

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.1010

EFFECTIVE DATE: June 4, 2025

TITLE: Montana Growth and
Opportunity Distribution Fund
Investment Policy Statement

SUPERSEDES: NEW

BOARD ADOPTION: June 4, 2025

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: June 4, 2025

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)