

# MONTANA

## BOARD OF INVESTMENTS

### BOARD ADOPTED POLICY

POLICY NUMBER: 40.209

EFFECTIVE DATE: November 30, 2021

TITLE: Investment Objectives and Guidelines  
Cash Asset Class

SUPERSEDES: November 19, 2020

BOARD ADOPTION: November 30, 2021

REVIEWED:

#### I. Investment Objectives and Guidelines

- A. Schedule II-H: Investment Objectives and Guidelines Cash Asset Class.
- B. Approved Date of Schedule: June 9, 2020.
- C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for the Cash Asset Class that is part of the Consolidated Asset Pension Pool.

#### II. Statement of Purpose

- A. The purpose of these objectives and guidelines is to:
  1. Establish the investment objectives and performance standards of the Cash Asset Class.
  2. Provide exposure to the cash-equivalent markets in a prudent and cost-effective manner.

#### III. Investment Objective

##### A. Strategic

1. The objective of the Cash Asset Class is to attain the highest possible total return within the parameters of the Investment Guidelines set forth below.

##### B. Performance

1. Success in achieving this objective will be measured by comparing the risk and after-fee return of the Cash Asset Class to the Federal Reserve US Treasury Constant Maturity one (1) Month Index (the Benchmark). Performance results will be monitored and evaluated quarterly. However, the success in achieving the objective will be measured on a three (3) year, five (5) year, and ten (10) year annualized basis.

##### C. Investment Guidelines

1. Staff will have full discretion to manage the Cash 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.

##### D. Permitted Investments

1. The Cash Asset Class may invest only in the following:
  - a) Cash and Cash Equivalents – 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. If at any time, due to market fluctuations or any other circumstances, any of the guidelines are not maintained, Staff will use its best efforts to conform to these limits in a timely manner, while considering current market conditions and the associated costs of rebalancing. At the Board's next regularly scheduled quarterly meeting, the CIO shall inform the Board of any cases that the Cash Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Cash Asset Class back within guidelines or a plan to do so.