

# MONTANA

## BOARD OF INVESTMENTS

### BOARD ADOPTED POLICY

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POLICY NUMBER: 40.901

EFFECTIVE DATE: November 30, 2021

TITLE: Investment Objectives and Guidelines  
Noxious Weed Management Trust Fund

SUPERSEDES: April 20, 2021

BOARD ADOPTION: November 30, 2021

REVIEWED:

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#### I. Appendix I: Trust Funds: Investment Objectives and Guidelines

- A. Schedule I-A: Investment Objectives and Guidelines Noxious Weed Management Trust Fund.
- B. Approved Date of Schedule: February 14, 2018.
- C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for this specific portfolio.

#### II. Introduction

- A. The purpose of this policy statement is to provide a framework for the Noxious Weed Management Trust Fund investments under the guidance of the Board.
- B. The Noxious Weed Management Trust Fund was established in 1985 in Section 80-7-811, MCA. It is sponsored by the Montana Department of Agriculture. The principal amount of \$10,000,000 shall remain inviolate unless appropriated by the vote of three-fourths (3/4) of the members of each house of the legislature or an emergency described in Section 80-7-815, MCA. Principal in excess of \$10,000,000 may be appropriated by a majority vote of each house of the legislature. Appropriations of the interest and income shall be used only to fund the noxious weed management program, as provided by law.

#### III. Statement of Purpose

- A. The purpose of these objectives and guidelines is to:
  1. Establish the investment objectives and performance standards of the Noxious Weed Management Trust Fund account.
  2. Provide diversified exposure to the Real Assets markets in a prudent and cost-effective manner.

#### IV. Investment Objective

- A. Strategic
  1. The objective of the Noxious Weed Management Trust Fund 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 benchmark.

C. Time Horizon

1. The Noxious Weed Management Trust Fund is a permanent account. 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 Noxious Weed Management Trust Fund portfolio 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.

E. Permitted Investments

1. The Noxious Weed Management Trust Fund may only invest in the following:
  - a) Trust Fund Investment Pool (TFIP).

F. Other Restrictions

1. A maximum of one-hundred percent (100%) of the market value of the portfolio will be invested in TFIP.

- 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 cases when the Real Assets allocations were outside of the limits and either inform the Board of the actions that were taken to return the Real Assets Asset Class back within guidelines or a plan to do so.