	10.44%	7.37%	7.04%	7.44%
Firefighters' Retirement	3.90%	5.11%	4.55%	10.45%	7.39%	7.05%	7.58%

Inception 7/1/1994

CIO Update

AUM ex. CAPP

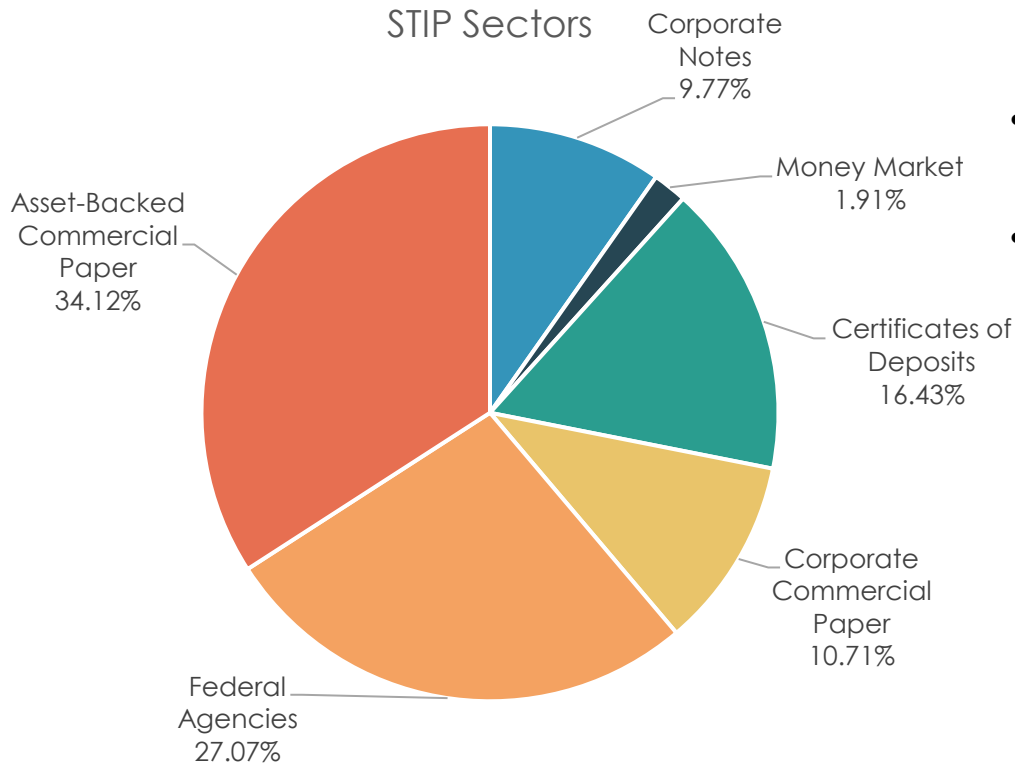


* Dollar values are in \$1,000,000

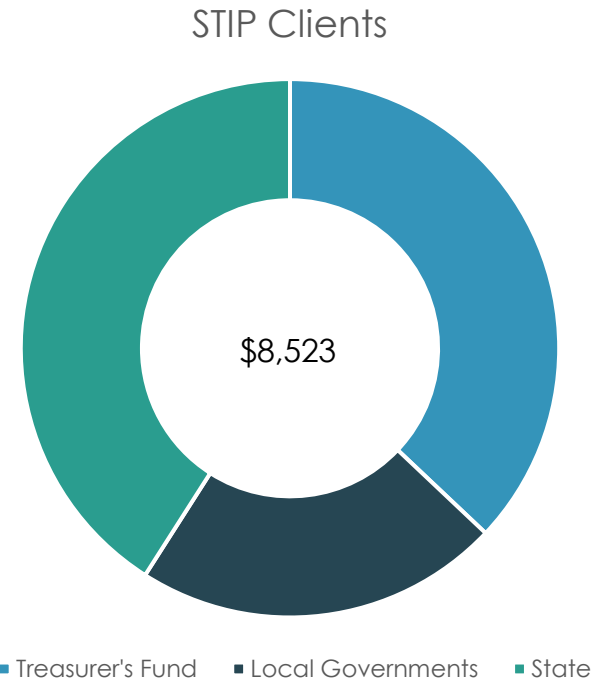
March 31, 2025

CIO Update

Short Term Investment Pool



- The weighted average maturity of the portfolio was 75 days at quarter end.
- The STIP Reserve was \$102M at quarter end.



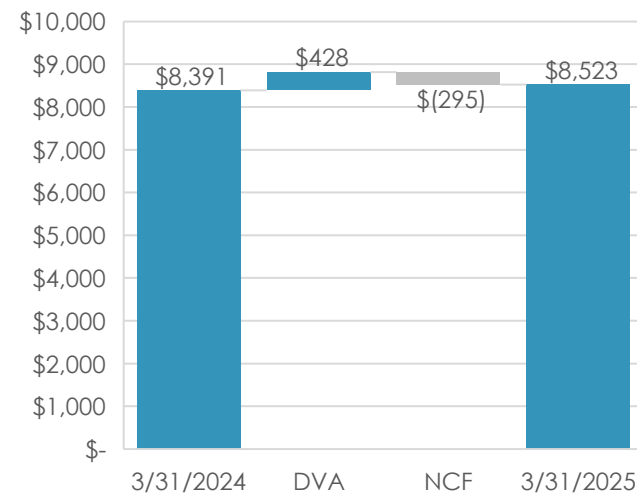
* Dollar values are in \$1,000,000
March 31, 2025

CIO Update

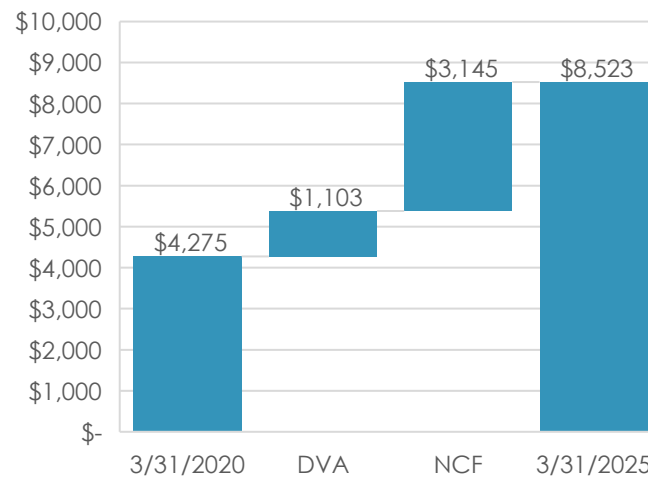
Short Term Investment Pool

STIP Net Performance

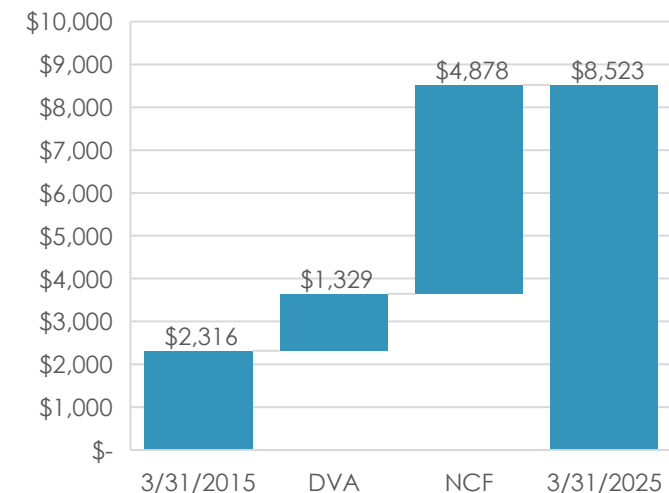
Asset Changes
1 Year



Asset Changes
5 Year



Asset Changes
10 Year



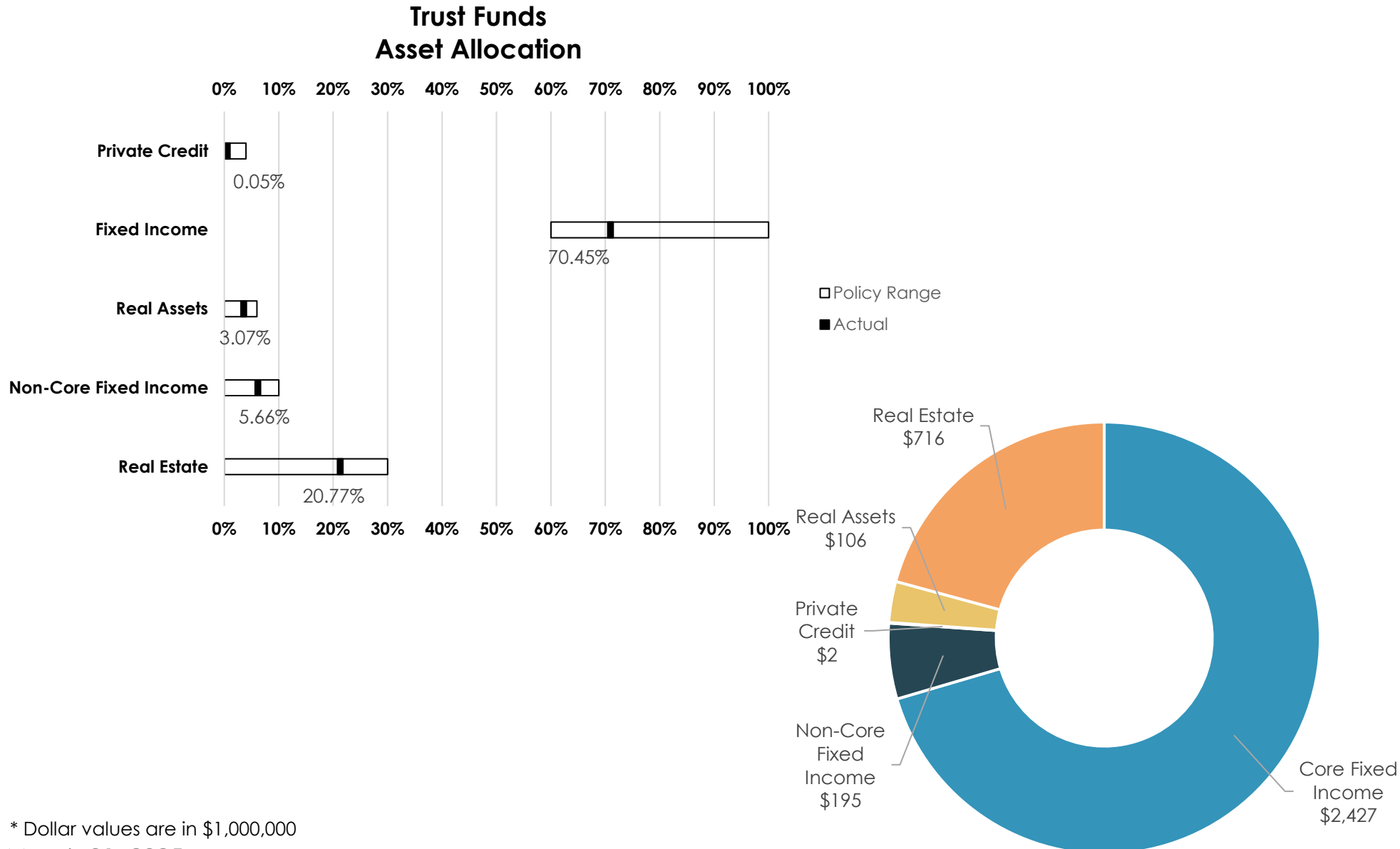
Performance	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Short Term Investment Pool (STIP)	3.68%	5.08%	4.40%	2.72%	2.01%	2.49%
Short Term Investment Pool Benchmark	3.69%	5.11%	4.49%	2.70%	1.97%	2.43%

* Dollar values are in \$1,000,000

March 31, 2025

CIO Update

Trust Funds Investment Pool



* Dollar values are in \$1,000,000

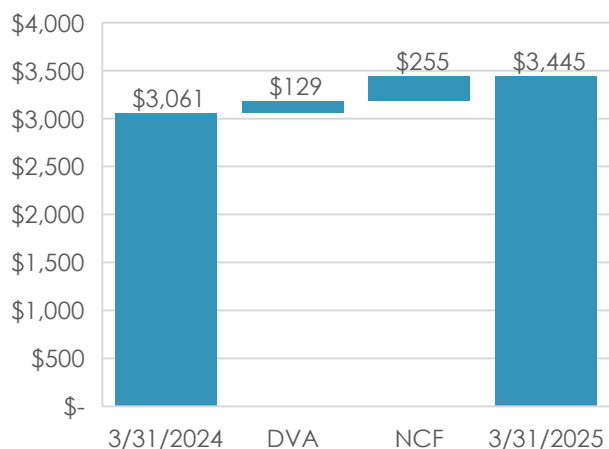
March 31, 2025

CIO Update

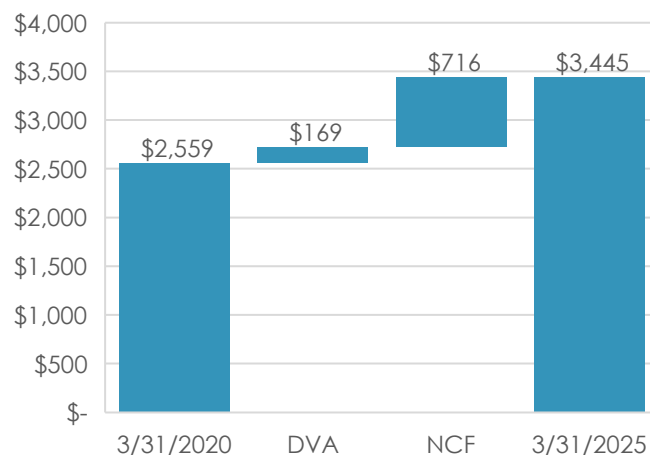
Trust Funds Investment Pool

TFIP Net Performance

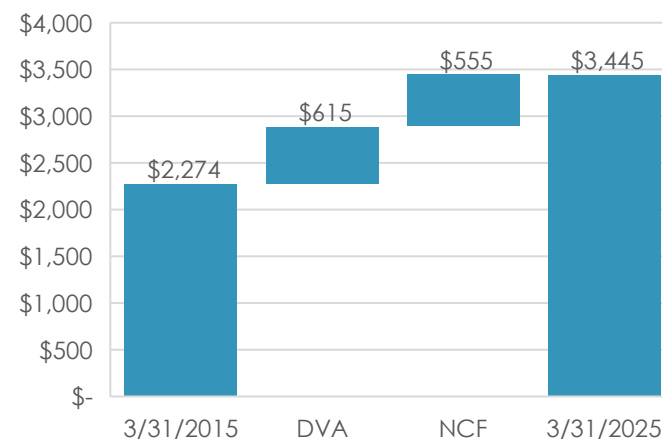
Asset Changes
1 Year



Asset Changes
5 Year



Asset Changes
10 Year



Performance	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Trust Funds Investment Pool (TFIP)	4.21%	4.17%	0.54%	1.15%	2.45%	5.25%
Trust Funds Investment Pool Benchmark	4.11%	3.61%	0.28%	0.61%	1.98%	4.46%

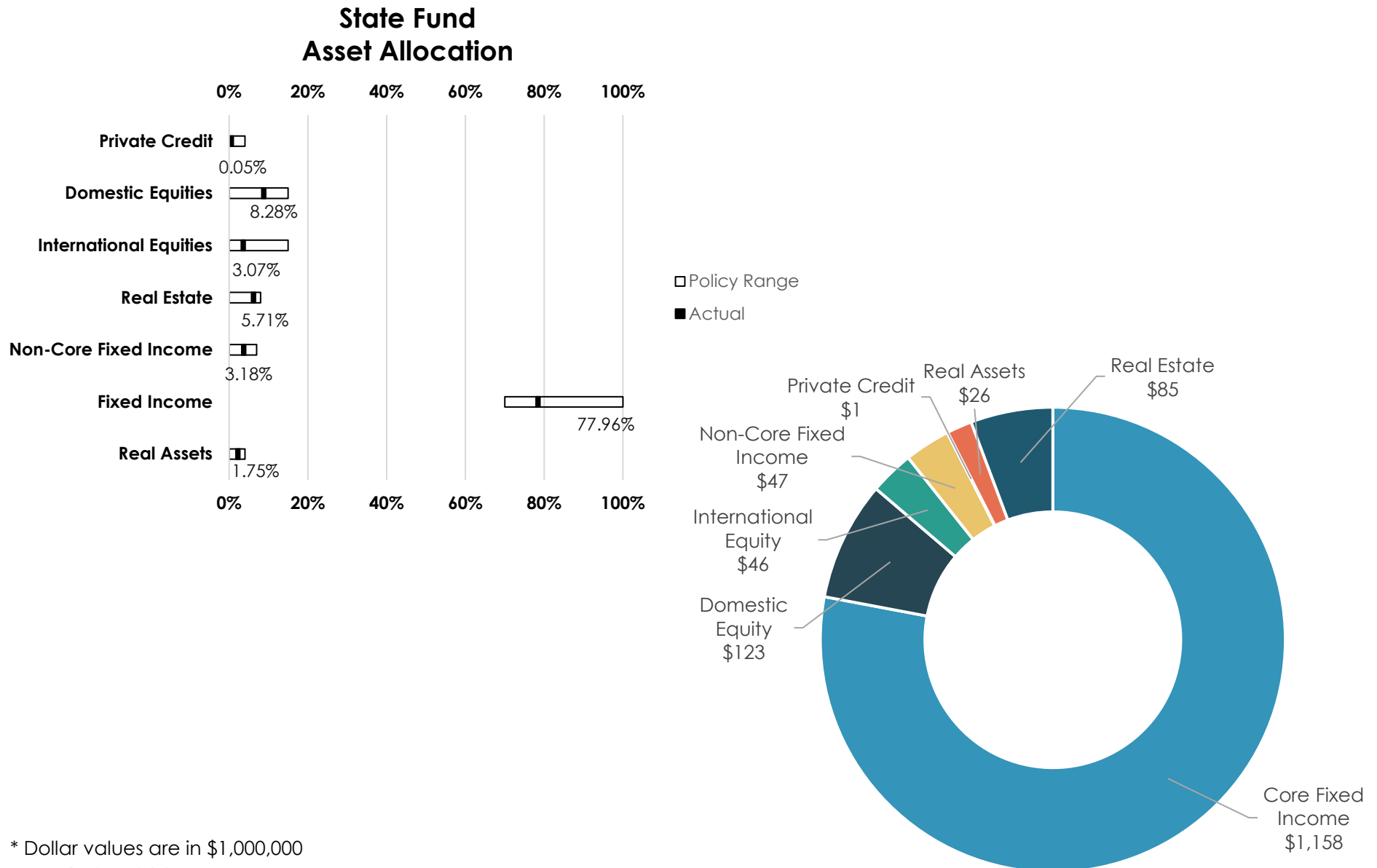
Yield	1 Year	3 Year	5 Year	10 Year
Trust Funds Investment Pool (TFIP)	4.13%	3.88%	3.50%	3.44%

* Dollar values are in \$1,000,000

March 31, 2025

CIO Update

State Fund Investment Pool



* Dollar values are in \$1,000,000

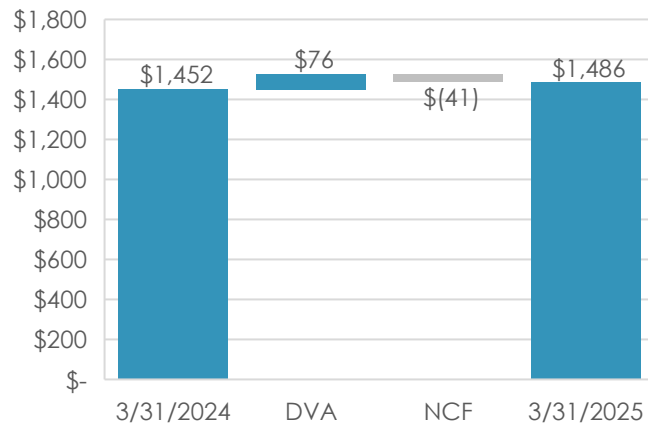
March 31, 2025

CIO Update

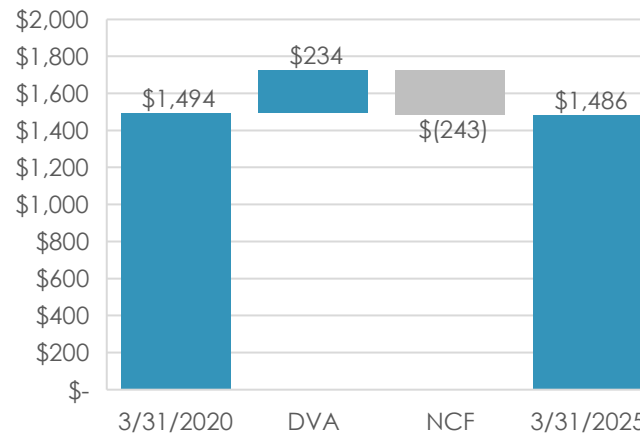
State Fund Investment Pool

SFIP Net Performance

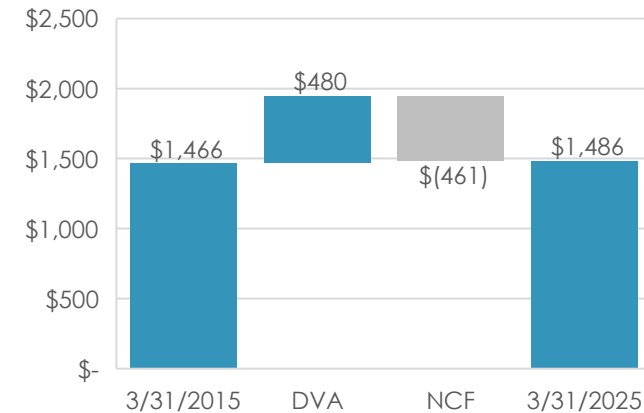
Asset Changes
1 Year



Asset Changes
5 Year



Asset Changes
10 Year



Performance	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception
State Fund	4.51%	5.16%	2.42%	3.18%	3.28%	5.11%
State Fund Benchmark	4.58%	4.95%	1.99%	2.48%	2.95%	4.59%

* Dollar values are in \$1,000,000

March 31, 2025

CIO Update

- Market uncertainty is high and expect volatility to remain elevated. Opportunistically raising cash to preserve some flexibility and provide for known cash outflows.
- Working on implementation of any new accounts created by the 2025 legislature.
- Attending the MPERA board next week to discuss approval of the memorandum of understanding.
- Operations did an analysis of our foreign exchange transactions. Resulted in a change to the process with an expected annual savings of \$42K.
- Summer interns have arrived and are assisting with a variety of projects. Rob passed the CAIA exam; Willie passed the Level III CFA exam.

Macro Attribution

Key Takeaways – 3 Year

Strategic Asset Allocation - *What was the performance of our midpoint weighted benchmark portfolio?*

- All benchmarks except Real Estate provided positive contributions to the pension, policy-neutral, 4.3% return.

Tactical Asset Allocation - *Did the actual asset class weights add additional return over the midpoint weighted benchmark portfolio?*

- About \$253M of equity asset classes were sold and \$217M of fixed income/cash asset classes were sold during the last year. The pension net cash need was \$-470M for the year.
- In aggregate, the overweighting/underweighting of the asset classes relative to their benchmarks decreased the pension portfolio's return by 20 bps with the underweight to Domestic Equity providing most of the underperformance.

Style Selection - *Did the portfolio benchmarks add additional return over their asset class benchmarks?*

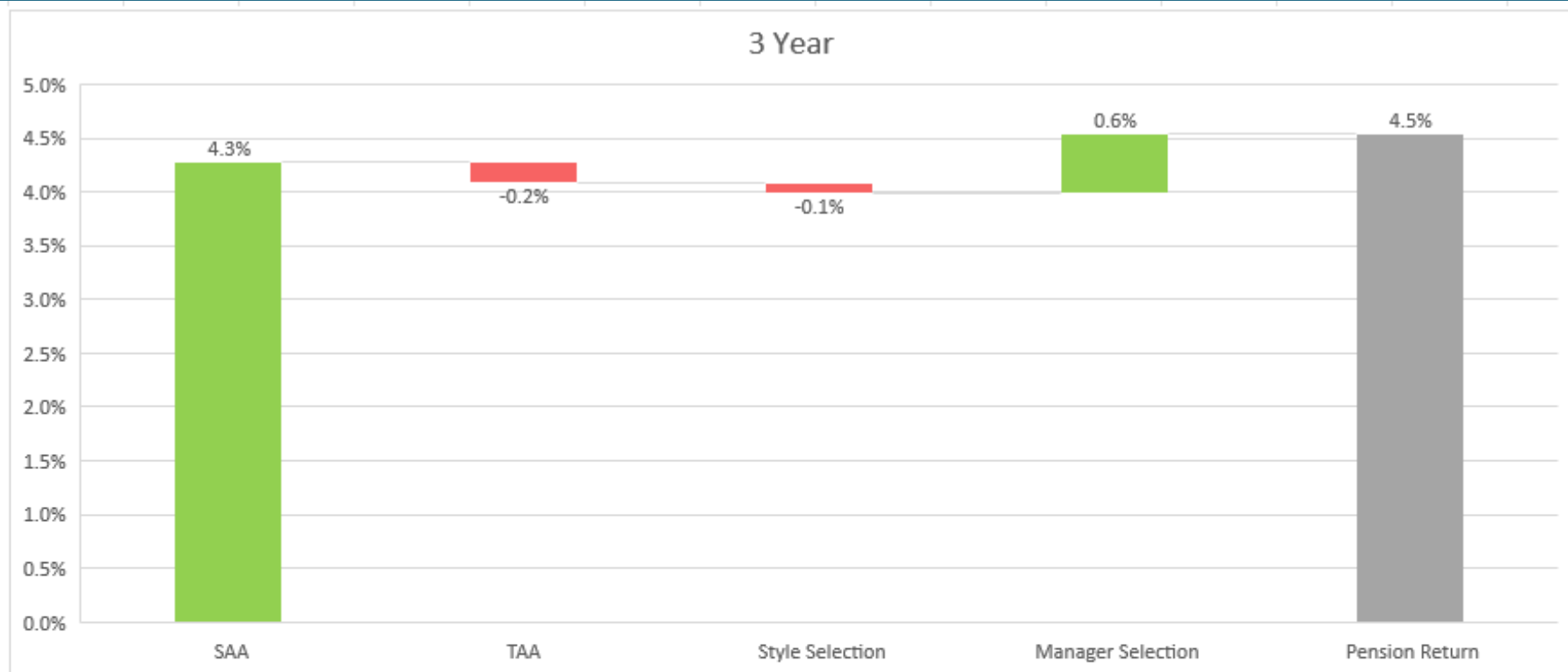
- The Domestic Equity manager benchmarks had higher exposure to small cap than the asset class benchmark leading to total style underperformance of 11 bps.
- The International Equity manager benchmarks had higher exposure to growth benchmarks than the asset class benchmark leading to total style underperformance of 6 bps.
- The strong outperformance of the Infrastructure index relative to TIPS resulted in style outperformance of about 11 bps.
- Within Non-Core Fixed Income, exposure to preferred & EMD indexes led to style underperformance of 4 bps.

Manager Selection - *Did the portfolio managers add additional return over their portfolio benchmarks?*

- In International Equity, there were negligible manager selection effects on a net basis.
- The internal Core Fixed Income portfolio added 3 bps to manager selection outperformance.
- Private Investments manager selection underperformed by 7 bps.
- Real Assets added 14 bps to manager selection outperformance due to the well performing private infrastructure and commodities portfolios.
- The Private Real Estate Portfolio and CMBS Manager added positive effects totaling 42 bps.

Note: The publicly traded benchmarks for private asset classes are an imperfect proxy for actual holdings due to the pricing of private assets lagging their publicly traded benchmarks.

Macro Attribution



Strategic Asset Allocation (SAA) - The return that would have been achieved if we had invested in our asset class benchmarks at the midpoint weights.

Tactical Asset Allocation (TAA) - The *additional* return earned by investing in the asset class benchmarks at our actual rather than midpoint weights.

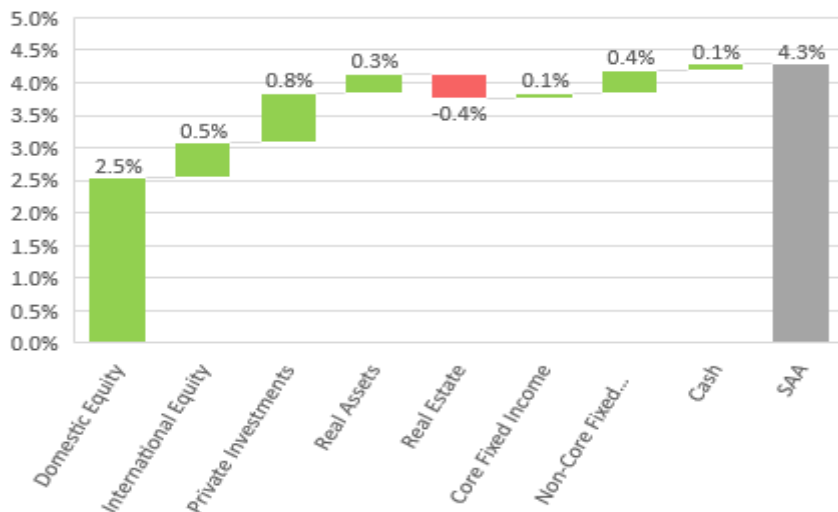
Style Selection (SS) - The *additional* return earned by investing in the underlying manager benchmarks rather than the asset class benchmarks.

Manager Selection - The *additional* return earned by investing in the underlying managers rather than the underlying manager benchmarks.

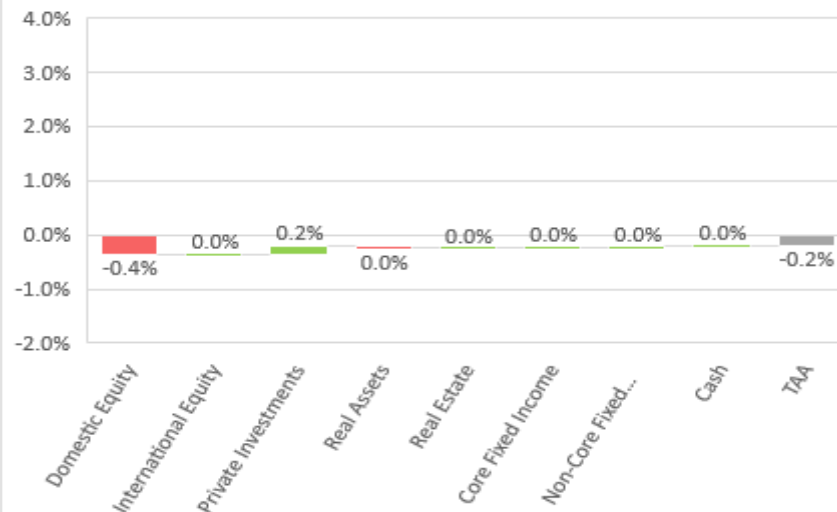
* The valuation lag observed in Private Equity, Real Estate, and Natural Resources are likely to lead to large differences in returns between these asset classes and their benchmarks in short-mid term time periods. The manager selection component is therefore likely to be large for these asset class in the short and medium term.

Macro Attribution

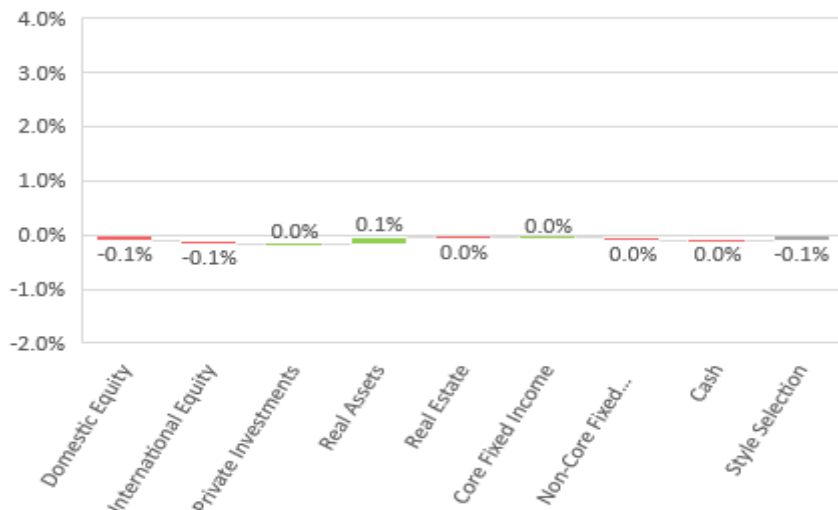
Strategic Asset Allocation



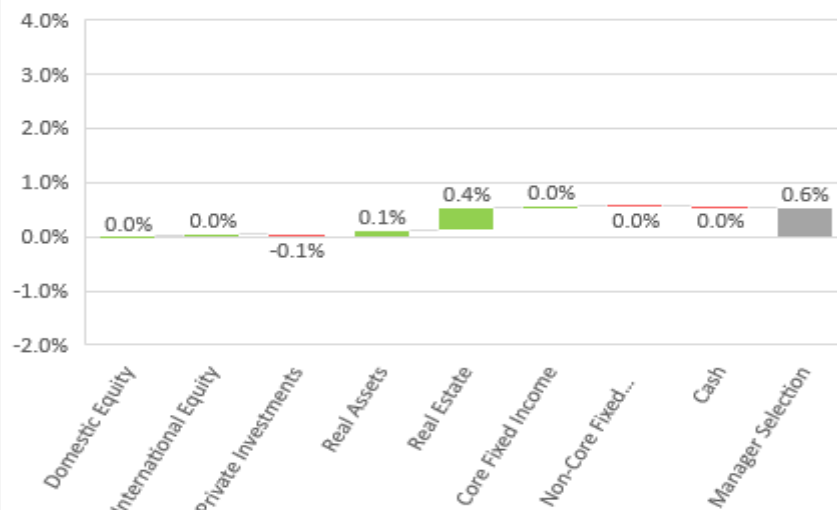
Tactical Asset Allocation



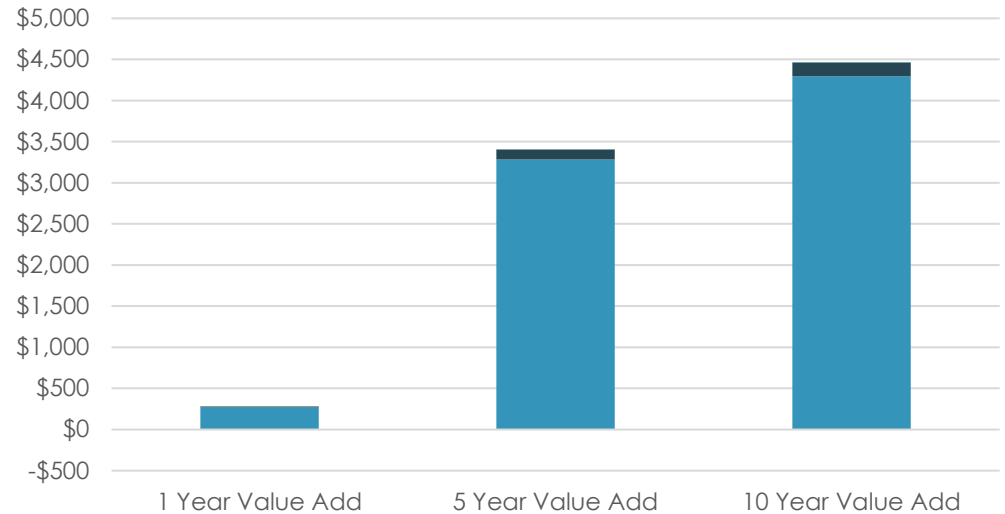
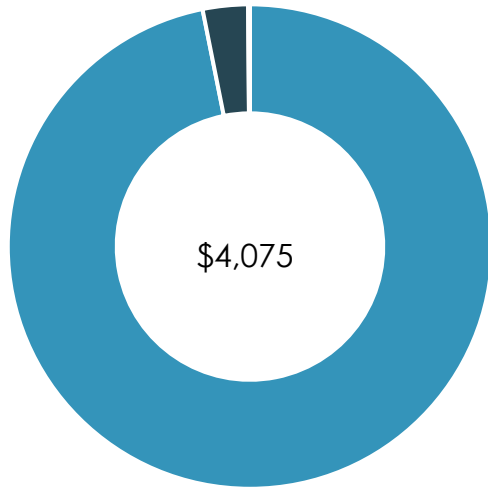
Style Selection



Manager Selection



Domestic Equity Ownership Breakdown



■ Pension ■ State Fund ■ DC Disability ■ Lubrecht Forest ■ Kyiyo Pow Wow

■ Pension ■ State Fund ■ DC Disability ■ Lubrecht Forest ■ Kyiyo Pow Wow

Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	6.42%	7.20%	18.16%	18.35%	11.39%	12.02%
State Fund	8.25%	8.25%	18.58%	18.59%	12.49%	12.50%
DC Disability	7.10%	7.09%	18.11%	18.08%	NA	NA
Lubrecht Forest	NA	NA	NA	NA	NA	NA
Kyiyo Pow Wow	NA	NA	NA	NA	NA	NA

- The S&P 500 hit an all-time high in February but ended the quarter lower as potential threats to AI-related stocks and uncertainty around US trade policy weighed on investor sentiment.
- The trend of growth-stock dominance reversed as the Russell 1000 Value index posted positive returns for the quarter.

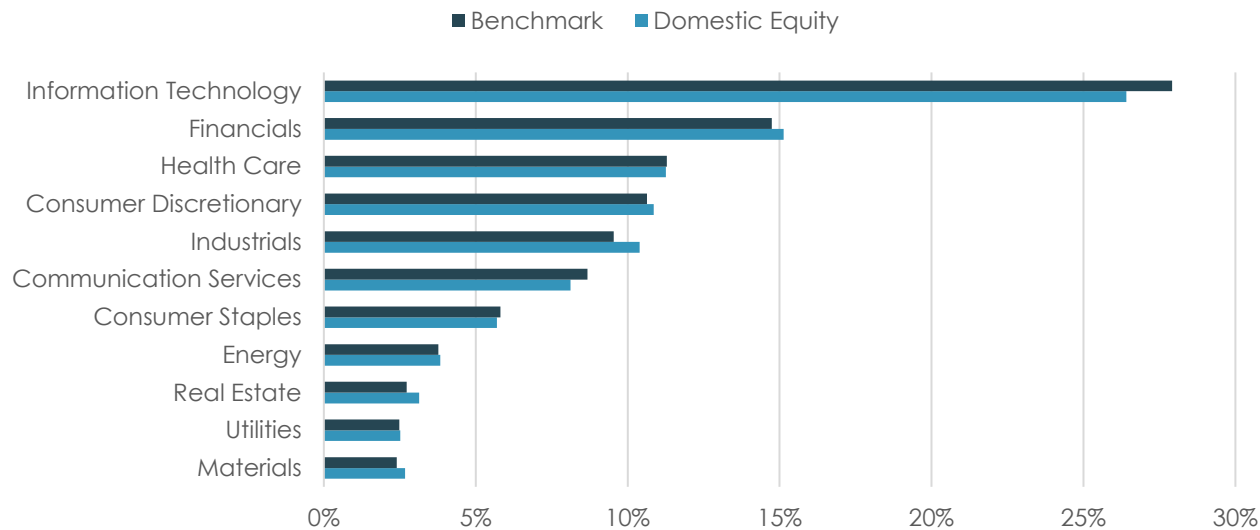
* Dollar values are in \$1,000,000

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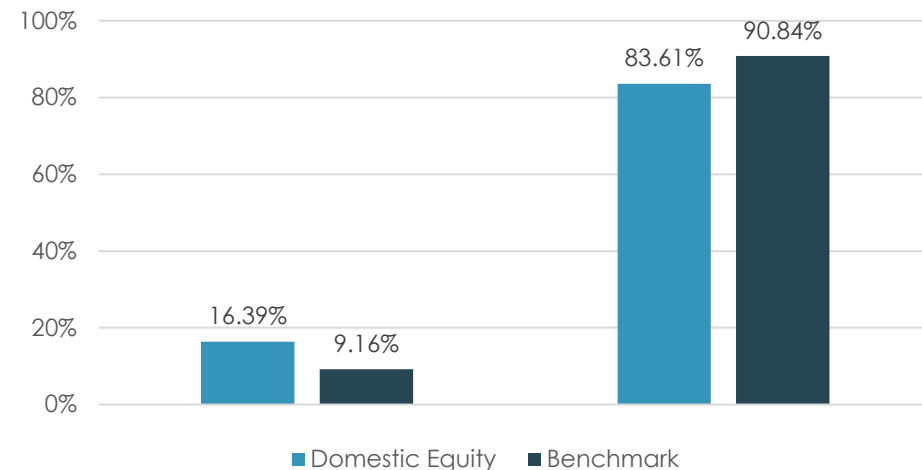
Domestic Equity

Characteristics - Pension

Sector



Market Cap

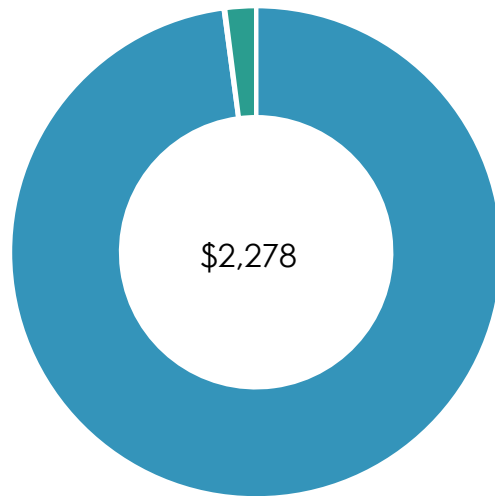


Domestic Equity Valuation

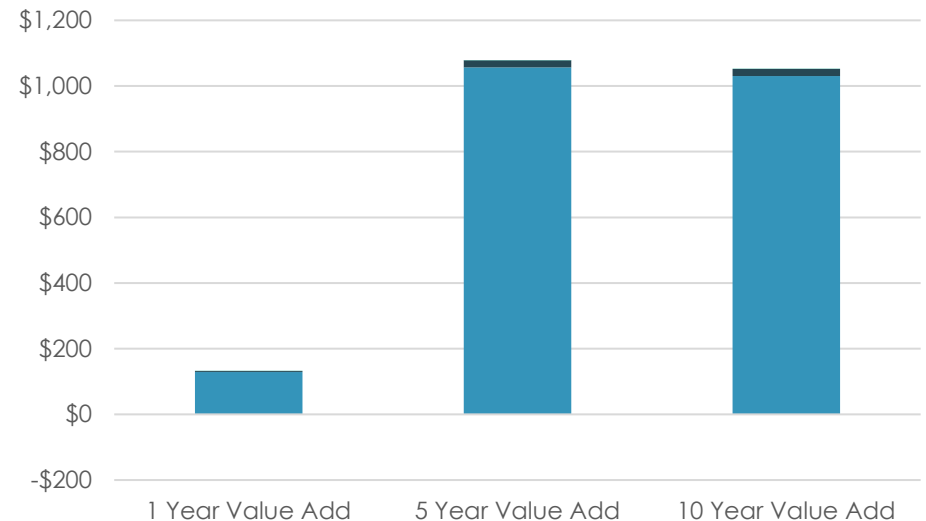


- P/E multiples dropped in the quarter, with the S&P forward P/E ratio ending the period at 20.2x. The average forward P/E for the S&P 500 since 1994 is 16.9x.
- The Top 10 stocks in the S&P 500 trade at a forward P/E of 24.4x vs. 18.3x for the remaining stocks in the index. Concentration in the largest stocks remains high, with the top 10 stocks in the S&P 500 comprising 35% of the index at the end of the quarter.

International Equity Ownership Breakdown



■ Pension ■ DC Disability ■ State Fund ■ Lubrecht Forest ■ Kyiyo Pow Wow



■ Pension ■ State Fund ■ DC Disability ■ Lubrecht Forest ■ Kyiyo Pow Wow

Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	6.09%	5.50%	11.01%	11.02%	5.23%	5.02%
State Fund	6.24%	6.09%	10.93%	10.92%	5.01%	4.98%
DC Disability	6.40%	6.09%	11.17%	10.92%	NA	NA
Lubrecht Forest	NA	NA	NA	NA	NA	NA
Kyiyo Pow Wow	NA	NA	NA	NA	NA	NA

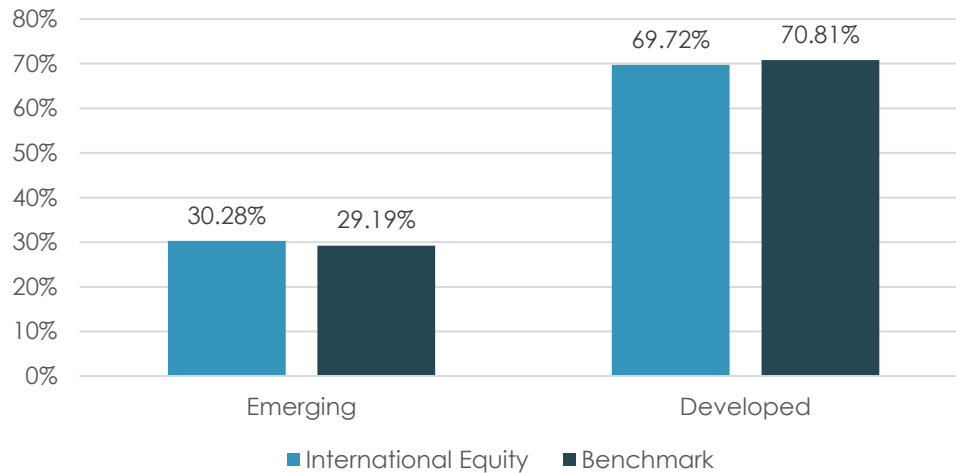
- International Equities outperformed US stocks by a large margin in 1Q25, driven by strong performance in Developed Markets. Value outperformed Growth and Large Caps outperformed Small Caps over the last year.
- Currency was a tailwind in 1Q25 after having been a strong headwind to US Dollar returns of International stocks in 2024.

* Dollar values are in \$1,000,000

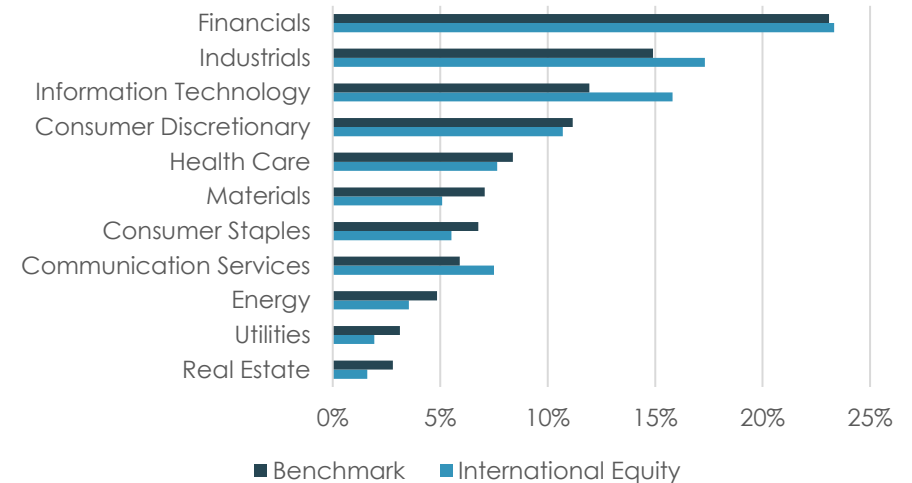
March 31, 2025

International Equity Characteristics - Pension

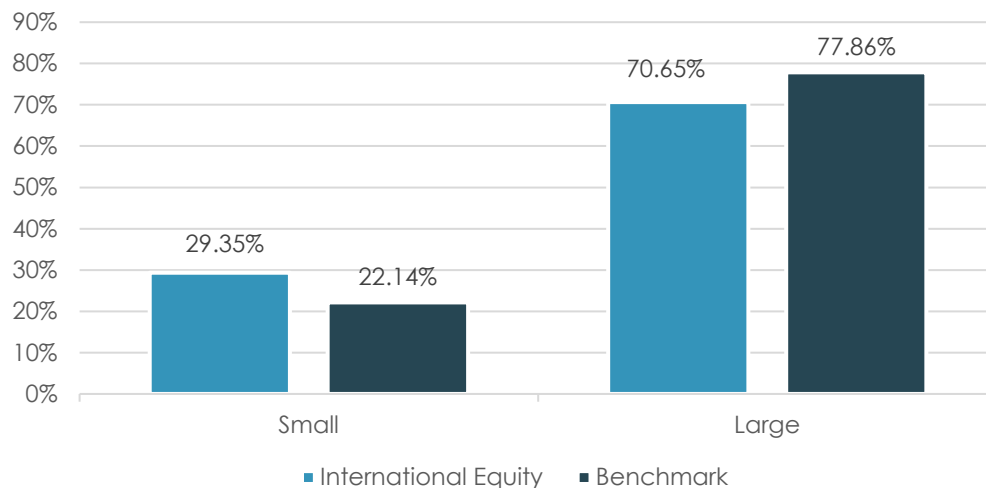
Developed vs. Emerging Markets



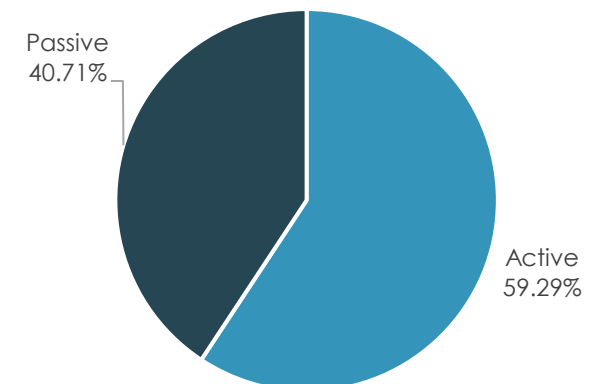
Sector



Market Cap



Active vs. Passive

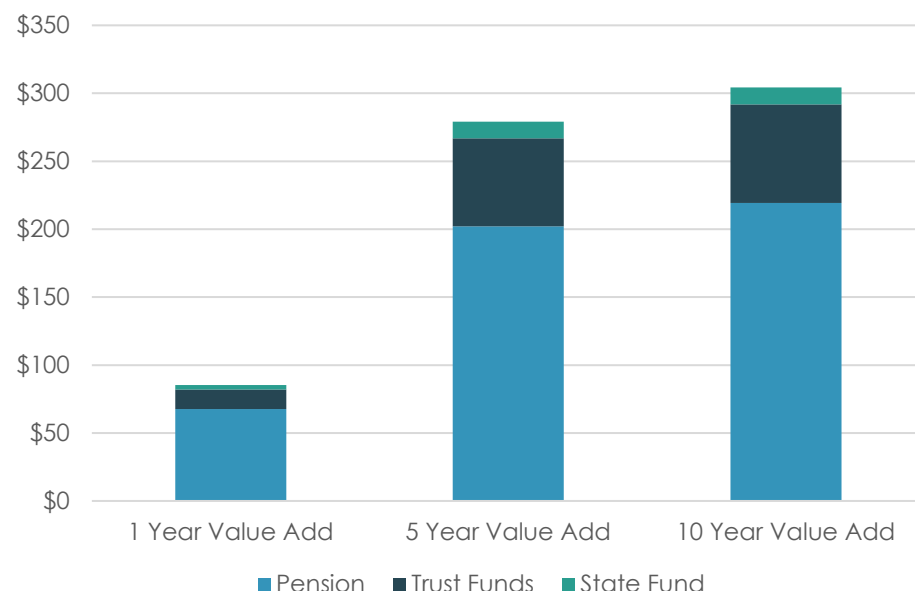
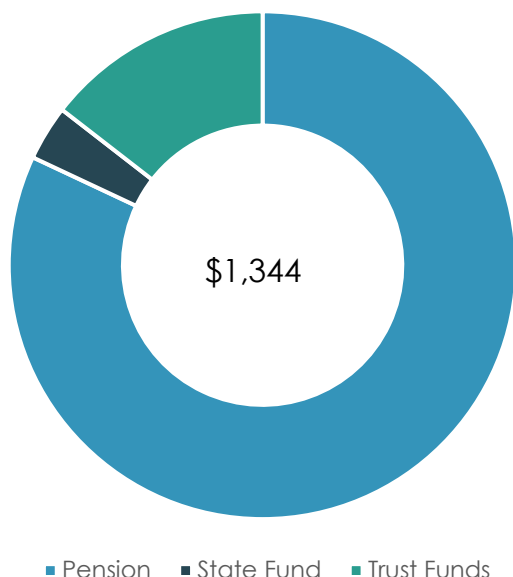


International Equity Valuation



- The forward P/E for the MSCI ACWI ex-US Index was 13.4x at the end of 1Q25--about flat vs. the end of 4Q24. The 20-year average for the index is 13.1x.
- The valuation discount for International Equities vs. US stocks narrowed slightly in 1Q25, ending the quarter at a -34% discount.

Non-Core Fixed Income Ownership Breakdown



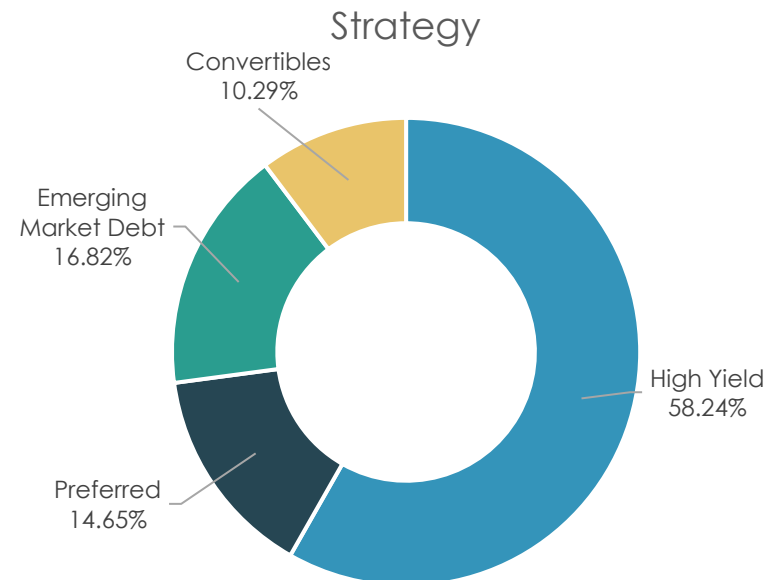
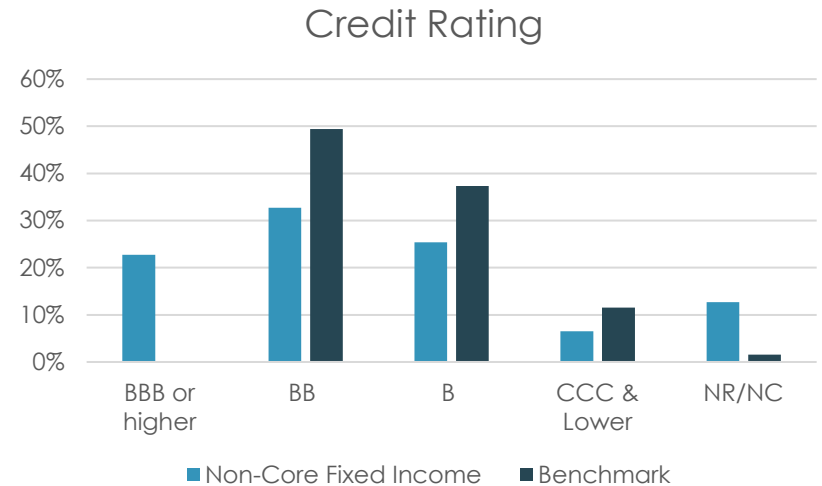
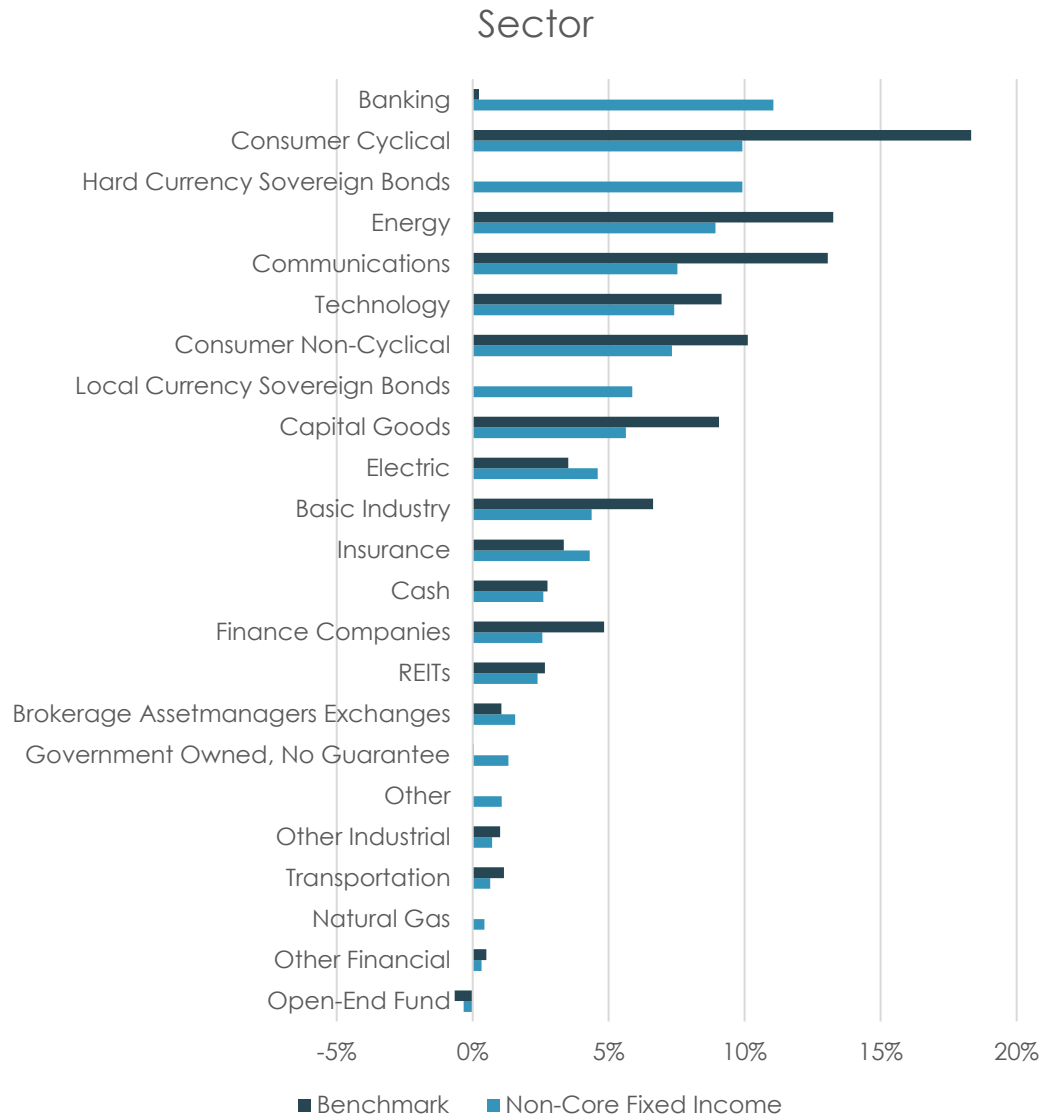
Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	6.41%	7.69%	5.76%	7.28%	3.97%	5.01%
State Fund	7.68%	7.69%	NA	NA	NA	NA
Trust Funds	7.17%	7.69%	6.67%	7.28%	4.13%	5.01%

- Returns for Non-Core Fixed Income were slightly positive in 1Q25 as Emerging Markets Debt and Preferred Securities outperformed US High Yield.
- In US High Yield, the trend of lower-quality credit outperformance reversed in 1Q25, as higher-quality bonds posted slightly better returns than lower-quality ones.

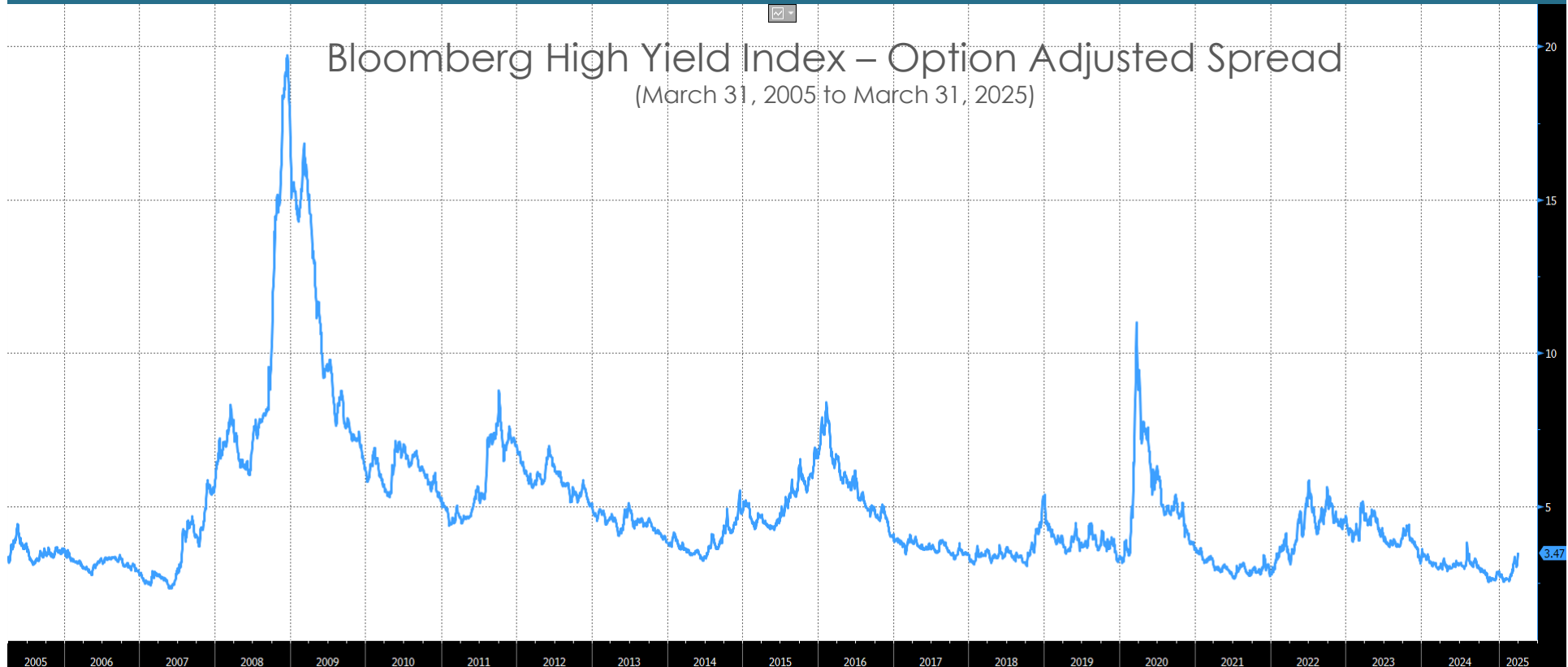
* Dollar values are in \$1,000,000

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Non-Core Fixed Income Characteristics

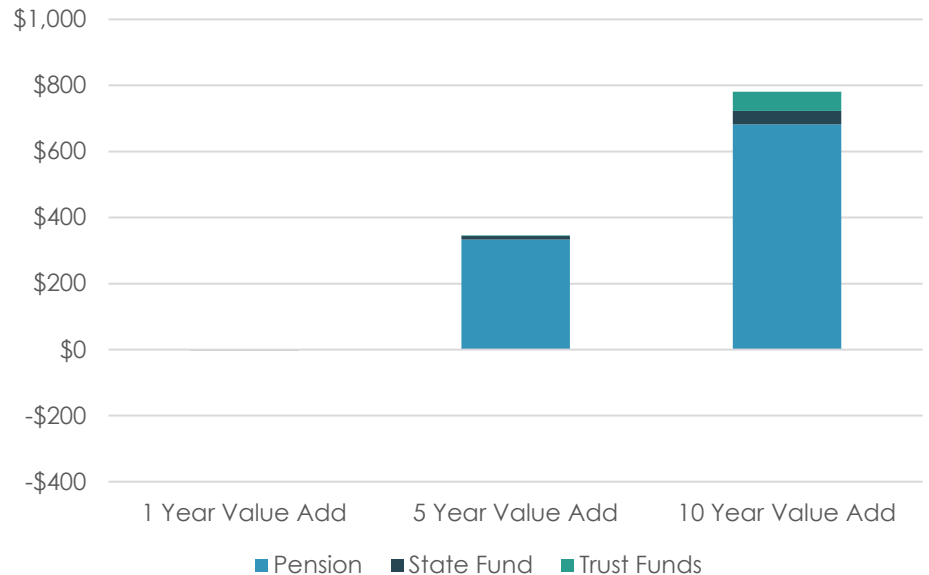
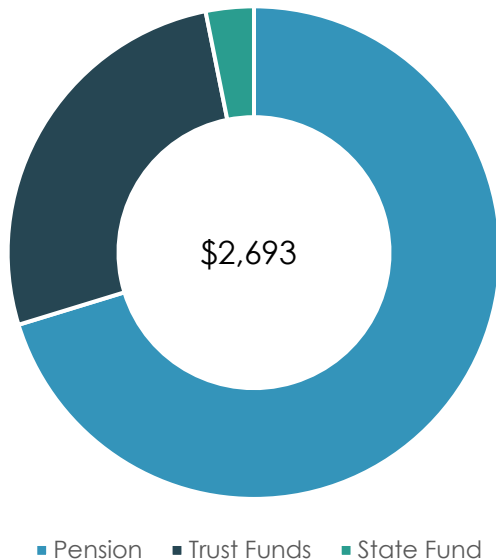


Non-Core Fixed Income Valuation



- High Yield spreads widened in 1Q25 as market volatility spiked.
- While spreads widened, Treasury yields dropped, leaving absolute yields at 7.69% at the end of the quarter, which is marginally higher than at the end of 2024.

Real Estate Ownership Breakdown



Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	-0.06%	-2.27%	4.96%	4.12%	6.66%	3.20%
State Fund	-2.05%	-2.27%	1.85%	1.99%	4.25%	4.94%
Trust Funds	-0.47%	-2.27%	3.85%	1.99%	5.38%	4.94%

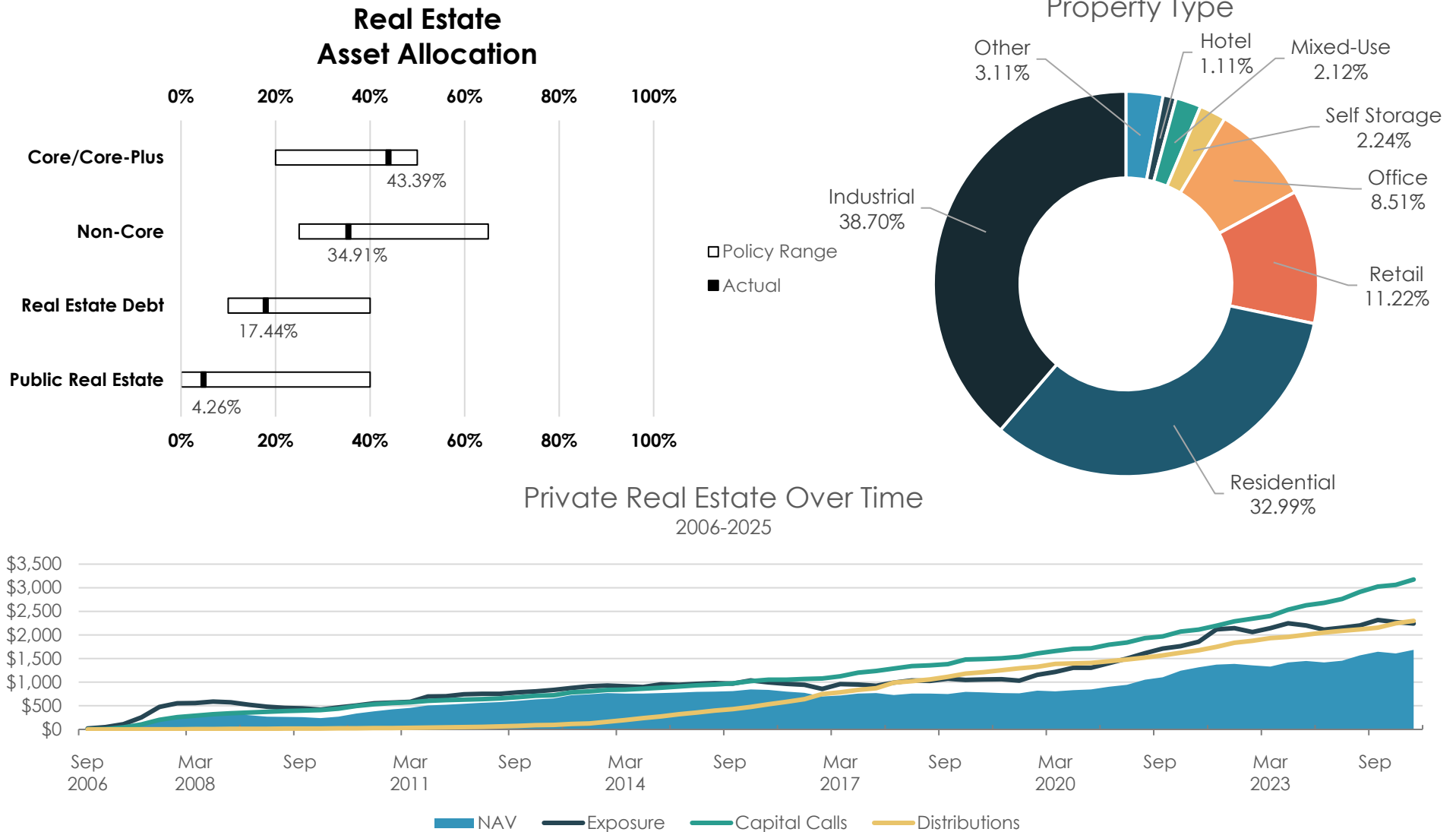
- Negative price appreciation in institutional real estate continues to slow.
- Overall, transaction markets have continued to improve, though volume is still below prior peaks.
- Development starts down across sectors, a positive for real estate in the coming years.
- Signs of stabilizing fundamentals, mixed depending on property type and market location.
- Loan modifications/extensions gaining velocity, cost of financing on the rise, but ample debt sources remain.

* Dollar values are in \$1,000,000

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Real Estate

Characteristics - Pension



* Dollar values are in \$1,000,000

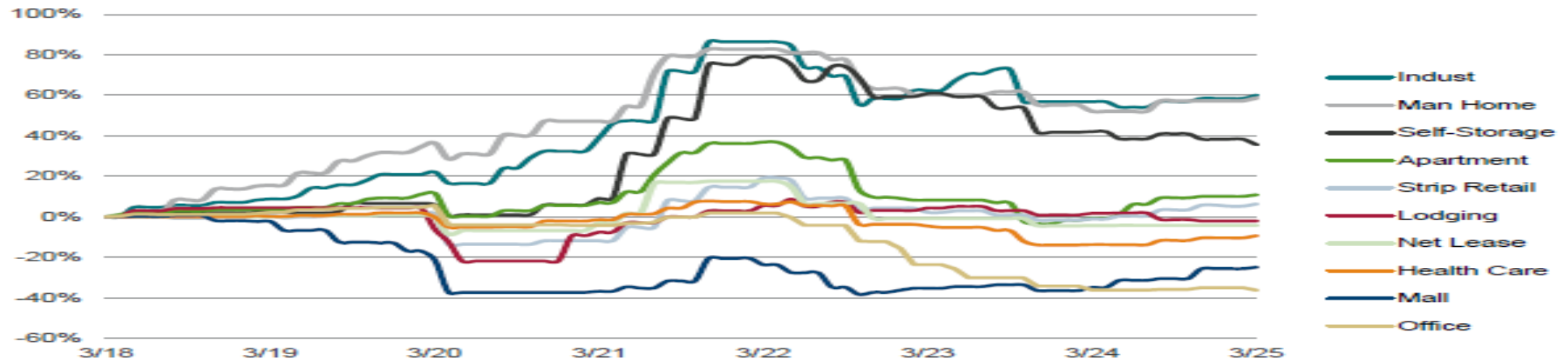
March 31, 2025

Real Estate Valuation

	Index Value	Change in Commercial Property Values		
		Past Month	Past 12 Mos	From '22 Peak
All Property	127.7	0.3%	5%	-18%
Core Sector	128.5	0.2%	6%	-20%
Apartment	154.4	0.7%	12%	-19%
Industrial	218.0	1.0%	2%	-14%
Mall	92.2	1.0%	15%	-6%
Office	71.2	-2.0%	0%	-37%
Strip Retail	117.5	1.0%	7%	-11%
Data Center	110.5	0.7%	5%	-14%
Health Care	127.0	1.3%	5%	-16%
Lodging	102.3	0.0%	-4%	-10%
Manufactured Home Park	281.0	0.9%	4%	-13%
Net Lease	94.3	0.0%	0%	-19%
Self-Storage	237.2	-2.0%	-5%	-24%

¹ Green Street Commercial Property Price Index® - April 4, 2025

Cumulative Change in CPPI®: Past Seven Years



- Recent upward momentum and pricing stabilization continue as reflected in Green Street's CPPI for the most recent period, continued uplift and improvement in the last 12 months.

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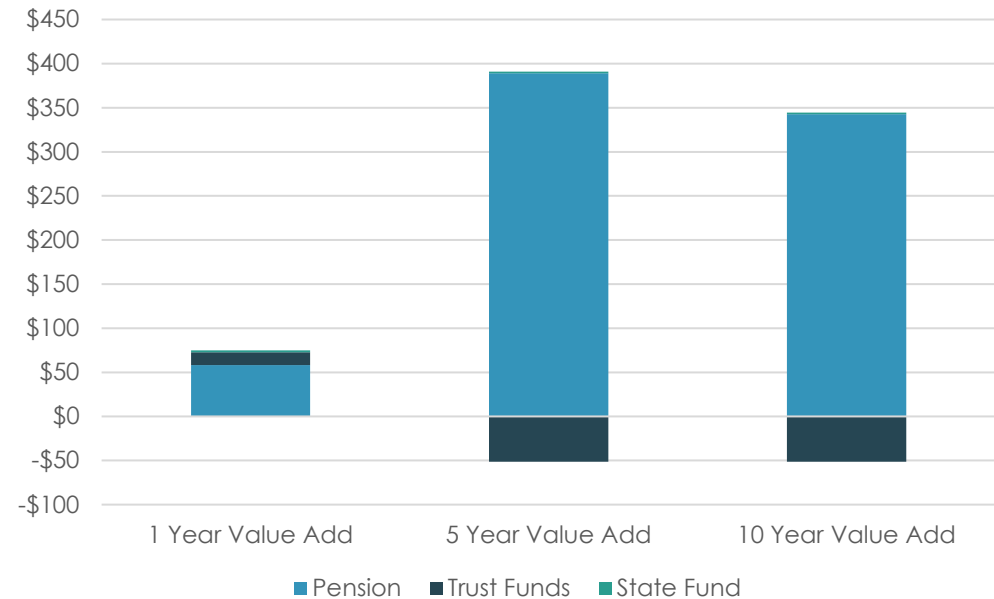
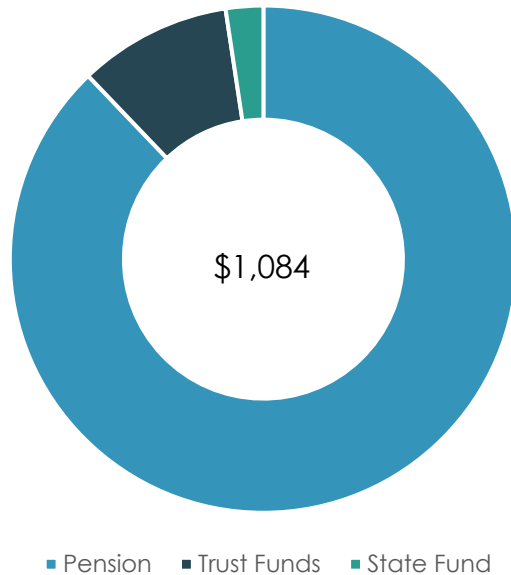
Real Estate

New Commitments FYTD

- Walton Street Real Estate Debt Core Fund, LP – \$100M (CAPP), \$50M (TFIP)
- NewCold Fund III, LP - \$50M (CAPP)
- **CPF – Rosebud Ventures, LLC - \$50 (CAPP), \$35M (TFIP)**

Real Assets

Ownership Breakdown



Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	6.64%	9.49%	11.59%	14.11%	NA	NA
Trust Funds	17.22%	10.43%	NA	NA	NA	NA
State Fund	12.13%	10.43%	NA	NA	NA	NA

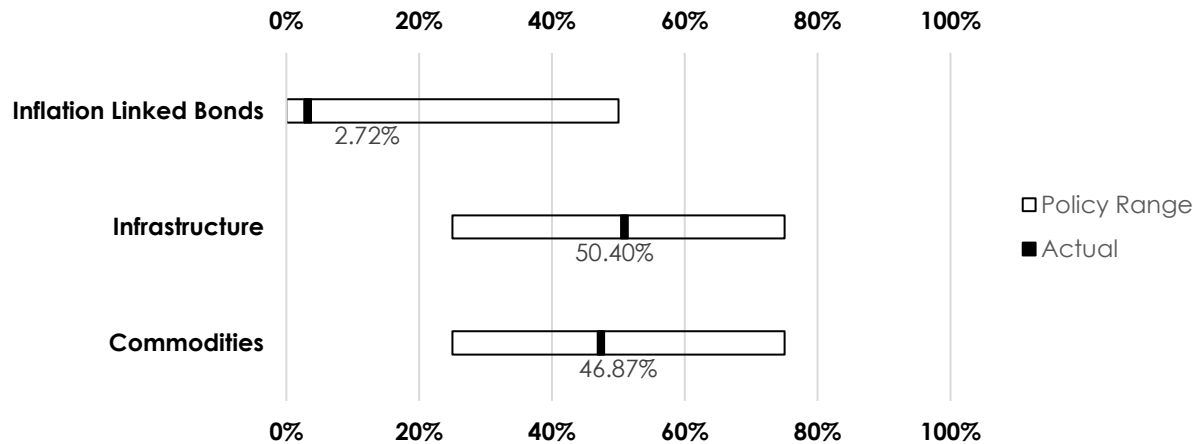
- US oil production moderating in response to persistent downward trend in prices, natural gas following similar path, rig counts continue to fall generally on increasing efficiency gains, OPEC+ hikes output.
- Housing starts increased 11.2% in February; total construction spending was up 3% YOY in February.
- Demand for railcars remains strong, leasing rates outpacing inflation, utilization remains high at 96%.
- Aggregates demand soft, offset by pricing gains which have been consistently outpacing inflation.
- PNW timber prices increasing, southern timber prices up last quarter, lumber pricing stable

* Dollar values are in \$1,000,000
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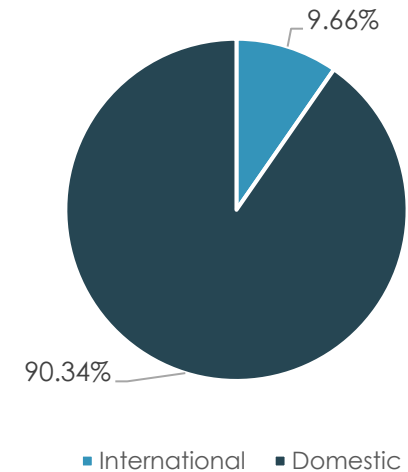
Real Assets

Characteristics - Pension

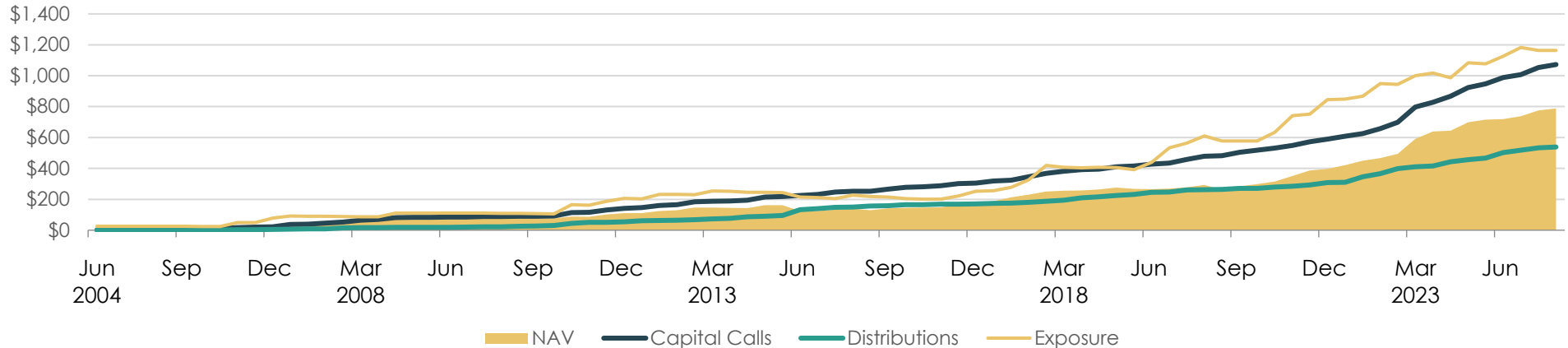
**Real Assets
Asset Allocation**



Domestic vs. International



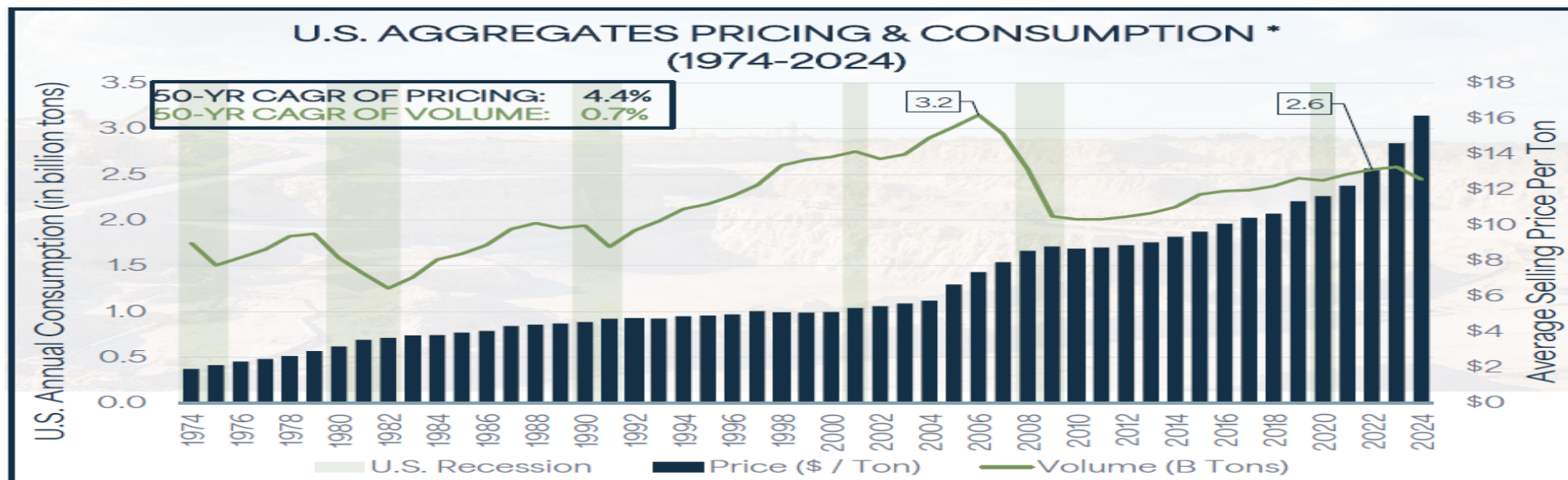
Private Real Assets Over Time
2004-2025



* Dollar values are in \$1,000,000

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Real Assets Valuation



Source: USGS Survey historical volume and pricing data for crushed stone and sand and gravel

- Recent volatility to the downside in oil given ongoing political rhetoric, continued uncertainty in the Middle East and OPEC+ quota compliance and uncertainty around a global economic slowdown.
- US aggregates pricing and consumption trends continue their long-term upward trajectory.

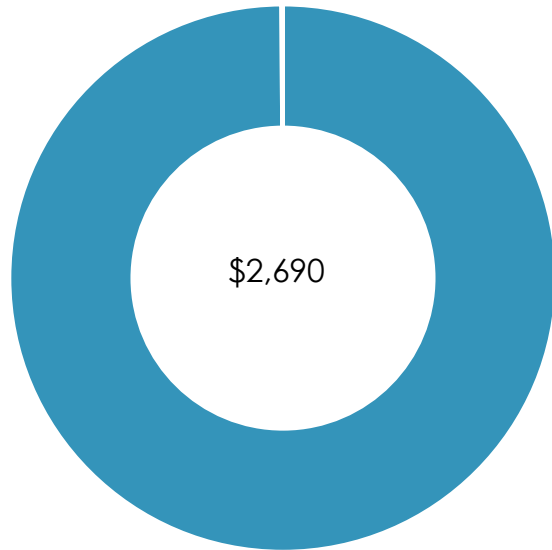
March 31, 2025

Real Assets

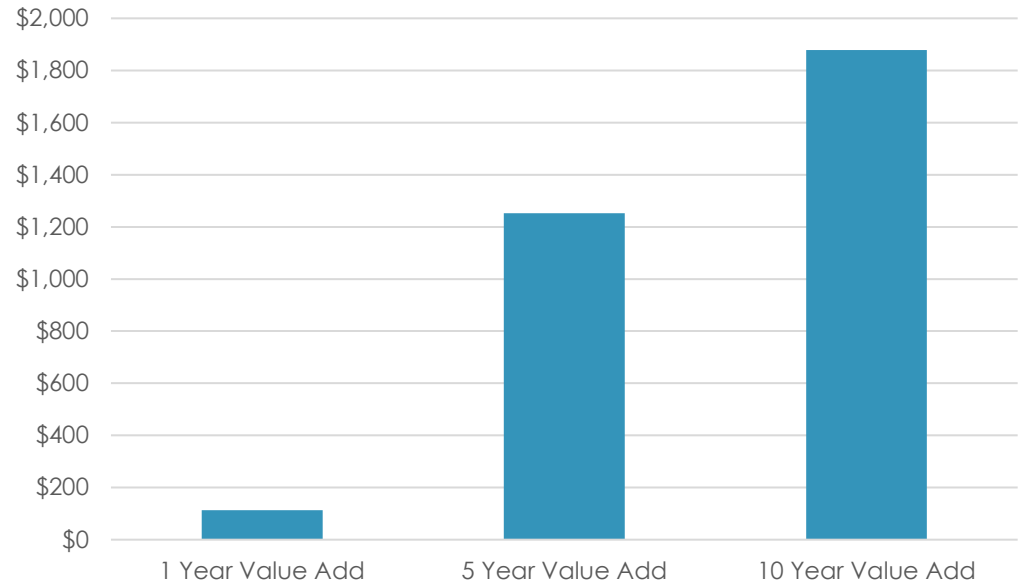
New Commitments FYTD

- Ecosystem Investment Partners Fund V, LP - \$50M (CAPP)
- Silver Creek Aggregate Reserves Fund, LP - \$50M (CAPP), \$30M (TFIP), \$15M (State Fund)
- **No New Commitments**

Private Investments Ownership Breakdown



■ Pension ■ State Fund ■ Trust Funds



■ Pension ■ State Fund ■ Trust Funds

Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	4.52%	0.17%	12.73%	16.46%	11.77%	8.96%
State Fund	NA	NA	NA	NA	NA	NA
Trust Funds	NA	NA	NA	NA	NA	NA

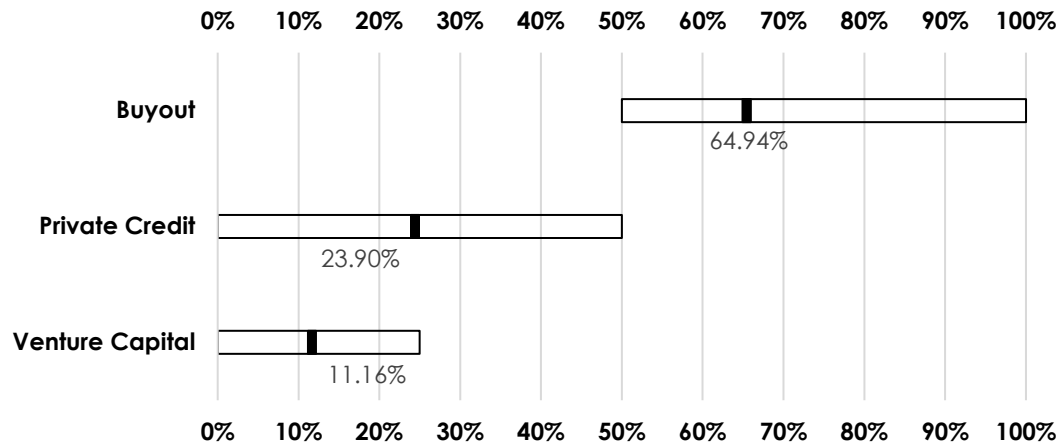
- Relative and absolute performance over 1 year is within expectations; steady, compared to last quarter.
- Long-term performance over 5 and 10 years remains strong and continues to outperform on a 10-Year relative basis.

* Dollar values are in \$1,000,000

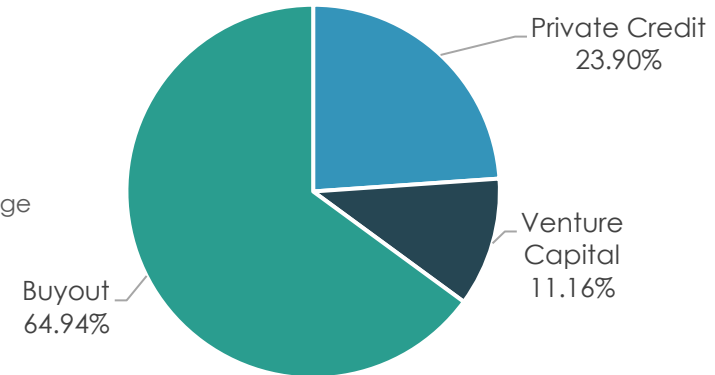
March 31, 2025

Private Investments Characteristics

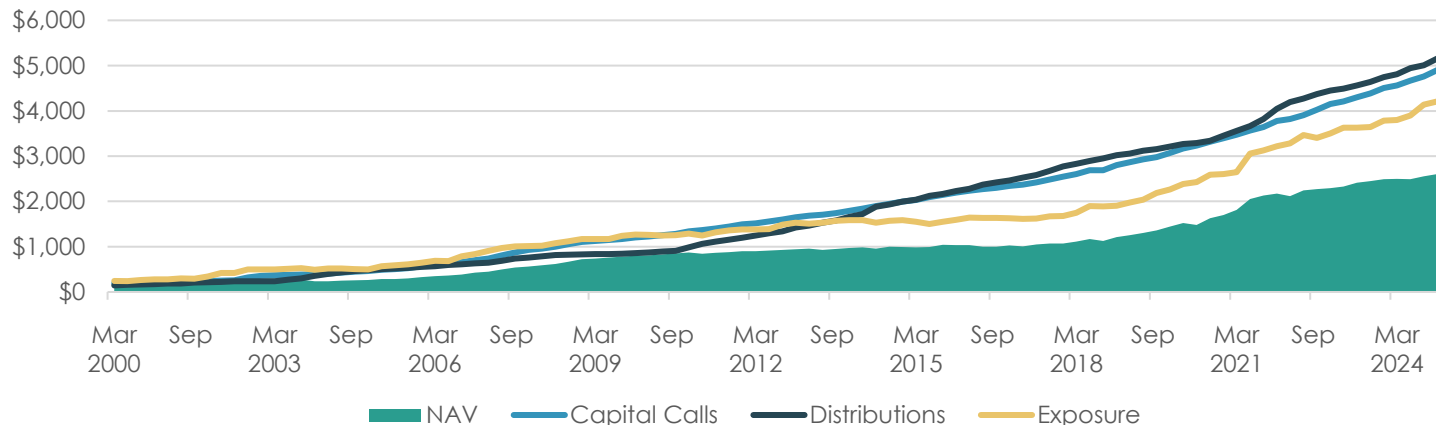
Private Investments
Asset Allocation



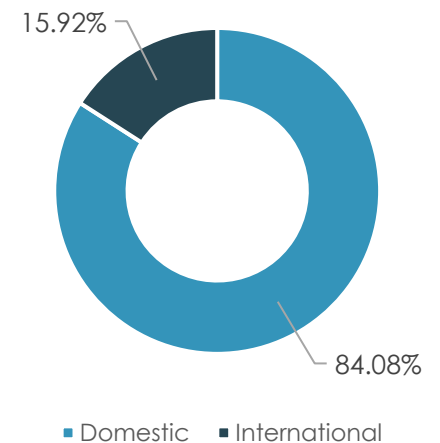
Strategy



Private Investments Over Time
2000 - 2025



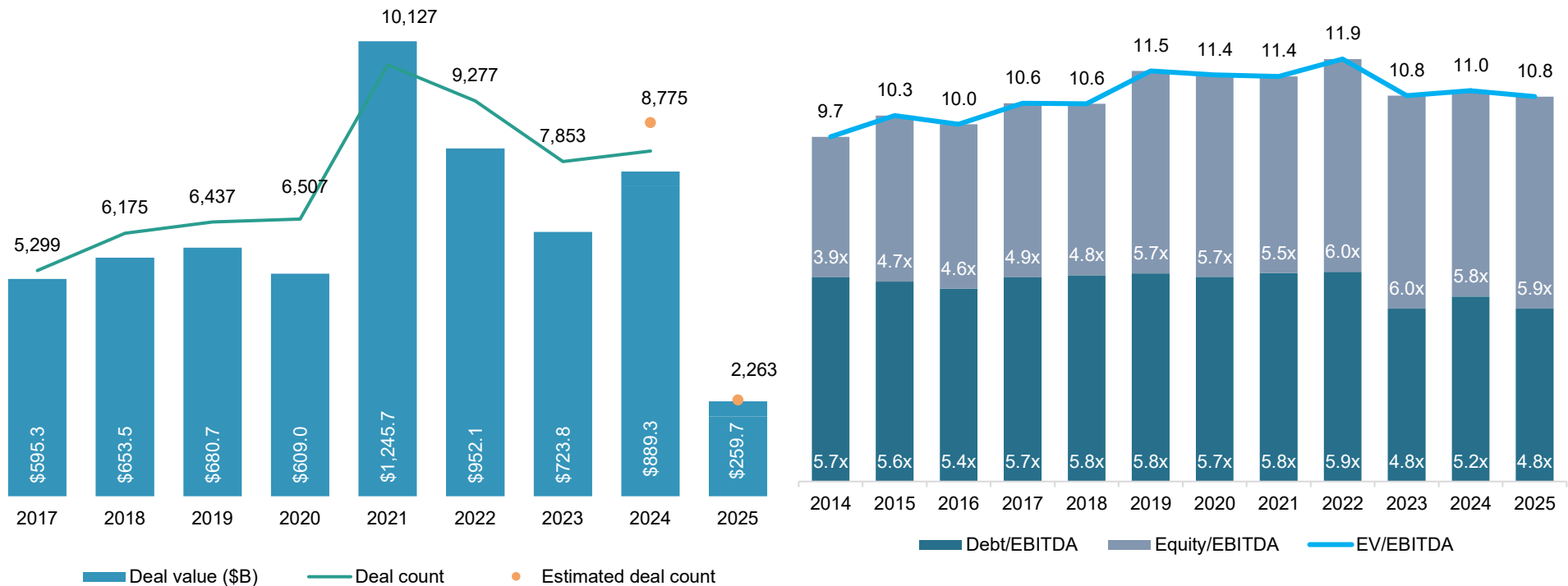
Domestic vs.
International



* Dollar values are in \$1,000,000

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Private Investments Valuation



- 2024 marked a strong recovery; both deal count, and total deal value rose by double digits YoY. Expectations were leaning towards a continuation in 2025; however, the first quarter now paints a more complex picture.
- Valuations continue to gain their footing, while credit conditions remained largely favorable in early 2025.
- Overall sentiment deteriorated in February and March due to tariff concerns, capital markets volatility, and weakening consumer confidence, reducing overall risk appetite.

Source: PitchBook. *as of 3/31/2025

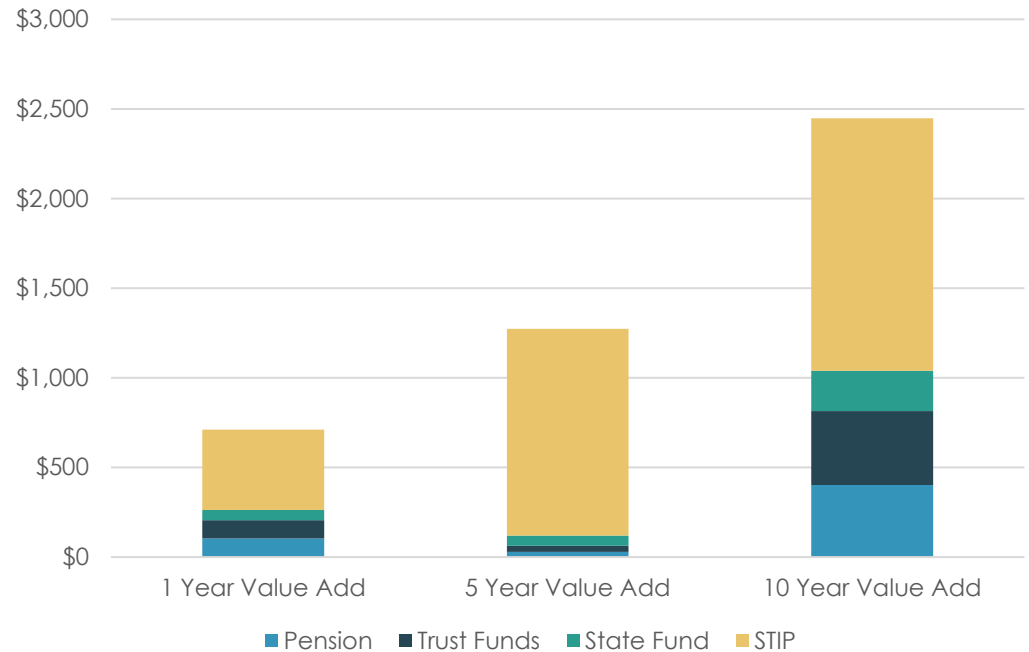
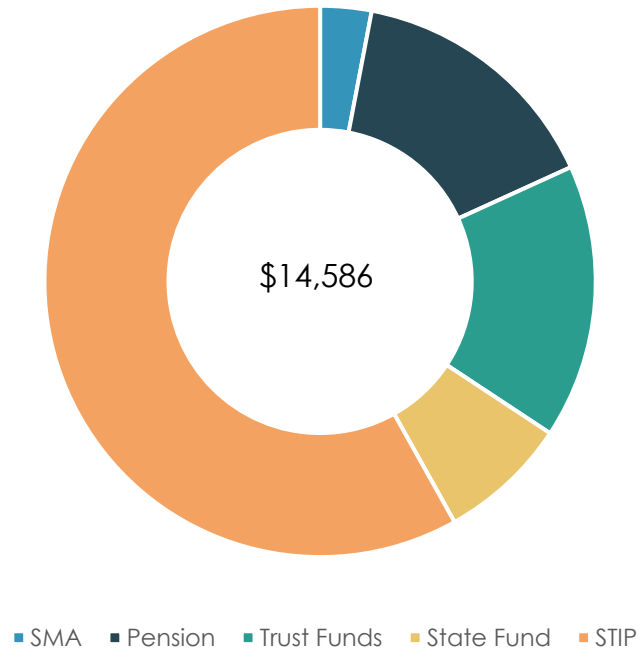
March 31, 2025

Private Investments

New Commitments FYTD

- Tenex Capital Partners Fund IV, LP - \$50M
- FLC Big Horn Investment Fund, LP - \$100M
- Rubicon Partners Fund IV, LP - £40M (~\$50M)
- Stellus Credit Fund IV, LP - \$50M
- Renovus Capital Partners Fund IV, LP - \$40M
- GoldenTree Tactical Opportunities Fund, LP - \$50M
- Deerpath Evergreen Advantage (US), LP – \$50M (CAPP), \$35M (TFIP), \$15M (State Fund)
- **Accolade Beaverhead Investment Fund, LP - \$50M**

Core Fixed Income Ownership Breakdown



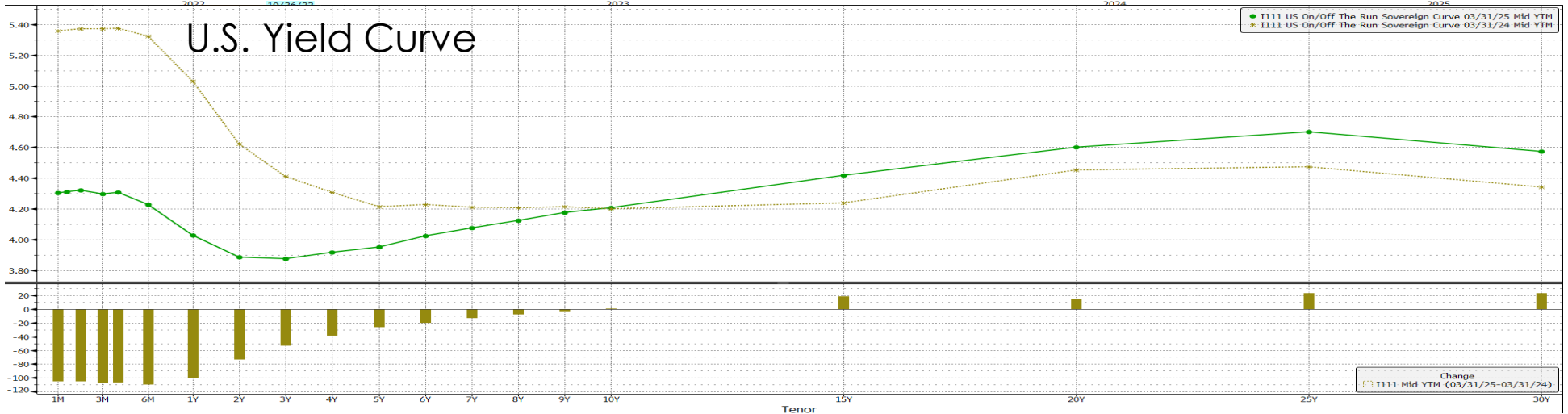
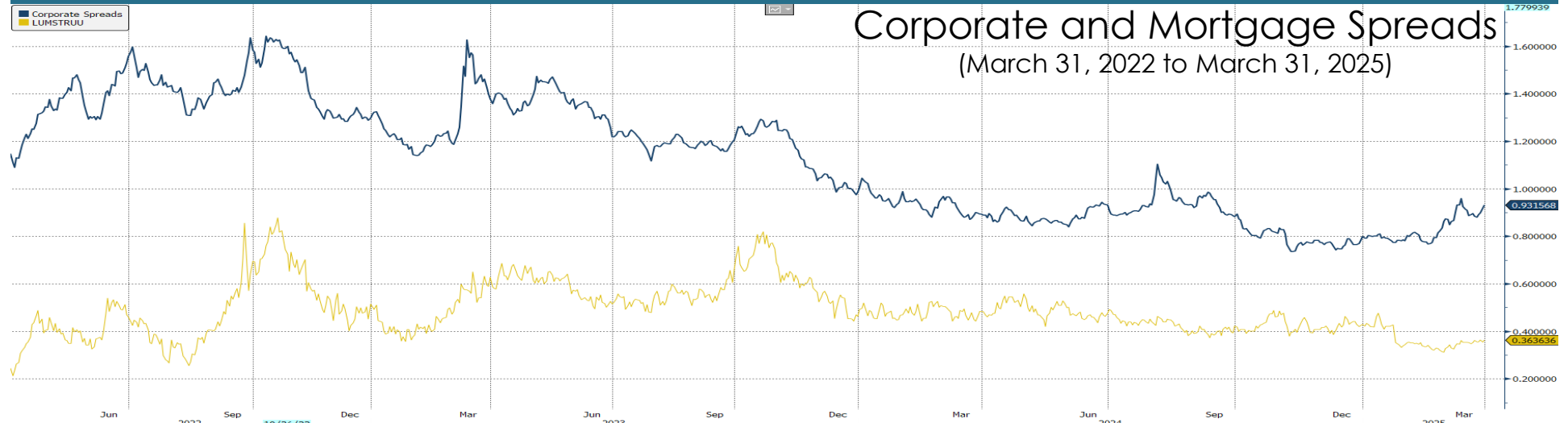
Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	4.82%	4.88%	0.03%	-1.33%	1.54%	0.73%
Trust Funds	4.86%	4.88%	0.11%	-0.40%	1.82%	1.46%
State Fund	5.09%	4.88%	1.02%	0.16%	1.91%	1.45%
STIP	5.08%	5.11%	2.72%	2.70%	2.01%	1.97%

- Interest rates declined for maturities shorter than 10 years and increased for those longer.
- The market is pricing in three Fed Funds rate cuts over the next year.
- Significant uncertainty exists on future rates of inflation and Federal Reserve actions.

* Dollar values are in \$1,000,000

March 31, 2025

Core Fixed Income Valuation



- Risk premiums remain below historical averages.
- The yield curve steepened significantly over the past year.

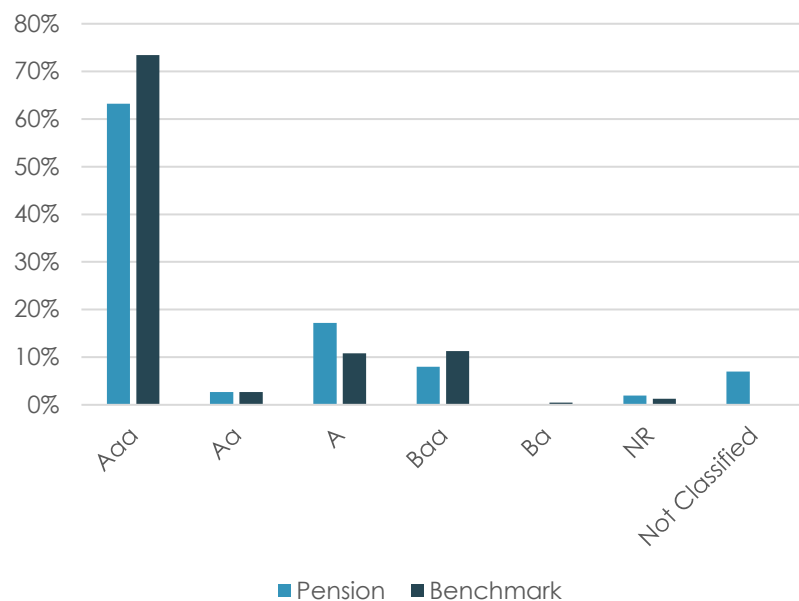
Core Fixed Income

Characteristics - Pension

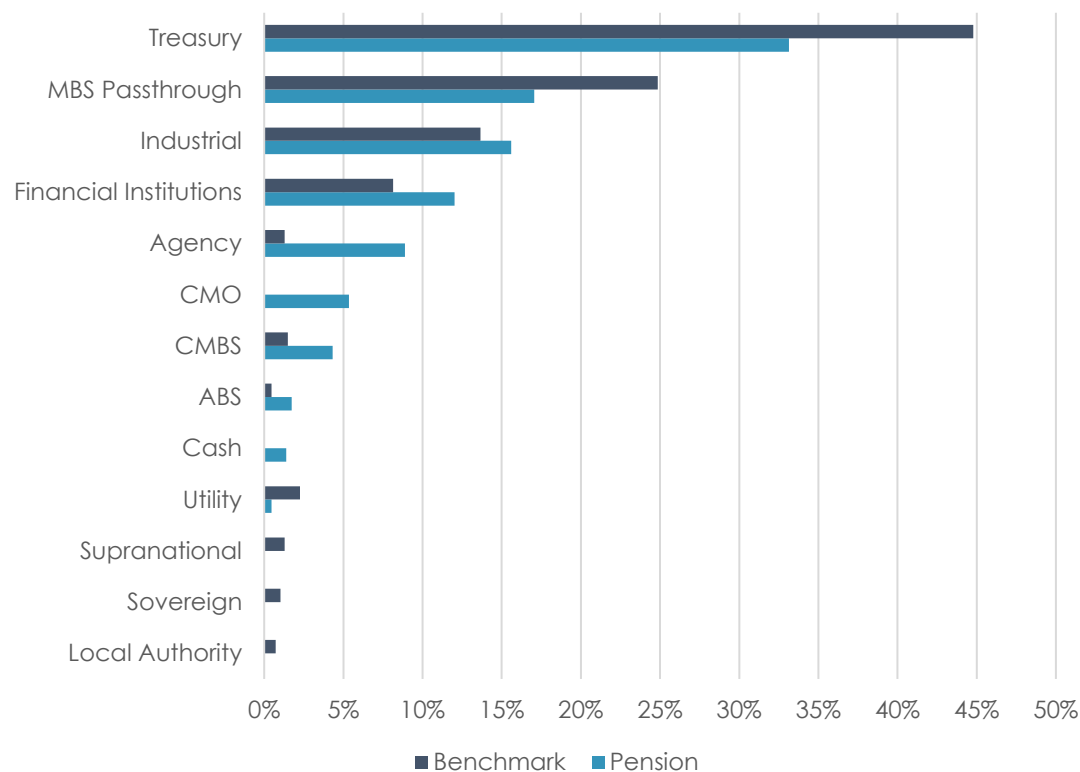
Core Fixed Income

	Portfolio	Index	Difference	% of Index
Duration (Yrs)	6.72	6.01	0.71	111.81%
Yield to Worst	4.75%	4.59%	0.16%	103.49%
CTD from Corporate	1.23	1.64	-0.41	75.00%

Credit Rating



Sector



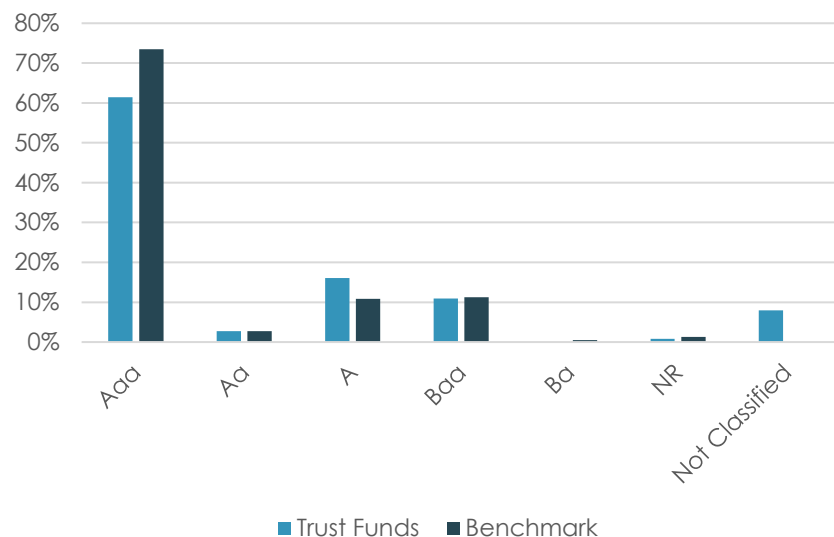
Core Fixed Income

Characteristics – Trust Funds

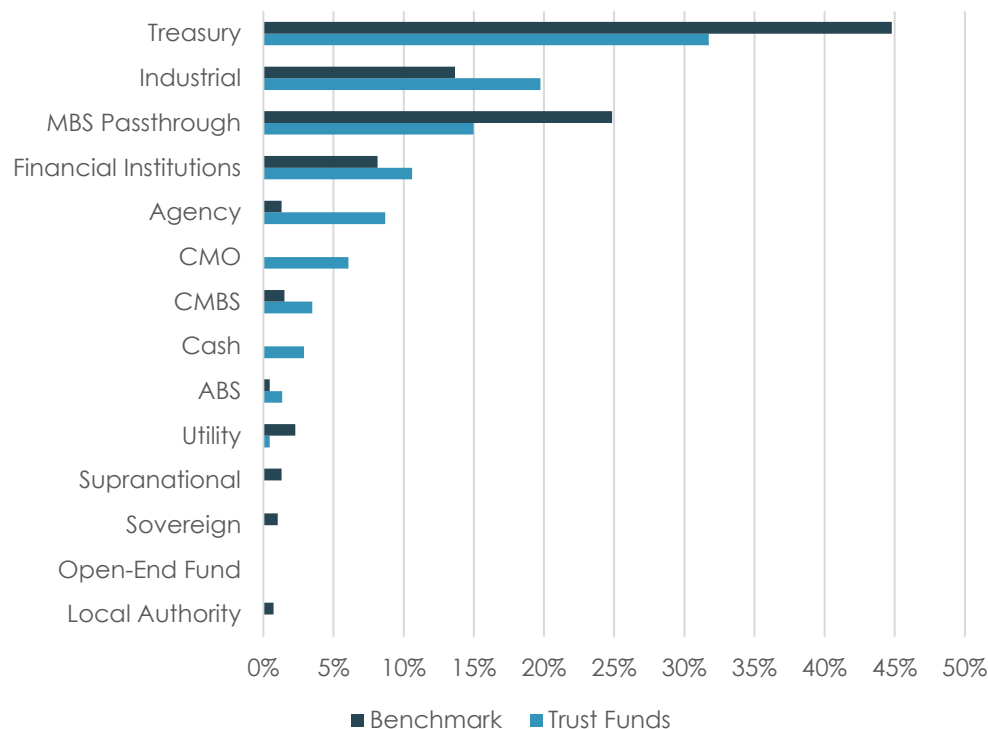
Trust Funds Investment Pool

	Portfolio	Index	Difference	% of Index
Duration	6.61	6.01	0.6	109.98%
Yield to Worst	4.75%	4.59%	0.16%	103.49%
CTD from Corporate	1.5	1.64	-0.14	91.46%

Credit Rating



Sector



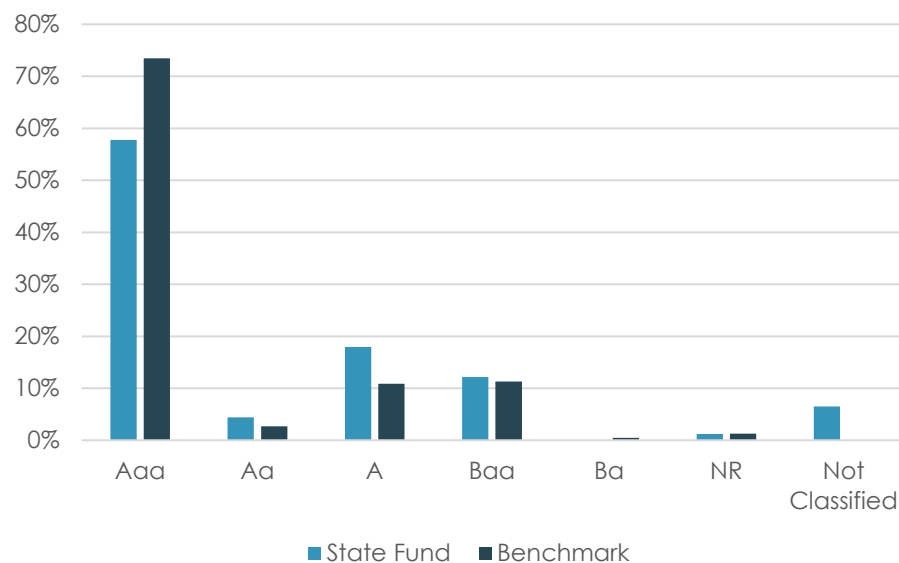
Core Fixed Income

Characteristics – State Fund

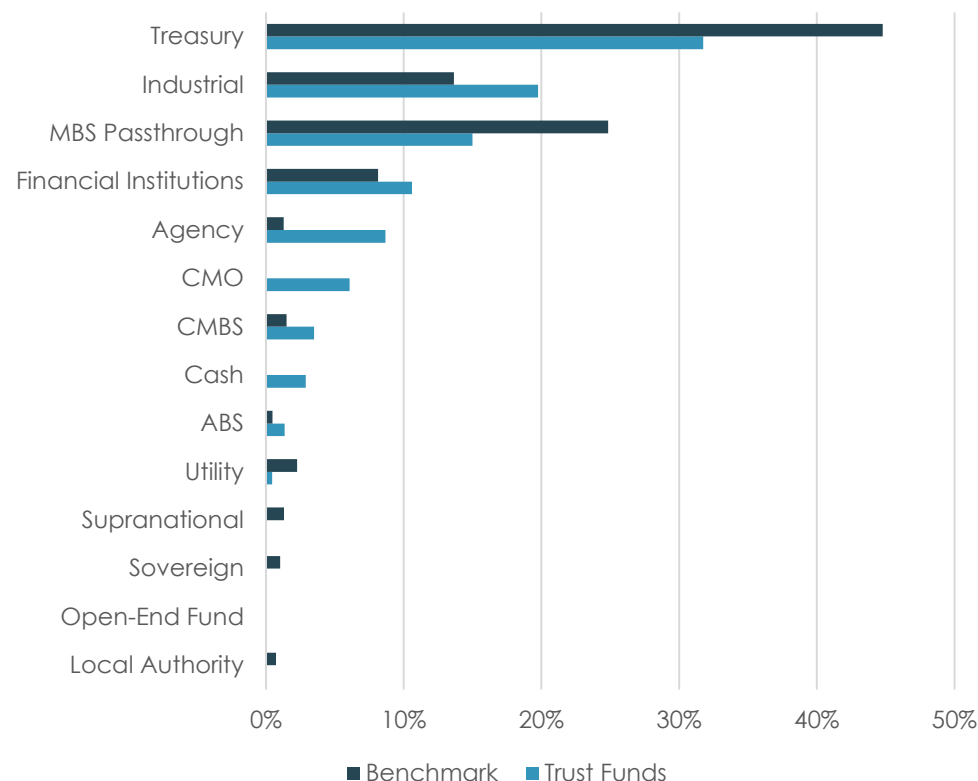
State Fund Investment Pool

	Portfolio	Index	Difference	% of Index
Duration	6.08	6.01	0.07	101.16%
Yield to Worst	4.73%	4.59%	0.14%	103.05%
CTD from Corporate	1.52	1.64	-0.12	92.68%

Credit Rating



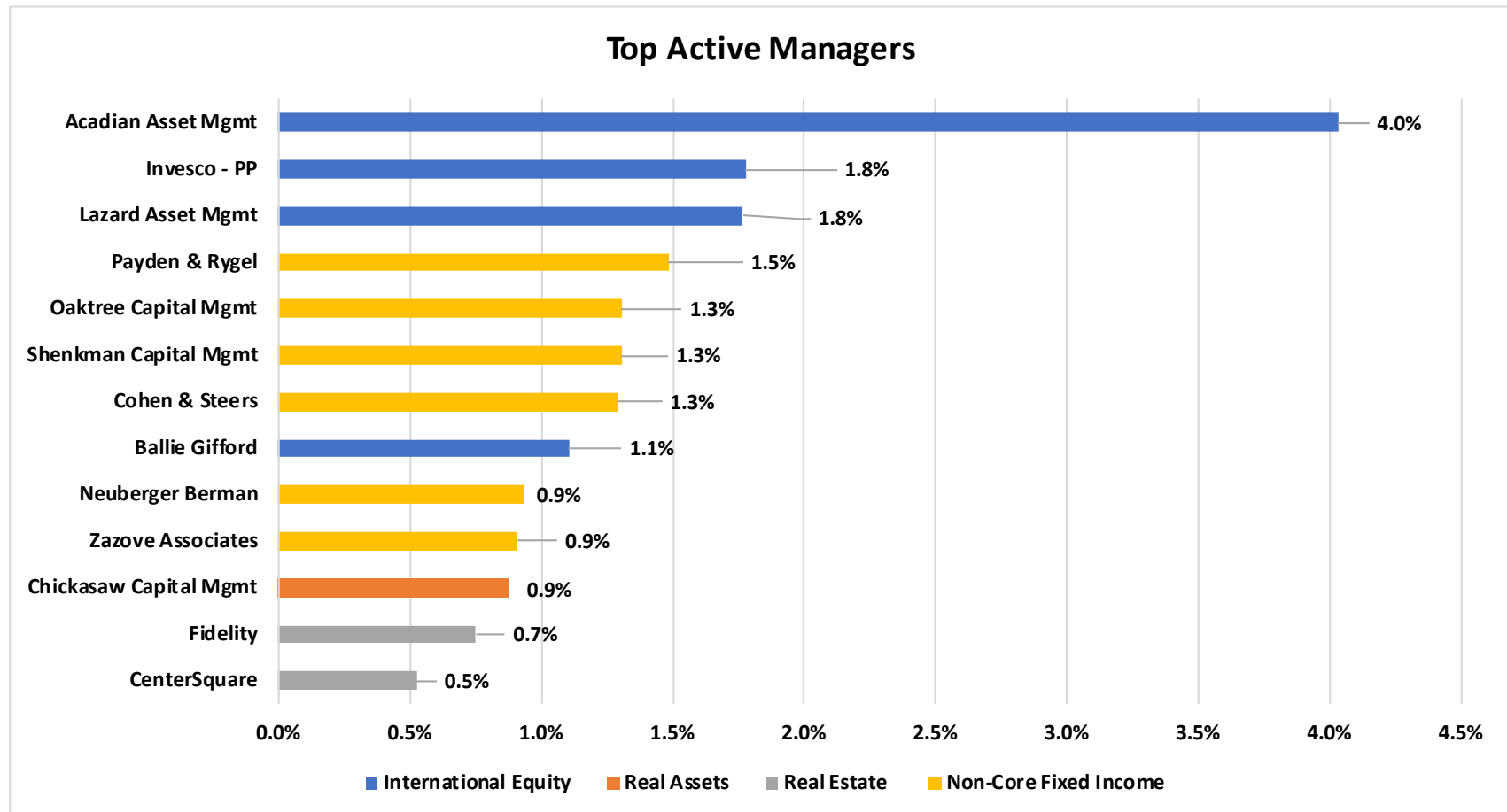
Sector



APPENDIX

Risk Management

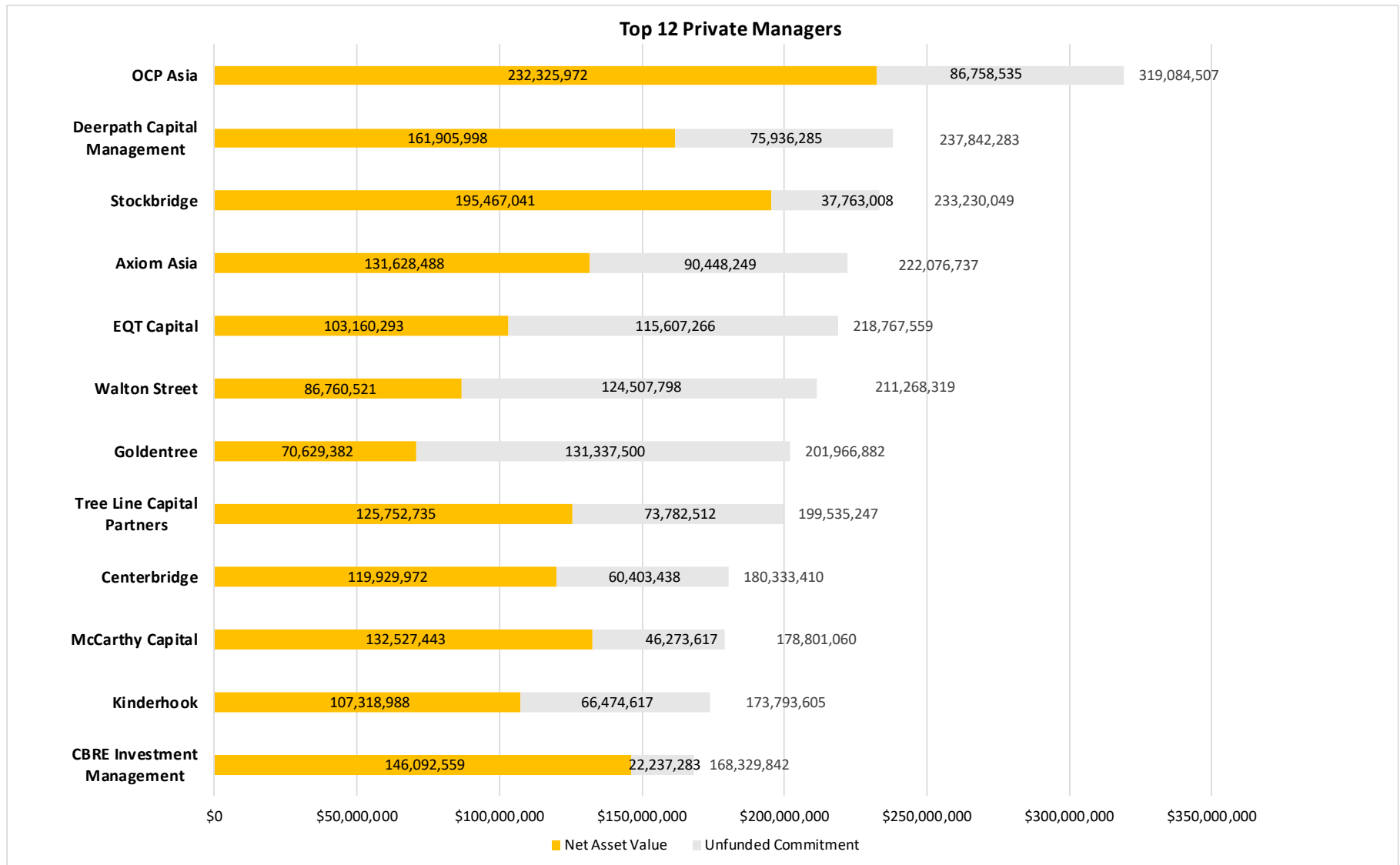
Pension Holdings



*Montana Public Retirement Plans shall have no greater than 5% of its Net Asset Value managed by any one external manager using an active investment strategy

Risk Management

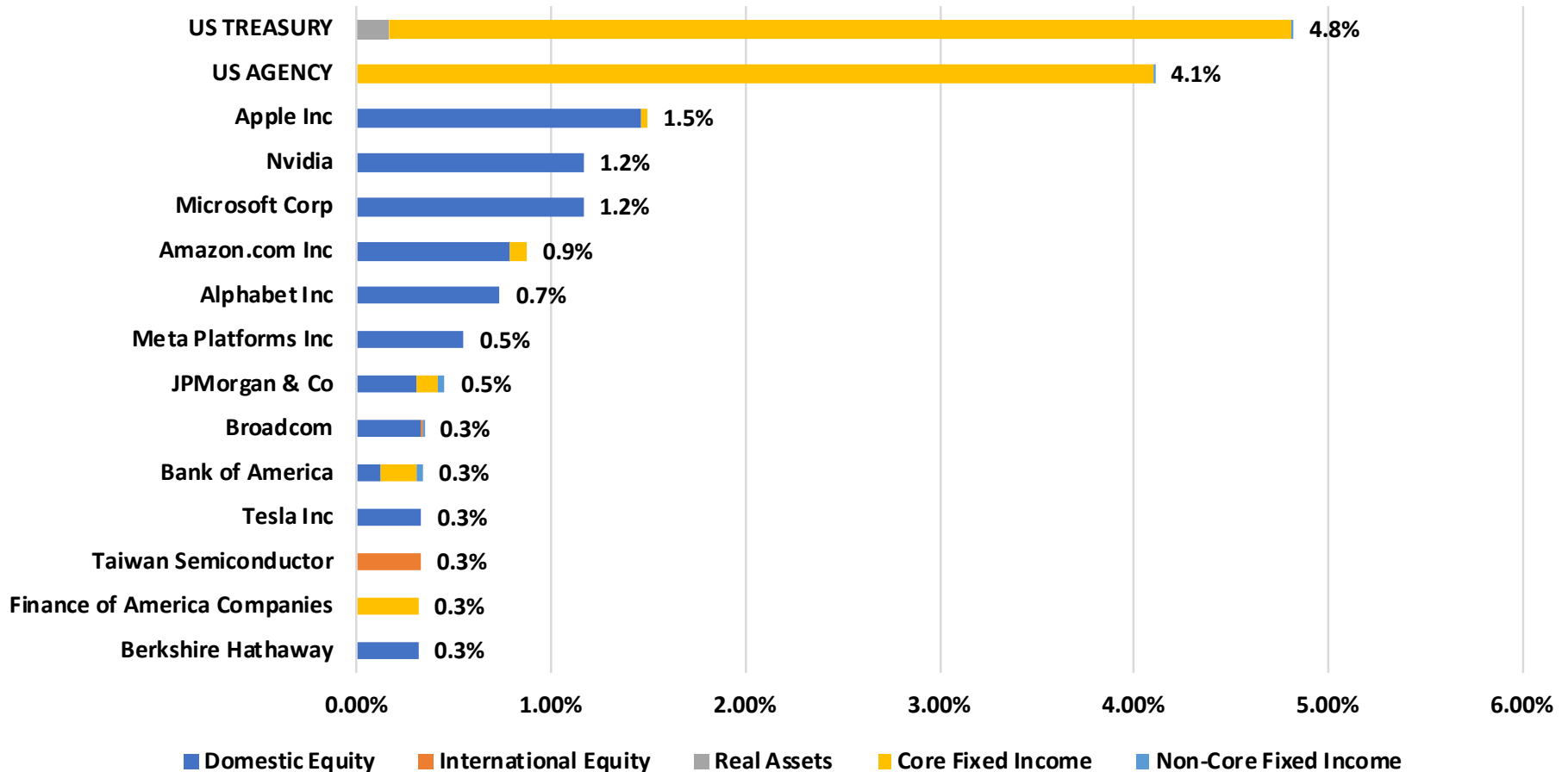
Pension Holdings



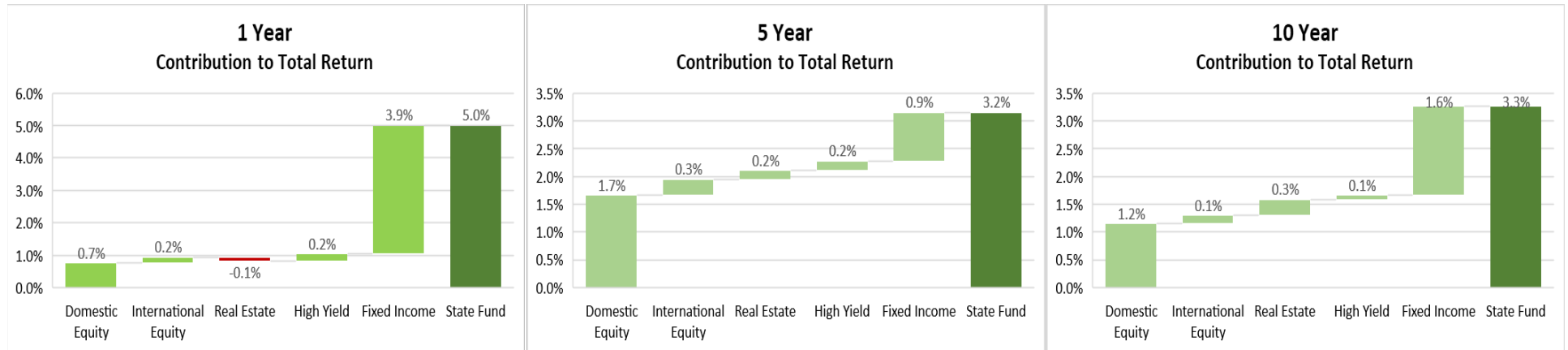
Risk Management

Pension Holdings

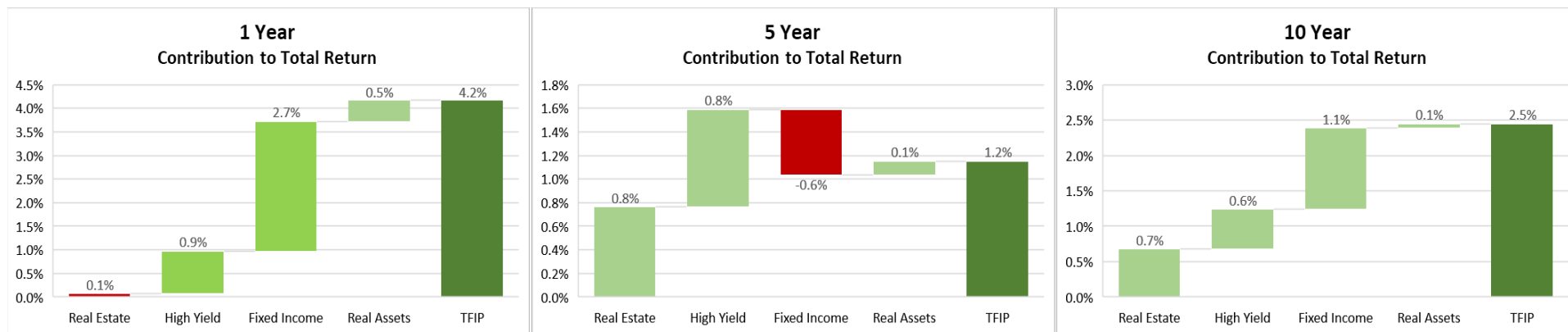
Top 15 Issuers



State Fund Performance



Trust Funds Investment Pool Performance



2025 Board of Investments Calendar

JANUARY						
S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

FEBRUARY						
S	M	T	W	T	F	S
						1
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	

MARCH						
S	M	T	W	T	F	S
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

APRIL						
S	M	T	W	T	F	S
	1	2	3	4	5	
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

MAY						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15		17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JUNE						
S	M	T	W	T	F	S
			4	5	6	7
1	2	3				
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

JULY						
S	M	T	W	T	F	S
	1	2	3	4	5	
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

AUGUST						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

SEPTEMBER						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

OCTOBER						
S	M	T	W	T	F	S
		1	2	3	4	
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

NOVEMBER						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

DECEMBER						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Board Materials Due
Board Packet Mailing
Board Meeting Dates

BOI WORK AND EDUCATION PLAN

2024

February 28-29

Education:

Outreach Efforts for the Board - In-State Loan and INTERCAP Programs
Short Term Investment Pool

Reports:

Ethics Policy
Disaster Recovery and Emergency Preparedness
Quarterly Reports
In-State Loan Reports
INTERCAP Reports

Committee Meetings:

Audit: Financial Audit Report

April 10

Education:

Domestic Equity Asset Class Review
RVK Annual Capital Market Assumptions

Reports:

Benchmarks Used by the Board

May 22-23

Education:

MT Buildings (Board as Landlord/Tenant Holdings)
Investment Policy Statement Review
Real Estate Asset Class Review

Reports:

Budget Status FYTD
Quarterly Reports
In-State Loan Reports
INTERCAP Reports

Committee Meetings:

HR: Staffing Level Review
HR: Exempt Staff Compensation Review

August-24

Education:

Core Fixed Income Asset Class Review
Budget Proposal for FY24-25
INTERCAP Annual Detail Report

Reports:

Proxy Voting
Budget Status Prior FY
Quarterly Reports
In-State Loan Reports
INTERCAP Reports

October 9

Education:

Separate Accounts Investment Review
First Reading - Asset Allocation Range Recommendation

Reports:

CEM, Inc Cost Reporting Analysis

Committee Meetings:

HR: Exempt Staff Performance Review
Audit: SOC I, Type 2 Report

November 20-21

Education:

2025 Legislative Session
Adoption - Asset Allocation Range Approval

Reports:

Securities Litigation
Policy 217
LPAC
Quarterly Reports
In-State Loan Reports
INTERCAP Reports

Committee Meetings:

Audit: Annual Report and Financial Statements

2025

Feb 26

Education:

Cash Management of State Monies
Custodial Banking Relationship and Continuity

Reports:

Ethics Policy
Disaster Recovery and Emergency Preparedness
Quarterly Reports
In-State Loan Reports
INTERCAP Reports

Committee Meetings:

Audit: Financial Compliance Audit Report

April 23

Education:

International Equities Asset Class Review
RVK Annual Capital Market Assumptions

Reports:

Benchmarks Used by the Board

June 4-5

Education:

State Government Customer Relationships
Investment Policy Statement Review
Real Assets Asset Class Review

Reports:

Budget Status FYTD
Quarterly Reports
In-State Loan Reports
INTERCAP Reports

Committee Meetings:

HR: Staffing Level Review
HR: Exempt Staff Performance and Compensation Review

August 20-21

Education:

Trust Funds Investment Review
Non-Core Fixed Income Asset Class Review
INTERCAP Annual Detail Report

Reports:

Budget Status Prior FY
Quarterly Reports
In-State Loan Reports
INTERCAP Reports

October 15

Education:

Private Investments Asset Class Review
First Reading - Asset Allocation Range Recommendation

Reports:

Securities Lending

Committee Meetings:

HR: Exempt Staff Performance Review
Audit: SOC I, Type 2 Report

December 10

Education:

MPERA and TRS Relationship
Adoption - Asset Allocation Range Approval

Reports:

Securities Litigation
Policy 217
LPAC
Quarterly Reports
In-State Loan Reports
INTERCAP Reports

Committee Meetings:

Audit: Annual Report and Financial Statements

MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

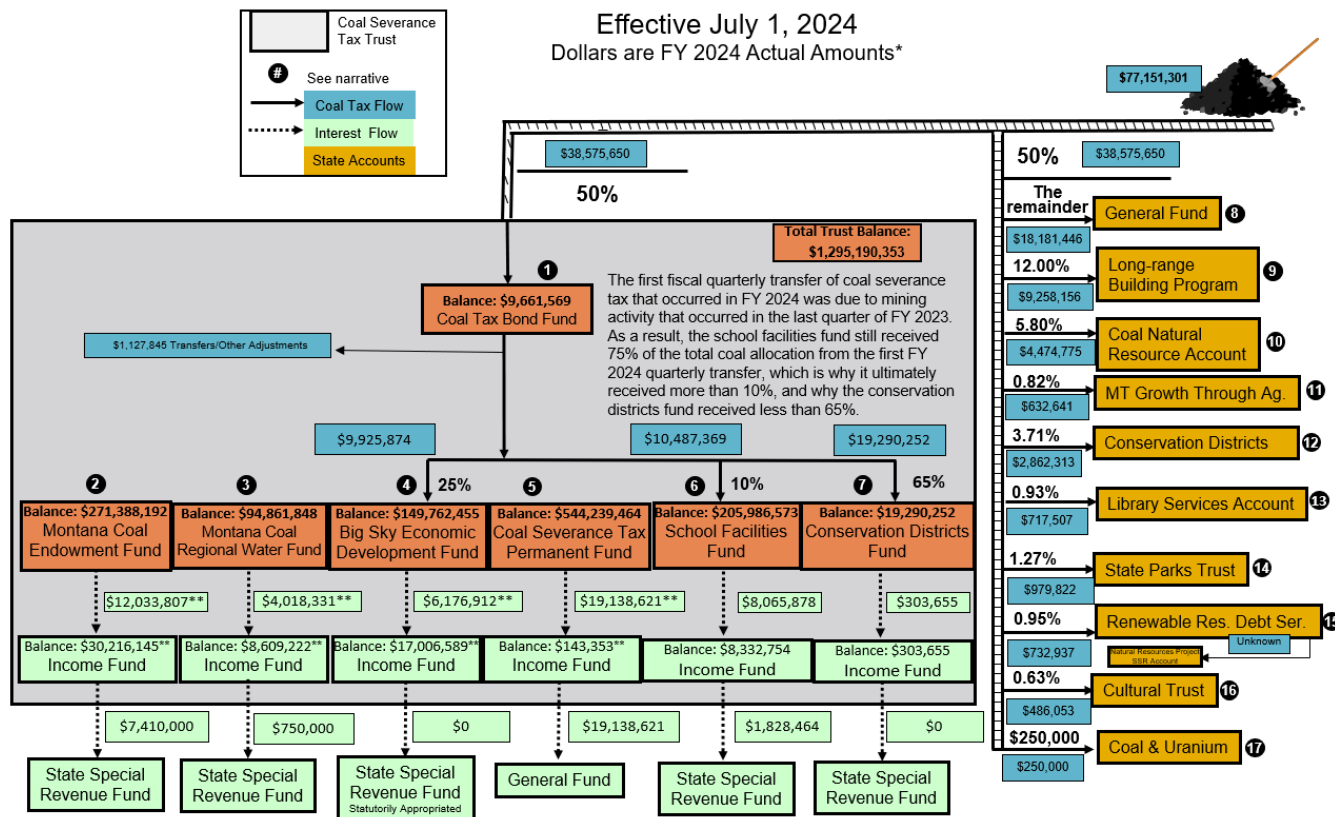
Room 110 Capitol Building * P.O. Box 201711 * Helena, MT 59620-1711 * (406) 444-2986 * FAX (406) 444-3036

Director
AMY CARLSON

COAL SEVERANCE TAX TRUST FUND

Effective July 1, 2024

Dollars are FY 2024 Actual Amounts*



* Current year

** Excludes unrealized investment gains and losses

BOI TERMINOLOGY

ACTIVE MANAGEMENT (typically with respect to stocks)

Investment method which involves hiring a manager to research securities and actively make investment decisions to buy and sell securities in an effort to outperform an assigned index, rather than purchasing a portfolio of securities that would simply replicate the index holdings (*'passive'* investing).

ACTUARIAL ASSUMED RATE (pension concept)

The investment return rate used by actuaries that enables them to project the investment growth of retirement system assets into the future (typically perpetual).

ACTUARIAL FUNDING STATUS (pension concept)

A measurement made by actuaries to measure a pension system's financial soundness (ratio of actuarial liabilities to the actuarial value of the assets available to pay the liabilities).

ALPHA (investment term)

Return on an investment portfolio in excess of the market return or benchmark return; generally used in the context of *'active'* management (as passive management, by definition, does not seek excess returns, or *'alpha'*).

ALTERNATIVE INVESTMENTS

A wide range of investments, other than traditional assets such as publicly traded stocks and bonds. The most common nontraditional or alternative investments are private equity, real estate, commodities, and hedge funds.

ARBITRAGE (bond program)

A structural or systematic difference between investment types which may allow profiting from the *'difference,'* i.e., arbitrage. The most common context for the use of *'arbitrage'* at the BOI is the federal law that prevents *'arbitrage,'* i.e., the profiting of investing tax-exempt securities (e.g., INTERCAP) into taxable yields investments (such as U.S. Treasuries).

ASSET ALLOCATION AND ASSET ALLOCATION RANGE (general investment principle)

The Board's invested assets are divided or allocated into various asset classes such as stocks and bonds, each with its own characteristics, with the objective of attaining an optimal mix of risk and return. The total expected return of a portfolio is primarily determined by the mix or allocation to its underlying assets classes. Given the importance of *'asset allocation,'* the BOI Board sets the asset allocation *'range'* for each broad investment type or asset class.

ASSET-BACKED SECURITY

Bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other providers of credit. Not mortgages.

AVERAGE LIFE (fixed income, particularly bonds)

The average time period the debt is expected to be outstanding. This is typically the maturity date for a traditional bond structure; however, it will be shorter for bonds having a sinking fund or amortizing payment structure.

BANKER'S ACCEPTANCE

A short-term credit investment which is created by a non-financial firm and whose payment is guaranteed by a bank. Often used in importing and exporting, and as a discount money market fund investment.

BARCLAY'S AGGREGATE INDEX (fixed income)

A composite of outstanding bond issues, including corporate, structured, and government bonds whose overall investment features such as return and investment type are tracked over many years. This is the most common benchmark used for comparing the performance of a portfolio that invests in U.S. investment grade fixed income securities. Formerly known as the Lehman Aggregate bond index.

BASIS POINTS (investment jargon)

A basis point is $1/100^{\text{th}}$ of a percentage. Ten basis points is one tenth of a percent, typically written as 10 bps.

BENCHMARK (standard investment concept)

The concept of employing a particular independent or market investment return as a measurement to judge an investment portfolio's return; typically chosen investment benchmarks have the following attributes: they are investible, quantifiable, chosen in advance, easily understandable, and have a long history; common examples are the S & P 500 Index and the Barclay's Aggregate Index.

BETA (investment jargon)

A measure of the risk (or volatility) of a security or a portfolio in comparison to the market as a whole. If the stock or portfolio moves identically to that market, its beta value is 1; if its price volatility (or movement) is greater than that market's price volatility, it is said to have beta greater than 1.

CAP, AS IN LARGE 'CAP' (generally for stocks, e.g., public equities)

'Cap' is short for capitalization, as a reference to the market value of a publicly-traded company. The current stock price times the total shares outstanding of the company equals its market capitalization or market 'cap'; often used contextually such as 'large-cap,' 'mid-cap,' and 'small-cap' for different sized public companies.

CERTIFICATE OF DEPOSIT (CD):

A short-or medium-term, interest-bearing deposit obligation offered by banks and savings and loans. These may include "Yankee CDs" which are CDs issued by foreign banks or their U.S. affiliates in the U.S. which are denominated in U.S. dollars

CLAWBACK (private equity)

A clause in the agreement between the general partner and the limited partners of a private equity fund. The clawback gives limited partners the right to reclaim a portion of distributions to a general partner for profitable investments based on significant losses from later investments in a portfolio which ultimately resulted in the general partner receiving more distributions than it was legally entitled to.

COMMERCIAL PAPER

An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory. Maturities typically range from two (2) to two hundred seventy (270) days. Commercial paper is available in a wide range of denominations, can be either discounted or interest-bearing, and usually a limited or nonexistent secondary market. Commercial paper is usually issued by companies with high credit ratings, meaning that the investment is almost always relatively low risk.

CORE (context varies for equity, fixed income, real estate)

In equity and fixed income, 'core' refers to investments that are generally always found in the portfolio and normally expect to hold for a very long time e.g. 'core' holdings of the largest U.S. companies, or U.S. treasuries; in real estate, 'core' generally refers to the best quality of real estate holdings such as prime commercial property in major metropolitan cities that have low leverage and low levels of vacancy.

CORPORATE NOTE

A type of unsecured debt issued by a corporation that may be longer-term than Commercial Paper, but shorter-term than a typical Corporate Bond.

CORRELATION (common statistical concept)

A measure of how two or more investment values or two asset classes move relative to each other during the same time period. A central concept in portfolio construction is to seek investments whose values do not move *together* at the same time, i.e., are uncorrelated. A correlation of 1 means that two or more investments 'move' precisely together.

CREDIT ENHANCEMENT (bond program)

At BOI, the term generally refers to credit support or a bond or loan guarantee. For example, the Board's INTERCAP bonds are 'enhanced' by the BOI's performance guarantee bringing down the yearly interest rate.

CUSTOM BENCHMARK (or sometimes custom index)

A way to measure investment performance using a tailor-made measurement versus a generic industry-standard benchmark. At the BOI, total pension performance is measured against the Board's 'custom index' or 'custom benchmark' which is a weighted blend of all the underlying asset class benchmarks used to measure the asset class returns.

DERIVATIVES (investment jargon)

Investment securities whose performance itself depends (or is 'derived') from another underlying investment return. Examples include stock options, puts/calls, and forward currency contracts whose returns are based on the underlying stock or currency.

DEVELOPED MARKETS (equity)

Countries having a long period of stable industrialization; or are the most economically developed.

DISCOUNT (fixed income, generally)

Used most often with respect to bonds, the price paid that is less than face (or 'par') value. A \$1 million face-value of a bond purchased for less than a million is bought at a 'discount.' Described as the difference between a bond's current market price and its face or redemption value.

DIVERSIFICATION (standard investment concept)

The concept of spreading risk by putting assets in several investment categories, each having different attributes with respect to type, expected return, risk, and correlation, to best protect against the risk of loss.

DURATION (bonds)

Almost exclusively used when discussing fixed income bonds, a measurement of how sensitive a bonds' change in price is to a change in general market interest rates, expressed in years (specifically calculated as a weighted average term to maturity of the bond's cash flows). The greater the duration of a bond, the greater the volatility of price for changes in market interest rates.

EFFICIENCY (usually when discussing various stock markets)

Used to describe markets where it is very difficult to achieve return in excess of that of the overall market from individual stock selection. When information is widely available on a company and its securities are traded regularly the market is considered 'efficient.'

EFT (Exchange Traded Fund) - a type of investment fund that trades on a stock exchange like an individual stock. ETFs represent a basket of individual securities that often track the performance of an index. A majority are passively managed and typically have lower management fees and operating expenses compared to mutual funds. However, actively managed ETFs have been a growing product line for investment managers.

EMERGING MARKETS (most often for public equities)

Certain international securities markets that are typically small, new, have low turnover, and are located in countries where below-average income prevails and is developing in response to the spread of capitalism.

ENHANCED (pertaining to stocks)

Generally linked with 'index' as in enhanced index, an indexed investment management style that has been modified to include the portfolio manager's idea of how to outperform the index by omitting some stocks in the index and overweighting others in a limited manner designed to enhance returns but at minimal risk.

EXCESS RETURNS (standard investment concept)

Returns are 'excess' if they are more than the market or more than the benchmark they are measured against.

EXEMPT STAFF VS. CLASSIFIED STAFF (specific to Montana state government)

"Exempt" refers to the Board's eleven employees who, under state law, do not fall under the state's standard employment rules (the 'classified' staff).

FIDUCIARY (from the Latin verb, fidere, to trust)

The concept of trust and watchfulness; a fiduciary is charged with the responsibility of investing the money wisely for the beneficiary's benefit. Board members are the ultimate 'fiduciaries' for the Board's assets and are obligated to be a good agent.

FTE (state government jargon)

An acronym in state government: "full time equivalent" as in full time employee. The concept is a slot or position, not the actual individuals. The BOI is currently authorized for 32 FTE's.

FUND OF FUNDS (private equity)

A concept used in alternative investments referring to using an investment manager to invest in **other** managers or funds, as opposed to making direct investments in funds.

GAAP/GASB (accounting terminology)

GAAP...Generally Accepted Accounting Principles; Montana state law uses GAAP accounting principles unless specifically allowed otherwise. GASB...Government Accounting Standards Board, the board that sets GAAP standards for U.S. governments (FASB...Financial Accounting Standards Board, the entity for commercial and business accounting standards).

GENERAL OBLIGATION (municipal finance term)

Used to describe the promise that a government makes to bond holders, backed by taxing and further borrowing power, it is generally considered the highest level of commitment to bondholders. At the local government level, general obligation bonds typically require a vote of the residents.

GENERAL PARTNER VS. LIMITED PARTNER (private equity)

In private equity, the general partner is responsible for the operations of the partnership and makes the actual underlying investment decisions; the limited partner is the investor, and therefore has limited liability for investment decisions; the BOI is the 'limited' partner in its private equity fund investments (and real estate funds as well).

GROWTH (as to style public equities)

An investment style that more heavily invests in companies whose earnings are expected to grow at an above average rate to the market. A growth stock usually does not pay a dividend, as the company would prefer to reinvest retained earnings in capital projects to grow the company (vs. 'value,' which considers buying established companies they feel are trading at bargain prices to the fundamental analysis of the company's financial statements and internal competitive factors).

INDENTURE (bond and loan programs)

The central document describing the contract between investors and the borrower or user of the proceeds. The Board's INTERCAP program is structured around a bond indenture.

HEDGE FUND (as defined by Investopedia)

An aggressively managed portfolio of investments that uses advanced investment strategies such as *leverage*, long, short and *derivative* positions in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market *benchmark*).

HURDLE RATE (private equity)

a minimum return per annum that must be generated for limited partners of a private equity fund before the general partner can begin receiving a percentage of profits from investments.

INDEX (investment concept)

Typically, a single measure of a broadly-based group of investments that can be used to judge or be compared to the return performance of an individual investment or manager.

INDEXING (investment concept)

Typically refers to investing in a portfolio to match a broad range of investments that are set within a pre-determined grouping, such as the S&P 500, so as to match its performance; such investing is generally labeled 'passive' or indexed investing; or buying shares in an Index Fund.

IN-STATE LOAN PROGRAM (Montana-specific)

Programs that are funded by the state's coal severance tax monies.

INTERNAL SERVICE VS. ENTERPRISE FUND (state accounting concept)

Within Montana state government: a program whose funding is dependent on **mandatory participation** by another state government program is labeled an 'internal' service fund; a program whose funding is dependent on voluntary participation is labeled an enterprise fund. At BOI, the investment program is an internal service fund because participation is not voluntary; the Board's bond and loan programs, because their use is voluntary, are accounted for as an enterprise.

INVESTMENT GRADE (bonds)

Bond ratings from Moody's, Standard and Poor's, and Fitch high enough to be considered secure enough for most investors (bonds rated AAA – BBB). Below investment-grade bonds (below BBB) are generally considered to have a more speculative outlook and carry more risk of default.

IRR (private equity)

A measure of investment performance, short for 'internal rate of return,' expressed as a percentage (the 'internal rate of return' number, or discount rate) that mathematically will equalize the total future cash flows of an investment to the initial cash outflow of the investment, the concept accounts for the time value of money.

LEVERAGE (investment concept)

As an investment concept, a way to increase a return on an investment through a combination of one's own money and by borrowing additional money to enhance such an investment; high 'leverage' is also associated with high risk.

LINK DEPOSIT

The Link Deposit program can provide a financial institution a long-term fixed rate funding source "linked" to a specific loan. The State of Montana provides the financial institution funding in the form of a deposit through the Montana Board of Investments using coal tax funds.

MASTER LIMITED PARTNERSHIP

An investment structure that combines the tax benefits of a limited partnership with the liquidity of a common stock. While an MLP has a partnership structure, it issues shares that trade on an exchange like common stock. MLPs are often broadly associated with energy companies operating in midstream services.

MEAN VARIANCE OPTIMIZATION MODEL ('Modern Portfolio Theory')

A theory that it is possible to construct a portfolio to maximize the return for the least amount of risk or volatility. This theory is based on various asset types and their level of expected return, risk (volatility) and their correlation with each other or how the asset values move with each other. The central idea of the model is to blend investments so that in total, they provide both the best expected return and optimal amount of diversification to minimize deep performance swings (volatility); a central tenant is that long term historical returns are indicative of future returns.

MEZZANINE FINANCE (private equity)

Subordinated debt with an equity 'kicker' or ability to share in the equity value of the company. It is typically lower quality because it is generally subordinated to debt provided by senior lenders such as banks, thus is considered higher risk.

MULTIPLE (as in "multiple" of invested capital, private equity)

The ratio of total cash returned over the life of the investment plus the investment's residual value over the total cash expended in making the investment. A multiple of 2 means, regardless of the total investment time period, that total cash returned was twice the cash invested.

130/30 STRATEGY (public equities)

Also called 'partial long short,' this strategy involves the establishment of a short position in select stocks while taking the proceeds of those shorts and buying additional long positions in stocks. The net effect is an overall market position that is 100% long, but the active decisions on individual stock selections are amplified by this ability to short. If the stock selections are successful, the strategy enables the portfolio to profit more than if a stock had simply not been owned, as with traditional long-only portfolios.

OPPORTUNISTIC (real estate)

In real estate, a euphemism for the most risky real estate investments, typically distressed, raw land, newly developed buildings or other high risk investments in the real estate sector, (versus, 'core,' which are the best quality fully leased commercial properties).

OVERWEIGHT OR UNDERWEIGHT (investment concept)

Generally, the level of holdings of a certain type of investment that is above or below either a benchmark's weight (portion of total investment), or the percentage held of a particular asset class compared to the Board's asset allocation policy weight. Also used to describe an external investment manager's decision to have more (or less) of a particular investment than the percentage or weighting found in the benchmark.

P/E RATIO (equity)

The price of a publicly traded stock divided by its estimated or actual earnings is the price/earnings or P/E ratio. This can also be calculated for a stock index or portfolio of stocks. Over the last 100 years, the S&P 500 has had an overall P/E ratio of about 15, or a total index price of about 15 times the annual earnings of its underlying companies.

PACING STUDY (private equity)

An analysis of the likely timing and amount of the drawdown of committed but yet uninvested monies and the estimated distributions or returns from the funds held in an alternative investment portfolio, generally used to judge the future size of the portfolio and its potential liquidity needs, i.e., cash funding demands.

PAR (fixed income)

The initial principal amount designated by the issuer of the bond, or face value of a bond.

PASSIVE

For investments, generally not materially participating in an investment decision, meaning an investment portfolio whose returns follows that of a broad market index, such as an investable stock index, i.e. the S & P 500.

PASSIVE MANAGEMENT OR PASSIVE INVESTMENT (most often in public equities, but not exclusively)

An investment style where a fund's portfolio mirrors a market index, such as the S&P 500, with limited selection decisions by the manager, resulting in market returns. Passive management is the opposite of active management in which a fund's manager attempts to beat the market with various investment strategies and buy/sell decisions of a portfolio of securities to enhance returns.

PASSIVE WEIGHT (generally equities)

The percentage of a stock held in a particular index portfolio, or percentage of an overall asset class that is held in passive portfolios.

POLICY PORTFOLIO

A fixed-target asset allocation, as opposed to asset allocation ranges, which theoretically allows gauging whether deviations from the target portfolio had a positive or negative impact on overall performance.

PORTABLE ALPHA (public equities)

An investment strategy which involves the active selection of securities while neutralizing overall beta or market risk. This often involves the use of derivative investments such as futures to replicate the market return, either taking a short or long position, while then selecting securities which are expected to add return in an absolute sense or in addition to the market return. As an example, this strategy can be found with certain hedge funds where a market exposure is shorted while individual securities such as specific stocks are purchased that are expected to outperform the general market. The concept of portable applies when the ability to generate positive alpha can be overlaid or ported onto a portfolio. This is not a strategy employed by any of MBOI's existing managers.

PREMIUM (fixed income)

Most often the amount paid over the stated face amount (often called 'par') of a bond, but also used in other contexts, typically paying more (the premium) than a market price (as in a take-over bid for a company).

PRIVATE ANNUAL WAGE

The private annual wage is determined annually by the Montana Department of Labor & Industry using the average annual employment divided by the total wages.

PROXY (publicly traded companies)

An agent legally authorized to act on behalf of another party. Shareholders not attending a company's annual meeting may choose to vote their shares by proxy by allowing someone else to cast votes on their behalf, but the word 'proxy' is used more frequently colloquially as a 'close approximation.'

PRUDENT EXPERT, PRUDENT PERSON (a central fiduciary concept)

These legal terms have long histories of court-determined standards of care, deriving originally under English common law. The BOI is empowered to operate under the 'prudent expert rule,' which states that the Board shall manage a portfolio:

- a) with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and 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 clearly prudent not to do so; and*
- (c) discharge the duties solely in the interest of and for the benefit of the funds forming the unified investment program.*

At an 'expert' level; there is more room for accepting risk under the prudent expert rule than the prudent person rule.

REBALANCING (general investment term)

The process of realigning the weightings of the portfolio of assets. Rebalancing involves periodically buying or selling assets in the portfolio to maintain the original desired level of asset allocation and/or to stay within predetermined asset category range; it is part of a disciplined investment approach within modern portfolio theory.

REPURCHASE AGREEMENT

A contract in which the seller of securities, such as Treasury Bills, agrees to buy them back at a specified time and price. May also be called "Repo" or "Buyback." Typically used as a short-term form of collateralized borrowing by a bank or securities dealer.

RESOLUTION (government term)

Generally, a formal and written action by a governmental (or corporate) body that has long term significance and requiring a vote of the governing body. BOI uses 'resolutions' generally only for its most significant and long term actions and/or policies.

REVERSE REPURCHASE AGREEMENT

A purchase of securities with an agreement to resell them at a higher price at a specific future date. The investor essentially borrows money and allows its securities to be held as collateral. Reverse Repurchase Agreements occur most often in government securities or other securities that are highly valued and thus considered a good form of collateral.

SECURITIES LENDING (general investment)

Investments that are temporally borrowed by other investors for a fee; the BOI allows most of its publicly traded investments to be loaned for additional marginal income.

STANDARD DEVIATION (common statistical concept)

A specific statistic that measures the dispersion of returns from the mean over a specific time period to determine the "historical volatility" of returns for a stock, or portfolio, or asset class; more specifically a single unit (i.e., one standard deviation) of dispersion that accounts for approximately 66% of all data around a mean using a 'normal' (or 'uniform' or 'bell-shaped' curve; as opposed to a skewed or asymmetrical) distribution. The standard deviation is used as a gauge for the amount of expected future volatility.

SABHRS (accounting jargon)

Montana state government's State Accounting, Budgeting and Human Resource System; the State's central information management system. BOI investment and other financial data must tie and be reported on this system, which is the official book of record and includes the state's financial statements.

STYLE DRIFT (often in reference to public equity managers, but applicable to other managers, too)

As the name implies, a divergence from an investor's professed investment bias or style or objective.

TRANCHE

A division or portion of a pool or whole; specifically: an issue of bonds derived from a pooling of like obligations (such as securitized mortgage debt) that is differentiated from other issues especially by maturity or rate of return.

TRACKING ERROR (statistical concept in investments)

A measurement of the standard deviation of a portfolio's return versus the return of the benchmark it was attempting to outperform. The concept is often used when discussing investment managers. For example, some styles are expected to have high 'tracking errors,' (e.g., deep 'value' investors who buy companies that may be dogs for years), versus passive managers, whose stock volatility is expected to be very close to their benchmark. Tracking error can either be intentional or unintentional; it can also be regarded as an accepted deviation or contrary to the management agreement. High *unexpected* tracking error is generally a serious concern to be examined and understood.

UNDERWRITER (bond program)

In investments, the agent who buys investments to be resold to the public; at BOI, the investment firms that buy the Board's bonds to be resold to the public.

UNIFIED INVESTMENT PROGRAM (Montana Constitution)

The Program in the State's constitution requiring a central investment program which the legislature has assigned to the BOI.

VALUE (as to style when discussing public equities)

An investment style that focuses on buying established companies that investors believe are undervalued and trading at bargain prices to the fundamental analysis of the company's financial statements and internal competitive factors.

VENTURE CAPITAL (private equity)

A higher-risk/high-return type of investing in startup firms and small businesses with perceived long-term growth potential. Sometimes these are already existing business ventures with limited operating history that need additional management expertise and access to capital. (For start-ups, 'seed capital,' or 'angel investor' are terms differentiating this even higher risk type of investment.)

VOLATILITY (investment jargon)

A statistical measure of the dispersion of returns for a given security or market index. Volatility is typically measured by using the standard deviation of returns from the security or market index. Commonly, the higher the volatility, the riskier the security.

YIELD (general investment, but most often within fixed income)

The amount returned to the investor above the original investment generally expressed as a percentage. Yield can be thought of as the expected return from the combination of interest and price accrual or amortization to maturity (in the case of a bond trading at a discount or premium to par).

YIELD CURVE (fixed income)

A line that plots the prevailing interest rates at a given time for bonds ranging in maturity from as short as three months out to 30 years. When plotted across these various maturities (typically 2, 5, 7, 10 and 30 years), the resultant line is shaped like a curve with generally low interest rates (the yield) for shorter maturities and gradually higher interest rates for longer maturities, because generally investors demand higher interest rates for longer term investments. The yield curve for U.S. Treasury debt is the most common when referring to the prevailing level of interest rates.

MONTANA BOARD OF INVESTMENTS

ACRONYM INDEX

ACH.....	Automated Clearing House
ADV.....	Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisor
AUM.....	Assets Under Management
ADR.....	American Depository Receipts
AOF	All Other Funds
ARC.....	Actuarially Required Contribution
BOI	Board of Investments
CAPP	Consolidated Asset Pension Pool
CFA	Chartered Financial Analyst
EM	Emerging Market
FOIA	Freedom of Information Act
FWP.....	Fish Wildlife and Parks
FX.....	Foreign Exchange
IPS.....	Investment Policy Statement
IRP.....	Intermediary Relending Program
LDI.....	Liability-Driven Investing
MBOH.....	Montana Board of Housing
MBOI	Montana Board of Investments
MDEP	Montana Domestic Equity Pool
MLP	Master Limited Partnership
MFFA.....	Montana Facility Finance Authority
MPEP	Montana Private Equity Pool
MPT	Modern Portfolio Theory
MSTA.....	Montana Science and Technology Alliance
MTIP	Montana International Pool

MTRP Montana Real Estate Pool

MTSBA Montana School Boards Association

MVO Mean-Variance Optimization

NAV Net Asset Value

PERS Public Employees' Retirement System

PFL Partnership Focus List

QZAB Qualified Zone Academy Bonds

QSCB Qualified School Construction Bonds

RFBP Retirement Funds Bond Pool

RFP Request for Proposal

SABHRS Statewide Accounting Budgeting and Human Resource System

SLQT Securities Lending Quality Trust

SOC1 Service Organization Controls 1 (Audit)

SSBCI State Small Business Credit Initiative

STIP Short Term Investment Pool

TFBP Trust Funds Bond Pool

TFIP Trust Funds Investment Pool

TIF Tax Increment Financing

TIFD Tax Increment Financing District

TRS Teachers' Retirement System

TUCS Trust Universe Comparison Service

UIP Unified Investment Program

VIX Volatility Index

ASSET CLASS ACRONYMS

DEPAC	Domestic Equity Pension Asset Class
IEPAC	International Equity Pension Asset Class
PEPAC	Private Equity Pension Asset Class
NRPAC	National Resources Pension Asset Class
REPAC	Real Estate Pension Asset Class
TIPAC	TIPS Pension Asset Class
BFPAC.....	Broad Fixed Income Pension Asset Class
USPAC	UST/AGY Pension Asset Class
IGPAC	Investment Grade Corp Pension Asset Class
MBPAC.....	MBS Pension Asset Class
HYPAC	High Yield Pension Asset Class
DSPAC	Diversified Strategies Pension Asset Class
CPAC.....	Cash Pension Asset Class