MONTANA
BOARD OF INVESTMENTS

REGULAR BOARD MEETING
Zoom Conference
November 30 – December 1, 2021

COMMITTEE MEETINGS

A. **Audit Committee – Maggie Peterson, Chair** **9:30 AM**
1. Public Comment – *Public Comment on issues with Committee Jurisdiction*
2. Approval of October 19, 2021, Committee Minutes
3. Executive Director Comments
4. FY 2021 – Financial Audit – Status
5. Draft FY 2021 Financial Statements ***– Decisions***
6. Draft FY 2021 Annual Report ***– Decision***
7. Annual Statutory Compliance Checklist ***– Decision***
8. Annual Audit Charter Compliance ***– Decision***
9. Audit Committee Checklist

B. **Loan Committee – Jack Prothero, Chair** **10:30 AM**
1. Public Comment – *Public Comment on issues with Committee Jurisdiction*
2. Approval of October 19, 2021, Committee Meeting Minutes
3. Executive Director Comments
4. Resolution No. 249 – INTERCAP Taxable Bond Series 2022 - ***Decision***
5. INTERCAP Loan Requests - ***Decisions***

Tab 1 CALL TO ORDER – Karl Englund, Chairman **11:30 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 October 19-20, 2021, Meeting Minutes
E. Administrative Business
   1. Audit Committee Report - ***Decisions***
   2. Loan Committee Report - ***Decisions***
F. Comments from Pension Board Members
G. Comments from Board Legislative Liaisons

LUNCH **12:00 PM**

Tab 2 EXECUTIVE DIRECTOR REPORTS – Dan Villa **1:00 PM**
A. Member Requests from Prior Meeting
B. Monthly Snapshot
C. Board Policy Manual ***- Decision***
D. Resolution 217 Authorization of Investment Vendors
E. LPAC Reporting
F. Securities Litigation Annual Review

Tab 3 INVESTMENTS – NEW COMMITMENTS **1:15 PM**
A. Real Estate Asset Class – Ethan Hurley, CAIA
B. Private Investments Asset Class – Thomas Winkler, CAIA

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Tab 4 CY2022 Asset Allocation – Jon Putnam, CFA, FRM, CAIA – *Decision* **1:45 AM**

BREAK **2:15 PM**

Tab 5 RVK, Inc. **2:30 PM**

Tab 6 INVESTMENT UPDATE **3:30 PM**

A. **CIO Update** – Jon Putnam, CFA, FRM, CAIA
B. **Macro Attribution** – Eron Krpan, CFA, CIPM
C. **Private Investments** – Michael Nguyen
D. **Real Estate** – Ethan Hurley, CAIA
E. **Real Assets** – Ethan Hurley, CAIA
F. **Core Fixed Income** – John Romasko, CFA
G. **Non-Core Fixed Income** – Jason Brent, CFA, CAIA
H. **Domestic Equity** – Jason Brent, CFA, CAIA
I. **International Equity** – Jason Brent, CFA, CAIA
J. **STIP** – Kirsten Haswell
K. **State Fund** – John Romasko, CFA
L. **Trust Funds Investment Pool** – John Romasko, CFA

ADJOURN

AGENDA DAY 2

RECONVENE AND CALL TO ORDER – Karl Englund, Chairman **9:30 AM**

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

Tab 7 TRS and MPERA Relationship **9:45 AM**

Shawn Graham, Executive Director, Teachers Retirement System
Dore Schwinden, Executive Director, Montana Public Employee Retirement Administration
Bill Holahan, Deputy Director, Montana Public Employee Retirement Administration

Tab 8 MONTANA LOAN PROGRAM – Doug Hill **10:30 AM**

A. Commercial and Residential Portfolios Report

Tab 9 NON-CORE FIXED INCOME – Jason Brent, CFA, CAIA **11:00 AM**

RECAP OF STAFF TO DO LIST AND ADJOURNMENT – Karl Englund, Chairman **12:00 PM**

Appendix

A. Annual Board Meeting Schedule
B. 2020/2021 Work Plan
C. Acronym Index
D. Terminology List

MONTANA
BOARD OF INVESTMENTS

REGULAR BOARD MEETING MINUTES
October 19-20, 2021
Meeting recordings are posted at: https://leg.mt.gov/lsd/

Call to Order

The Board of Investment's meeting was called to order by Chairman Karl Englund at 1:30 p.m. on Tuesday, October 19, 2021.

Attendance

Board Members Present: Chairman Karl Englund, Jack Prothero, Bruce Nelson, Diane Fladmo, Maggie Peterson, Mark Barry, Jeff Meredith, Terry Cohea

Board Members Absent: None

Legislative Liaisons Present: Rep. Ken Walsh

Board Staff Present: Dan Villa, Dan Whyte, Dan Zarling, Doug Hill, Emily Kovarik, Eron Krpan, Ethan Hurley, Jason Brent, John Carpenter, John Romasko, Jon Putnam, Julie Feldman, Kelsey Gauthier, Kirsten Haswell, Lindsay Ford, Louise Welsh, Michael Nguyen, Peggy MacEwen, Roberta Diaz, Sam Holman, Savannah Morgan, Sheli Jacoby, Steve Strong, Teri Kolnik, Thomas Winkler, Tim House

Interested Parties Present: Mark Higgins, Becky Gratsinger, Jim Voytko, Eryn Bacewich – RVK; Deasee Phillips – JP Morgan; Cyril Espanol, Kevin Balaod – Pageant Media; Greg Sawyer – OBPP; Aaron Weitzman – PEI Media; Naomi O'Leary – BlackRock

October 19, 2021

Tab 1 CALL TO ORDER *(08:00:10)*

- **A. Notice of Video Recording** *(08:00:22)*
  Chairman Englund advised of audio and video recording of the meeting.
- **B. Roll Call** *(08:00:27)*
  Roll was taken: eight Board members were present, forming a quorum.
- **C. Public Comment** *(08:01:02)*
  Chairman Englund asked for public comment. None was given.
- **D. Approval of Minutes** *(08:01:20)*
  August 10-11, 2021, Regular Board Meeting

Member Peterson moved to approve. Member Prothero seconded the motion which passed unanimously.

E. Administrative Business

1. **Audit Committee Report** *(08:01:57)*
   Chair Peterson briefed the Board.
   - Chair Peterson moved to approve the Wipfli SOC I Type II draft report as submitted. Member Barry seconded the motion which passed unanimously.
2. **Loan Committee Report** *(08:06:20)*
   Chair Prothero briefed the Board.
3. **Human Resources Committee Report** *(08:07:42)*
   Chair Cohea briefed the Board.
   - Chair Cohea moved to approve the exempt staff compensation adjustments and the reassignment of Thomas Winkler to another exempt position. Member Meredith seconded the motion which passed unanimously.

F. Comments from TRS and PERS Board Members *(08:09:00)*
Member Peterson briefed the Board.

G. Comments from Board Legislative Liaisons *(08:11:48)*
Rep. Walsh briefed the Board.

Tab 2 EXECUTIVE DIRECTOR REPORTS *(08:13:16)*

A. Member Requests or Follow up from Prior Meeting
Executive Director Villa briefed the Board.

B. Monthly Snapshot
Executive Director Villa briefed the Board.

C. Securities Lending
Executive Director Villa briefed the Board.

D. Board Policy Manual
Executive Director Villa briefed the Board and answered questions. Decision on adoption of the manual was deferred until the November/December meeting.

E. 2022-2023 Work Plan
Executive Director Villa briefed the Board.
- Member Barry moved to approve the work plan as submitted. Member Fladmo seconded the motion which passed unanimously.

Tab 3 MONTANA LOAN PROGRAM *(08:26:00)*

A. Commercial and Residential Portfolios Report
Doug Hill briefed the Board and answered questions.

Tab 4 BOND PROGRAM *(08:31:40)*

A. INTERCAP

Louise Welsh briefed the Board and answered questions.

1. Activity Summary
2. Staff Approved Loans Report

Tab 5 INVESTMENTS – NEW COMMITMENTS *(08:39:35)*

Thomas Winkler and Jon Putnam briefed the Board and answered questions.

Tab 6 PRIVATE EQUITY ASSET CLASS REVIEW *(08:49:47)*

Thomas Winkler, Michael Nguyen, and Jon Putnam briefed the Board and answered questions.

October 20, 2021

CALL TO ORDER *(08:00:08)*

A. Notice of Video Recording *(08:00:20)*

Chairman Englund advised of audio and video recording of the meeting.

B. Roll Call *(08:00:27)*

Roll was taken: eight Board members were present, forming a quorum.

C. Public Comment *(08:01:00)*

Chairman Englund thanked former Board member Jeff Greenfield for his years of service on the Board.

Chairman Englund announced Board member Mark Barry agreed to serve on the Loan Committee.

Executive Director Villa introduced new employee Brenda Thomas to the Board.

Tab 7 INVESTMENT POLICY STATEMENT REVISIONS

A. Treasurer's Fund *(08:04:13)*

John Romasko briefed the Board and answered questions.

Member Prothero moved to approve the revisions as submitted. Member Cohea seconded the motion which passed unanimously.

B. Montana State University *(08:13:44)*

John Romasko briefed the Board and answered questions.

Member Prothero moved to approve the revisions as submitted. Member Peterson seconded the motion which passed unanimously.

Tab 8 ASSET ALLOCATION RECOMMENDATIONS *(08:17:42)*

Jon Putnam and Executive Director Villa briefed the Board and answered questions.

RECAP OF STAFF TO DO LIST AND ADJOURNMENT

Chairman Englund and Executive Director Villa listed items to recap.
Chairman Englund adjourned the meeting at 10:14 a.m.

MONTANA BOARD OF INVESTMENTS

APPROVE: ______________________________________
Karl J. Englund, Chairman

ATTEST: ____
Dan Villa, Executive Director

DATE: ____

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MONTANA
BOARD OF INVESTMENTS

To: Members of the Board
From: Dan Villa, Executive Director
Date: 11/18/2021
Re: November Executive Director Report

A. Member Requests from Prior Meeting

B. Monthly Snapshot – *attached*

C. Board Policy Manual – ***Decision***

Attached for your approval is the final draft of the Board Policy Manual. This codifies existing Board policies and permanent resolutions into one place and in one format. Staff proposes that this new format and any changes (which are explained below) take place January 1, 2022.

Staff sent a draft version to you all in late Spring but since then have had a technical writer adjust formatting, and in limited cases, readability. The only substantive changes are as follows:

1. Addition to the Board's ethics policies to add "Confidentiality and Use of Position" standards. This policy is based on best practices from the Washington State Investment Board and CalSTRS.
2. Resolutions, including 217 (Authorization of Investment Managers), 218 (Continuity of ED), 219 (Credit Enhancement), and 234 (Continuity of CIO) are now codified.
3. Appendices have been codified as Policy.
4. In-State Loan Program Policies are incorporated into the Policy Manual as opposed to separate from it.

D. Resolution 217 Authorization of Investment Vendors - *attached*

E. LPAC Reporting – *attached*

F. Securities Litigation Annual Review - *attached*

MBOI Snapshot

Asset Management View

10/31/2021 Unaudited

Assets Under Management $25,298,001,810

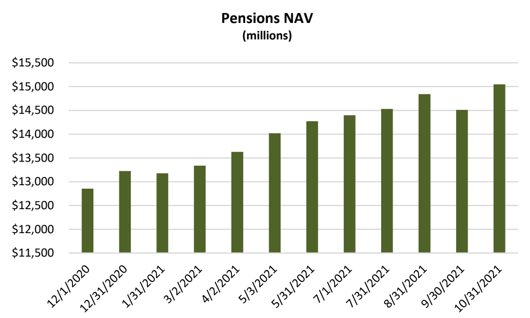
Pensions	NAV		%
DOMESTIC EQUITY	$	4,787,344,460	31.8%
INTERNATIONAL EQUITY	$	2,554,259,124	17.0%
PRIVATE INVESTMENTS	$	2,224,094,423	14.8%
CORE FIXED INCOME	$	2,112,231,099	14.0%
REAL ESTATE	$	1,512,241,205	10.1%
NON-CORE FIXED INCOME	$	897,011,814	6.0%
REAL ASSETS	$	694,634,021	4.6%
SHORT TERM INVESTMENT POOL	$	160,238,347	1.1%
CASH EQUIVALENTS	$	104,680,782	0.7%
Pensions Total	**$**	**15,046,735,275**	**100.0%**

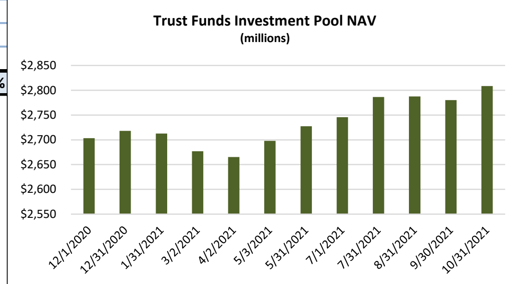
TFIP	NAV		%
Fixed Income	$	1,961,374,031	69.83%
Real Estate	$	609,989,471	21.72%
Non-Core Fixed Income	$	215,567,366	7.68%
STIP	$	21,685,869	0.77%
Total	**$**	**2,808,616,736**	**100.00%**

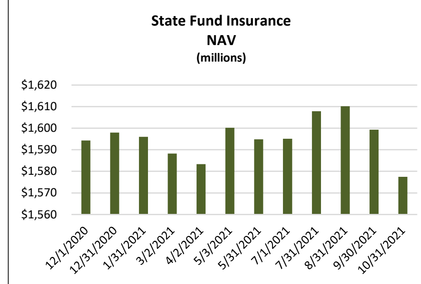
State Fund	NAV		%
Fixed Income	$	1,199,247,919	76.02%
Equity	$	212,123,761	13.45%
Real Estate	$	104,612,654	6.63%
High Yield	$	40,453,538	2.56%
STIP	$	21,049,305	1.33%
State Fund Total	**$**	**1,577,487,178**	**100.00%**

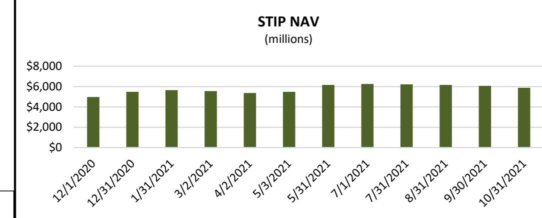
Other Fixed Income & Pending	$	(10,317,286)

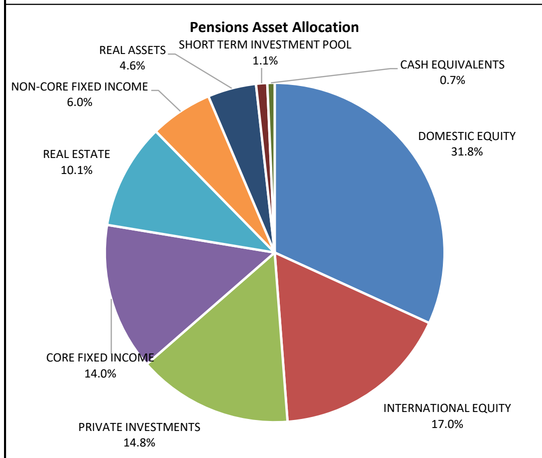
STIP*	NAV	%
ASSET BACKED COMMERCIAL PAPER	$2,182,695,945	37.15%
CORPORATE COMMERCIAL PAPER	$1,227,735,116	20.90%
TREASURIES	$860,736,211	14.65%
FEDERAL AGENCIES	$604,739,410	10.29%
CERTIFICATES OF DEPOSITS	$596,443,079	10.15%
CORPORATE NOTES	$330,254,449	5.62%
MONEY MARKET FUNDS	$72,875,695	1.24%
STIP Total	**$5,875,479,906**	**100.00%**

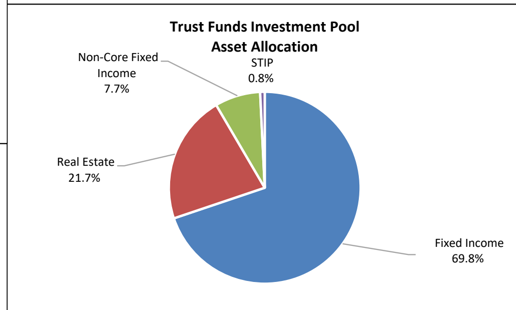


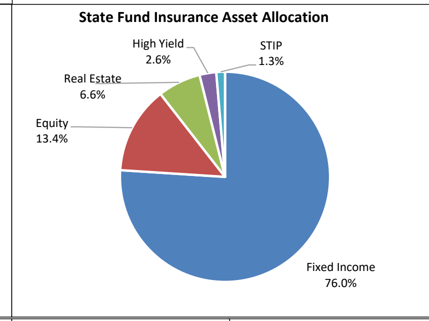


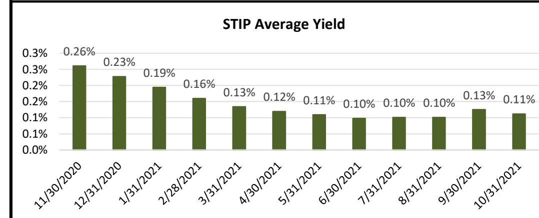


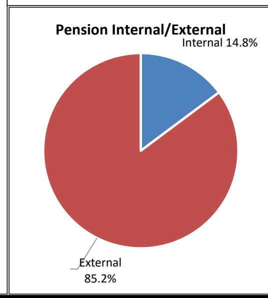


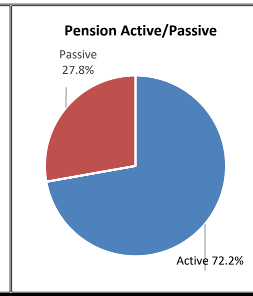


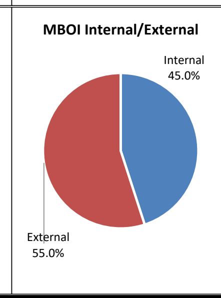


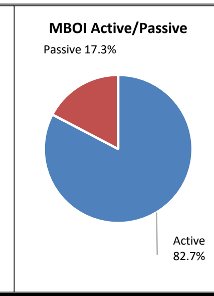


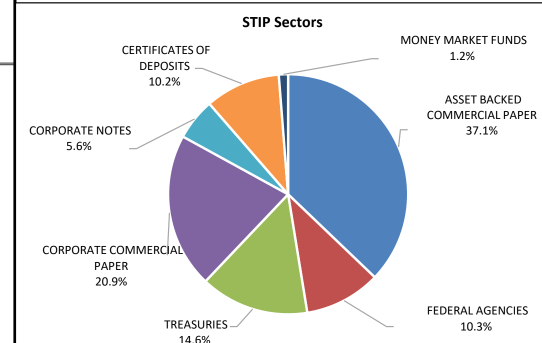












Definition of NAV: Net Asset Value is the total value of the account including assets held, adjusted for payables, receivables and liabilities

(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 $125,363,524 is attributable the portion of STIP held within CAPP ($103,680,777) and TFIP ($21,682,736) as a cash investment. Such value is represented in the NAV for the CAPP and STIP columns.

MBOI Snapshot
Asset Ownership View
10/31/2021 Unaudited

	CAPP Holdings	CAPP %	STIP Holdings*	STIP %	TFIP Holdings	TFIP%	Other Holdings[1]	Other %	Total Net Asset Value
Total Funds $(000)	**$14,886,497**	**58.84%**	**$5,750,116**	**22.73%**	**$2,808,617**	**11.10%**	**$1,852,772**	**7.32%**	**$25,298,002**

Pensions	CAPP	%	STIP	%	TFIP	%	Other	%	Total
FIREFIGHTERS RETIREMENT	$ 624,222	98.95%	$ 6,600	1.05%	$ -	0.00%	$ -	0.00%	$ 630,823
GAME WARDENS RETIREMENT	$ 280,852	98.88%	$ 3,182	1.12%	$ -	0.00%	$ -	0.00%	$ 284,034
HIGHWAY PATROL RETIREMENT	$ 192,670	98.87%	$ 2,204	1.13%	$ -	0.00%	$ -	0.00%	$ 194,874
JUDGES RETIREMENT	$ 136,337	98.98%	$ 1,400	1.02%	$ -	0.00%	$ -	0.00%	$ 137,737
POLICE OFFICERS RETIREMENT	$ 578,216	98.97%	$ 6,022	1.03%	$ -	0.00%	$ -	0.00%	$ 584,238
PUBLIC EMPLOYEES RETIREMENT	$ 7,338,424	98.92%	$ 80,099	1.08%	$ -	0.00%	$ -	0.00%	$ 7,418,522
SHERIFFS RETIREMENT	$ 497,668	98.91%	$ 5,475	1.09%	$ -	0.00%	$ -	0.00%	$ 503,143
TEACHERS RETIREMENT	$ 5,188,217	98.96%	$ 54,752	1.04%	$ -	0.00%	$ -	0.00%	$ 5,242,969
VOL FIREFIGHTERS RETIREMENT	$ 49,891	99.00%	$ 504	1.00%	$ -	0.00%	$ -	0.00%	$ 50,395
Total	**$ 14,886,497**	**98.94%**	**$ 160,238**	**1.06%**	**$ -**	**0.00%**	**$ -**	**0.00%**	**$ 15,046,735**

Trust Funds	CAPP	%	STIP	%	TFIP	%	Other	%	Total
ABANDONED MINE RECLAMATION	$ -	0.00%	$ 6,658	99.99%	$ -	0.00%	$ 1	0.01%	$ 6,659
BARKER HUGHESVILLE ST RESPONSE	$ -	0.00%	$ 723	7.72%	$ 8,620	92.04%	$ 23	0.24%	$ 9,366
BELT WATER TREATMENT PLANT	$ -	0.00%	$ 2,700	9.78%	$ 24,831	89.98%	$ 66	0.24%	$ 27,597
BUTTE AREA ONE REST	$ -	0.00%	$ 1,463	20.69%	$ 5,594	79.10%	$ 15	0.21%	$ 7,072
BUTTE AREA REDEVELOP AUTHORITY	$ -	0.00%	$ 1,314	9.15%	$ 13,019	90.61%	$ 34	0.24%	$ 14,367
CLARK FORK REST	$ -	0.00%	$ 6,561	21.43%	$ 23,991	78.36%	$ 64	0.21%	$ 30,616
CLARK FORK SITE RESP ACTION	$ -	0.00%	$ 2,045	2.95%	$ 67,005	96.79%	$ 177	0.26%	$ 69,227
COAL TAX PARK TRUST FUND	$ -	0.00%	$ 2,571	8.18%	$ 28,769	91.58%	$ 76	0.24%	$ 31,415
CULTURAL TRUST FUND	$ -	0.00%	$ 670	3.98%	$ 16,146	95.77%	$ 43	0.25%	$ 16,859
E HELENA GREENWAY TRAIL MAINT	$ -	0.00%	$ 261	25.43%	$ 763	74.37%	$ 2	0.20%	$ 1,027
EAST HELENA COMPENSATION FUND	$ -	0.00%	$ 3,953	81.35%	$ 903	18.59%	$ 3	0.06%	$ 4,859
ENDOWMENT FOR CHILDREN	$ -	0.00%	$ 70	4.78%	$ 1,386	94.97%	$ 4	0.25%	$ 1,460
FLYING J CECRA FACILITIES FUND	$ -	0.00%	$ 219	8.06%	$ 2,492	91.70%	$ 7	0.24%	$ 2,717
FWP MITIGATION TRUST	$ -	0.00%	$ 3,198	28.13%	$ 7,654	67.34%	$ 515	4.53%	$ 11,367
HAROLD HAMM ENDOWMENT	$ -	0.00%	$ 3	6.57%	$ 48	93.18%	$ 0	0.25%	$ 52
INVASIVE SPECIES TRUST FUND	$ -	0.00%	$ 41	1.43%	$ 2,803	98.31%	$ 7	0.26%	$ 2,851
LIBBY ASBESTOS SITE STATE COST	$ -	0.00%	$ 650	12.50%	$ 4,537	87.27%	$ 12	0.23%	$ 5,199
LUTTRELL PIT - OPER & MAINT	$ -	0.00%	$ 195	8.09%	$ 2,207	91.67%	$ 6	0.24%	$ 2,407
MONTANA HISTORICAL SOCIETY	$ -	0.00%	$ 697	16.53%	$ 3,510	83.25%	$ 9	0.22%	$ 4,216
MT POLE SUPERFUND SETTLEMENT	$ -	0.00%	$ 7,500	25.94%	$ 21,356	73.86%	$ 57	0.20%	$ 28,913
NOXIOUS WEED MGMT TRUST FUND	$ -	0.00%	$ 0	0.00%	$ 11,470	99.74%	$ 30	0.26%	$ 11,500
OLDER MONTANANS TRUST FUND	$ -	0.00%	$ 15	4.65%	$ 315	95.10%	$ 1	0.25%	$ 331
POTTER TRUST FUND	$ -	0.00%	$ 16	6.36%	$ 239	93.40%	$ 1	0.25%	$ 256
PUBLIC SCHOOL TRUST	$ -	0.00%	$ 10,031	1.16%	$ 850,527	98.58%	$ 2,246	0.26%	$ 862,804
REAL PROPERTY TRUST FUND	$ -	0.00%	$ 600	7.88%	$ 6,991	91.88%	$ 19	0.24%	$ 7,609
RESOURCE INDEMNITY TRUST FUND	$ -	0.00%	$ 23	0.02%	$ 117,741	99.72%	$ 311	0.26%	$ 118,075
SMELTER HILL UPLANDS REST FUND	$ -	0.00%	$ 1,371	14.49%	$ 8,068	85.28%	$ 21	0.23%	$ 9,460
STREAMSIDE TAILINGS OU FUND	$ -	0.00%	$ 2,870	15.08%	$ 16,114	84.69%	$ 43	0.22%	$ 19,027
TOBACCO TRUST FUND	$ -	0.00%	$ 1,959	0.65%	$ 298,352	99.09%	$ 788	0.26%	$ 301,099
UPPER BLACKFT RESP ACT & REST	$ -	0.00%	$ 1,134	92.36%	$ 93	7.61%	$ 0	0.03%	$ 1,227
UPPER CLRK FK RIVER BASIN RES	$ -	0.00%	$ 554	2.45%	$ 21,995	97.29%	$ 58	0.26%	$ 22,607
UPPER CLRK FK RIVER BASIN REST	$ -	0.00%	$ 4,191	5.32%	$ 74,329	94.43%	$ 197	0.25%	$ 78,717
WILDLIFE HABITAT TRUST FUND	$ -	0.00%	$ 1,515	9.12%	$ 15,061	90.64%	$ 40	0.24%	$ 16,615
YELLOWSTONE PIPELINE CLEANUPFD	$ -	0.00%	$ 3,489	50.13%	$ 3,461	49.73%	$ 9	0.14%	$ 6,960
ZORTMAN/LANDUSKY LT WATER	$ -	0.00%	$ 15,639	99.99%	$ -	0.00%	$ 1	0.01%	$ 15,641
ZORTMANLANDUSKY LT WATER TRUST	$ -	0.00%	$ 20,340	99.99%	$ -	0.00%	$ 2	0.01%	$ 20,342
Total	**$ -**	**0.00%**	**$ 105,238**	**5.94%**	**$ 1,660,393**	**93.78%**	**$ 4,887**	**0.28%**	**$ 1,770,518**

Coal Severence	CAPP	%	STIP	%	TFIP	%	Other	%	Total
BIG SKY ECONOMIC DEV FUND	$ -	0.00%	$ 2,674	2.01%	$ 130,324	97.74%	$ 344	0.26%	$ 133,342
COAL SEVERANCE TAX PERM FUND	$ -	0.00%	$ 12,626	2.14%	$ 384,185	64.97%	$ 194,483	32.89%	$ 591,294
MONTANA COAL ENDOWMENT FUND	$ -	0.00%	$ 2,840	0.94%	$ 297,978	98.80%	$ 791	0.26%	$ 301,609
SCHOOL FACILITIES FUND	$ -	0.00%	$ 1,244	1.53%	$ 79,625	98.21%	$ 210	0.26%	$ 81,080
MT COAL ENDOWMENT REGIONAL WAT	$ -	0.00%	$ 1,192	1.14%	$ 103,046	98.60%	$ 272	0.26%	$ 104,509
Total	**$ -**	**0.00%**	**$ 20,576**	**1.70%**	**$ 995,157**	**82.12%**	**$ 196,101**	**16.18%**	**$ 1,211,833**

Operating Funds	CAPP	%	STIP	%	TFIP	%	Other	%	Total
FWP GENERAL LICENSE ACCOUNT	$ -	0.00%	$ 50,635	61.67%	$ 28,174	34.32%	$ 3,293	4.01%	$ 82,102
MONTANA LOCAL GOVERNMENTS	$ -	0.00%	$ 1,481,673	99.99%	$ -	0.00%	$ 146	0.01%	$ 1,481,820
MONTANA STATE AGENCIES	$ -	0.00%	$ 770,476	99.99%	$ -	0.00%	$ 72	0.01%	$ 770,548
MONTANA STATE UNIVERSITY	$ -	0.00%	$ 232,846	87.57%	$ 32,931	12.39%	$ 110	0.04%	$ 265,888
MONTANA TECH	$ -	0.00%	$ 9,781	95.11%	$ 500	4.87%	$ 2	0.02%	$ 10,284
STATE TREASURER'S FUND	$ -	0.00%	$ 2,610,692	97.22%	$ -	0.00%	$ 74,604	2.78%	$ 2,685,296
UNIVERSITY OF MONTANA	$ -	0.00%	$ 81,162	68.48%	$ 32,315	27.27%	$ 5,045	4.26%	$ 118,522
Total	**$ -**	**0.00%**	**$ 5,237,265**	**96.73%**	**$ 93,921**	**1.73%**	**$ 83,273**	**1.54%**	**$ 5,414,459**

Insurance Reserves	CAPP	%	STIP	%	TFIP	%	Other	%	Total
SUBSEQUENT INJURY TRUST FUND	$ -	0.00%	$ 179	99.99%	$ -	0.00%	$ 0	0.01%	$ 179
STATE EMPLOYEE GROUP BENEFITS	$ -	0.00%	$ 105,115	70.83%	$ 40,725	27.44%	$ 2,568	1.73%	$ 148,409
PERS-DCRP LT DISABILITY PLAN	$ -	0.00%	$ 685	8.38%	$ -	0.00%	$ 7,484	91.62%	$ 8,169
MUS WORKERS COMPENSATION	$ -	0.00%	$ 12,359	73.72%	$ 4,393	26.20%	$ 13	0.08%	$ 16,765
MUS GROUP INSURANCE	$ -	0.00%	$ 87,415	84.50%	$ 14,028	13.56%	$ 2,006	1.94%	$ 103,448
MONTANA STATE FUND	$ -	0.00%	$ 21,046	1.33%	$ -	0.00%	$ 1,556,441	98.67%	$ 1,577,487
Total	**$ -**	**0.00%**	**$ 226,799**	**12.23%**	**$ 59,146**	**3.19%**	**$ 1,568,512**	**84.58%**	**$ 1,854,457**

Short Term Investment Pool

Account	# Accounts	Total Market Value	%
Total State	338	4,393,806,491	74.8%
Total Local	178	1,481,673,415	25.2%
Total STIP	**516**	**$ 5,875,479,906**	**100.0%**
STIP Reserve		$ 54,897,847	
Prior month average STIP Yield		0.1117%	

Intercap Statistics

Loans Outstanding	$ 66,639,313
Bonds Outstanding	$ 90,600,000
Number of Borrowers	146
Loan Rate	1.65%

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.110

EFFECTIVE DATE:

TITLE: Governance, Quorum, and Voting

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Governance, Quorum, and Voting

A. Governing Law

1. The Board shall maintain both a written and an electronic version of the manual, updated as necessary with all pertinent Montana governing laws. The Board shall post the manual on its website for public access.

B. Quorum and Voting

1. A majority, defined as five (5) members of the Board membership, constitutes a quorum to do business. A favorable vote, consisting of at least a majority, is required to adopt any resolution, motion, or other substantive decision, as prescribed in Section 2-15-124, MCA. If only five (5) members are present, all five (5) members must approve a substantive motion.

C. Board Member Communication

1. In any communications on Board matters, policy, or position, Board members shall distinguish whether they are speaking on behalf of the Board or speaking only as an individual member.

2. The Chairperson is deemed a spokesperson for the Board, as ex officio.

3. Board committee chairs are deemed to be a spokesperson for the Board ex officio when the context is clearly within the scope of their respective committee missions.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.120

EFFECTIVE DATE:

TITLE: Meetings, Minutes, and Agendas

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Meetings, Minutes, and Agendas

A. Board Meeting Frequency and Recording

1. The Board shall meet at least quarterly. The frequency of Board meetings is subject to change at the direction of the Board. Board meetings are recorded as provided by Section 2-3-214, MCA.
2. The Chairperson may call the Board if additional meetings are required.

B. Notice of Meetings

1. Section 2-3-103, MCA, requires that all meetings of the Board must be open to the public. Meetings will be noticed at least forty-eight (48) hours prior to the meeting.
2. A meeting may only be closed when the demands of individual privacy clearly exceed the merits of public disclosure. The Chairperson may not close the meeting without first stating the rationale for such closure.

C. Meeting Agendas

1. Meeting agendas are prepared by the Executive Director in consultation with the Chairperson.
2. Section 2-3-203, MCA, states that the Board may not take action on any substantive matter unless the matter is scheduled on the agenda.
3. The meeting notice and the meeting agenda shall be posted on the Board's website.

D. Meeting Minutes

1. Section 2-3-212, MCA, requires meeting minutes be available for public inspection. Approved meeting minutes shall be posted on the Board's website.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.130

EFFECTIVE DATE:

TITLE: Chair and Vice Chair

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Chair and Vice Chair

A. Board Chairperson

1. The duty of the Chairperson is to ensure that the Board operates consistent with state law, state rules, and Board policies.
2. The Chairperson may make motions, second motions, and vote.
3. The Chairperson shall review and sign all meeting minutes and all resolutions approved by the Board.
4. The Chairperson may appoint a Vice Chairperson to preside in his/her absence.
5. As prescribed in Section 2-15-124, MCA, the Governor shall designate the Chairperson.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.140

EFFECTIVE DATE:

TITLE: Systematic Work and Education Policy

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Systematic Work and Education Plan

A. Summary

1. The Executive Director shall submit a Systematic Work and Education Plan (Plan) to keep the Board and the public informed on the Board's programs, missions, and responsibilities.
2. The Plan will be formatted as agenda topics for the Board meetings for each calendar year, with rotating subject matters so that all matters are covered within a twenty-four (24) month period.
3. The Plan will be used for education, review, and in all respects to help Board co fulfill their fiduciary role.
4. The Plan will include the annual presentation from the pension systems, pursuant to Section 19-2-410, MCA.

B. Purpose

1. The purpose of this Policy is to establish guidelines and procedures that recognize and affirm the importance of education for the success of members of the Board to fulfill their fiduciary responsibilities.

C. Policy Objectives

1. All Board members will have education opportunities to maintain the knowledge they need to carry out their fiduciary responsibilities and engage in effective group discussion, debate, and decision making.
2. Newly appointed or elected Board members will be provided with the general introductory knowledge they need to enable them to effectively participate in Board and committee deliberations in a timely manner.
3. Board members will have the opportunity to learn, through networking with the trustees of other public retirement systems, alternate approaches to common issues and problems.

D. Assumptions and Principles

1. Board members are responsible for making policy decisions affecting all major aspects of plan administration. Board members should acquire an appropriate level of knowledge of all significant facets of the investment management process, rather than specializing in a particular area or areas.
2. A variety of educational methods are encouraged since no single educational method is optimal.
3. This Policy is not intended to dictate that Board members attend only specific conferences or programs. Although a list is included in this Policy as a reference, the Policy is a framework for the types of opportunities that Board members may use in their fiduciary education.

E. Policy Guidelines

1. General Provisions

a) All Board members are encouraged to develop and maintain their knowledge and understanding of the issues involved in the policy direction and management of the Board throughout their terms as Board members.

b) Board members are encouraged to develop an appropriate level of knowledge across a broad spectrum of issues, including:

(1) Governance and fiduciary duty.

(2) Actuarial policies and pension funding.

(3) Best practices in total fund, asset class composite and investment manager monitoring, funding, and decision-making.

(4) Key institutional investment management concepts, including, but not limited to:

(a) Portfolio management theory and strategies.

(b) Asset class attributes and investment strategies.

(c) Performance evaluation concepts.

c) Board members are encouraged to help seek out, evaluate, and take advantage of appropriate educational tools, which may include, but are not limited to:

(1) External conferences, seminars, workshops, roundtables, courses, or similar vehicles.

(2) In-house presentations by the Board's service providers, staff, or non-affiliated investment experts.

(3) Relevant periodicals, trade journals, textbooks, electronic media, etc.

d) Standards for determining the appropriateness of a potential educational opportunity shall include, without limitation:

(1) The extent to which the opportunity is expected to provide Board members with the knowledge they need to carry out their roles and responsibilities.

(2) The expected return on investment of the program, considering the expected educational benefits weighed against the expected costs, such as travel, lodging and related expenses.

(3) Board members are encouraged to assist in identifying the educational vehicles that best meet their needs, and to seek an appropriate level of knowledge in each of the areas listed in Section E.1.b. of this Policy.

e) The Board shall establish an annual budget to cover the cost of providing continuing fiduciary education for its Board members. The Board shall reimburse Board members for all reasonable and necessary expenses incurred in attending educational programs as encouraged in this Policy.

f) Each Board member is encouraged to report to the Board on the most important knowledge or information gained from the conference/seminar/workshop attended, and to recommend whether to attend that event in the future.

2. Board Member Orientation Program

a) An orientation program will be formalized and maintained for the benefit of new Board members.

b) The aim of the orientation program shall be to provide relevant information/education so that new Board members are able to contribute fully to Board and committee deliberations and effectively carry out their fiduciary duties as soon as possible after joining the Board.

c) The orientation program may include:

(1) In-person introduction to Board management and staff.

(2) A tour of the staff office.

(3) Orientation materials, which may be presented to Board members via an orientation session, may include:

(a) Current Governance Policy.

(b) Roles, responsibilities, and ethics of Board members and staff.

(c) Board committees.

(d) An overview of state laws relevant to fund management.

(e) Most recent annual report.

(f) Most recent investment performance report.

(g) Budget authorization and cost monitoring.

(h) Current organization chart.

(i) Names of Board members and staff.

(j) Work plan, calendar, acronym, and terminology lists.

3. Attendance at Educational Conferences and Seminars

a) Illustrative examples of conferences that Board members may consider attending would include:

(1) Council of Institutional Investors.

(2) Institutional Investor Conference on Alternative Investments.

(3) Institutional Investor Conference on Fund Management.

(4) International Foundation of Employee Benefit Plans.

(5) Portfolio Concepts and Management sponsored by the Wharton School, University of Pennsylvania.

(6) Public Pension Investment Management Program.

(7) Semi-annual conference sponsored by the State Association of County Retirement Systems.

b) All Board Member out of state travel to be reimbursed by the Board will be first approved by the Chair, after consultation with the Executive Director.

c) In attending conferences, preference will be given to those sponsored by educational institutions or pension industry associations, as opposed to conferences with agendas that are largely determined and executed by current or potential vendors to the Board.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.150	EFFECTIVE DATE:
TITLE: Public Participation	SUPERSEDES: Governance Manual February 2021
BOARD ADOPTION:	REVIEWED:

I. Public Participation

A. Section 2-3-103, MCA, provides that the agenda for Board meetings must include an item allowing public comment on any public matter that may or may not be on the agenda but is within the jurisdiction of the Board.

B. The Board may not take substantive action on any matter discussed unless specific notice of that matter is included on an agenda, and the public is provided an opportunity to comment on that matter.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.160

EFFECTIVE DATE:

TITLE: Board Committees Established

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Board Committees Established

A. The Board may establish committees as necessary to conduct its business.

1. Charters shall be adopted for each committee describing the role, scope, and powers of the committee, and the responsibilities of committee members.

2. The Board has created an Audit Committee, a Loan Committee, and a Human Resources Committee, and approved a charter for each committee.

2. The Board Chairperson may appoint and remove committee members.

B. All committee meetings must be open to the public and noticed on the Board's website at least (forty-eight) 48 hours prior to the meeting.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.161

EFFECTIVE DATE:

TITLE: Audit Committee Charter

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Audit Committee Charter

A. Purpose of Committee

1. The purpose of the Audit Committee (Committee) is to assist the Board in fulfilling its oversight responsibilities for the following:
   a) the financial reporting process.
   b) the system of internal control.
   c) the audit process.
   d) the Board's process for monitoring compliance with laws and regulations.
   e) the Board's code of ethical conduct.

B. Committee Authority and Resources

1. The Committee has authority to conduct or authorize an investigation on any matters within its scope of responsibility. It is empowered to:
   a) Select and retain outside counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation, as it deems appropriate.
   b) Seek any information it requires from Board employees, all of whom are directed to cooperate with the Committee's requests or external party requests on behalf of the Committee.
   c) Meet with Board management or other external parties, as necessary.

C. Committee Membership

1. The Committee will consist of at least three (3) members of the Board.
2. The Chair of the Board shall serve as an ex officio member of the Committee.
3. The Board Chair will appoint committee members and the Committee Chair per Policy 10.160 of the Governance Manual.

D. Committee Meetings

1. The Committee will meet at least twice a year, with authority to convene additional meetings, as circumstances require.
2. Committee members are expected to attend each meeting in person or by alternative electronic means.
3. The Committee may hold private meetings with auditors.

4. Minutes will be prepared.

5. The Committee will invite members of management, auditors, or others to attend meetings and provide pertinent information.

E. Board Staff Duties and Responsibilities

1. In consultation with the Committee Chair, Board staff will prepare meeting agendas which will be provided in advance to committee members, along with appropriate briefing materials.

2. Board staff will provide the Committee an updated committee checklist at each regularly scheduled meeting.

F. Committee Duties and Responsibilities

1. Financial Statements

a) Review with management and the external auditors:

(1) the results of the audit, including any difficulties encountered.

(2) significant accounting and reporting issues, including complex or unusual transactions and highly judgmental areas.

(3) recent professional and regulatory pronouncements and understand their impact on the financial statements.

(4) the annual financial statements, and consider whether they are complete, consistent with information known to committee members, and reflect appropriate accounting principles.

(5) other sections of the annual report before release and consider the accuracy and completeness of the information.

(6) all matters required to be communicated to the Committee under generally accepted auditing standards.

(7) interim financial reports before filing with state agencies and constituent groups and consider whether they are complete and consistent with the information known to committee members, if prepared by management.

2. Internal Control

a) Consider the effectiveness of the Board’s internal control systems, including financial reporting and information technology security and control.

b) Understand the scope of internal and external auditors’ review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management’s responses.

3. External Audits

a) Review any external auditors’ proposed audit scope and approach, including coordination of audit effort with management.

b) Review the performance of the external auditors.

c) Review and confirm the independence of the external auditors.

d) Meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

4. Compliance

   a) Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of noncompliance.

   b) Review the findings of any examinations by regulatory agencies and any auditor observations.

   c) Review the process for communicating the code of ethics to Board personnel and for monitoring compliance therewith.

   d) Obtain regular updates from management regarding compliance matters.

   e) Obtain a written report from Board staff if any audit contains findings, deficiencies, or recommendations.

5. Reporting Responsibilities

   a) Provide an open avenue of communication between the external auditors and the Board.

   b) Report at least annually to the Board how the Committee has fully discharged all responsibilities for the period being reported.

   c) Review any other reports the Board issues that relate to committee responsibilities.

6. Securities and Litigation Policy

   a) Authorize the 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.

   b) Approve settlement of separate litigation or class action in which the Board is lead plaintiff or co-lead plaintiff.

   c) Authorize opting out of a class settlement.

   d) Authorize filing of objections and comments on settlements.

   e) At least annually, receive and review staff reports on the status of matters other than passive claim filings.

7. Other Responsibilities

   a) Review on an annual basis the custodial bank's rating from at least two (2) nationally recognized statistical rating organizations.

   b) Review and assess the adequacy of the committee charter annually, requesting Board approval for proposed changes.

   c) Perform other activities related to the committee charter as requested by the Board.

G. The Committee will keep the Board informed on a timely basis on actions taken, recommendations, and decisions made by the Committee.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.162

EFFECTIVE DATE:

TITLE: Human Resources Committee Charter

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Human Resources Committee Charter

A. Purpose of Committee

1. The purpose of the Human Resources Committee (Committee) is to assist the Board in fulfilling its oversight responsibilities relating to personnel matters of exempt Board staff and their compensation.

B. Committee Authority and Resources

1. The Committee has authority to conduct or authorize an investigation on any matters within its scope of responsibility. It is empowered to:

a) Select and retain external legal counsel, or others to advise the Committee or assist in the conduct of an investigation, as it deems appropriate.

b) Seek any information it requires from any Board employee, all of whom are directed to cooperate with the Committee's requests or external party requests on behalf of the Committee.

c) Meet with Board management and other external parties, as necessary.

C. Committee Membership

1. The Committee shall consist of at least three (3) Board Members. The Chair of the Board shall serve as an ex officio member of the Committee. The Board Chair will appoint committee members and the Committee Chair per Policy 10.160 of the Governance Manual.

D. Committee Meetings

1. The Committee will meet at least twice a year, with authority to convene additional meetings, as circumstances require.

a) Committee members are expected to attend each meeting in person or by alternative electronic means.

b) Minutes will be prepared.

2. The Committee may invite members of Board staff or others to attend meetings and provide pertinent information.

3. The Executive Director shall attend all meetings, except for where the Executive Director's performance or compensation are being discussed.

E. Board Staff Duties and Responsibilities

1. In consultation with the Committee Chair, Board staff will prepare meeting agendas which will be provided in advance to committee members, along with appropriate briefing materials.

2. Board staff will direct and recommend to the Committee the hiring of exempt staff, excluding the Executive Director and Chief Investment Officer (CIO) positions.
3. The Executive Director, CIO, or portfolio director will prepare performance evaluations for any exempt staff reporting to them. The Executive Director and CIO will review any evaluation prepared by portfolio directors.
4. The Executive Director will prepare an improvement plan for exempt staff reporting to Executive Director or CIO.

F. Committee Duties and Responsibilities

1. Exempt staff hiring, disciplinary, or termination action
    a) Executive Director and CIO:
        (1) Direct and recommend to the Board the selection and hiring of these positions.
        (2) Direct and approve of other exempt staff disciplinary or termination action to be undertaken.
2. Review exempt staff human resource policies
    a) Review and approve policies relating to the evaluation or compensation of exempt staff, subject to budget constraints.
    b) Oversee the development and implementation of compensation programs.
    c) Review and advise the Board concerning the adequacy and competitiveness of the Board's compensation programs.
        (1) This activity may include the commissioning of peer salary surveys, the reviewing of such surveys, and establishing of pay ranges based on the surveys.
3. Evaluation and compensation of exempt staff
    a) Evaluate and advise the Board concerning the performance of the Executive Director and CIO against established goals and objectives of the Committee.
    b) Review job descriptions and performance for the other exempt staff as prepared by the Executive Director or CIO against established goals and objectives.
    c) The Committee will recommend to the Board the compensation level for all exempt staff, within budget constraints, for the upcoming year.
        (1) The Committee may consider, among other factors:
            (a) the Board's investment performance and return relative to investment performance at comparable investment boards.
            (b) The awards given to the exempt staff in past years.
            (c) The provisions of the Board's compensation plan for exempt staff.
    d) Recommend, as appropriate, a course of action to remedy deficiencies observed or improve performance.
4. Other Responsibilities
    a) Oversee the Executive Director in the development and maintenance of a succession plan for exempt staff and other key employees.

b) Oversee regulatory compliance with respect to compensation matters for all employees, in consultation with the Executive Director.

c) Consider and act on written employee appeals and grievances when the Executive Director is unable to resolve differences with exempt employees.

d) Review and assess the adequacy of the Committee charter annually, requesting Board approval for proposed changes.

e) Perform other activities related to this charter as requested by the Board.

G. Committee Reports

1. The Committee will keep the Board informed on a timely basis on the actions taken, recommendations, and decisions made by the Committee.

   a) The Committee has the discretion to keep specific personnel matters within the Committee or, if required by the Board, to report on any such matter in executive session of the Board.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.163

EFFECTIVE DATE:

TITLE: Loan Committee Charter

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Loan Committee Charter

A. Delegated Authority

1. This Charter delegates authority to Board staff and the Loan Committee (Committee) as follows:

a) Board staff may approve federally guaranteed loans of any size without concurrence of the Committee.

b) Board staff and committee authority is based upon the aggregate dollar amount of any requested credit under consideration and any remaining credit balance outstanding for any single borrower of all Coal Tax Trust loans.

c) Board staff may approve all Coal Tax Trust and INTERCAP loans up to $1.0 million without concurrence of the Committee, provided that the underwriting for such loans complies with all provisions of the relevant loan policies approved by the Board.

d) Board staff may authorize enhancement of up to $1.0 million in Montana Facility Finance Authority Act (MFFA) bonds, without concurrence of the Committee.

e) Board staff may approve all Coal Tax Trust and INTERCAP loans greater than $1.0 million and up to $5.0 million only with concurrence of the Committee.

f) Board staff may authorize enhancement of MFFA bonds greater than $1.0 million and up to $5.0 million, only with concurrence of the Committee. Enhancement of MFFA bonds greater than $5.0 million shall be reviewed by the Committee and recommended to the full Board for final approval.

g) All non-federally guaranteed Coal Tax Trust and INTERCAP loans in excess of $5.0 million shall be reviewed and approved by the Committee and recommended to the full Board for final approval.

h) Board staff may authorize write-downs to a single borrower of all Coal Tax Trust and INTERCAP loans up to $1.0 million without concurrence of the Committee.

(1) Board staff will report write-downs to the full Board at its next scheduled meeting.

(2) Coal Tax Trust and INTERCAP loan write-downs greater than $1.0 million and up to $5.0 million require Committee approval.

(3) Coal Tax Trust and INTERCAP loan write-downs in excess of $5.0 million shall be reviewed and approved by the Committee and recommended to the full Board for final approval.

2. For purposes of this Charter, loan amounts include only the Board's portion of a participation loan.

B. Loan Parameters

1. Commercial maximum loan size is limited by law to ten percent (10%) of the Coal Tax Trust.
2. Value-Added maximum loan size is limited by law to one percent (1%) of the Coal Tax Trust.
3. Value-Added minimum loan size is set by law at $250,000.
4. Maximum amount of Value-Added loans outstanding is limited by law to $70.0 million.
5. Infrastructure maximum loan size is limited by law to $16,666 per each job created.
6. Infrastructure minimum loan size is set by law at $250,000.
7. Maximum amount of Infrastructure loans outstanding is limited by law to $80.0 million.
8. Maximum Board participation in commercial loans is eighty percent (80%).
9. Board participation in Value-Added loans is set by law at seventy-five percent (75%).
10. Infrastructure loans are made directly to local government entities.

C. Purpose of Committee

1. To provide the due diligence required for Coal Tax Trust loans, and enhancement of MFFA bonds in an amount greater than $1.0 million.
2. To review and approve Coal Tax Loan Program Policy and Residential Loan Program Policy prior to presentation to the Board.
3. Provide guidance regarding pricing of loans.

D. The Committee Is Charged with:

1. Reviewing and taking appropriate action on all staff recommendations for non-federally guaranteed Coal Tax Trust loans, INTERCAP loans, and the enhancement of MFFA bonds in excess of $1.0 million and up to $5.0 million.
2. Reviewing staff recommendations for non-federally guaranteed Coal Tax Trust loans and INTERCAP loans in excess of $5.0 million and enhancement of MFFA bonds in excess of $5.0 million and making a recommendation to the full Board.
3. Reviewing staff recommendations to issue additional INTERCAP bonds and recommending to the full Board approval of the recommendation as modified by the Committee.

E. Committee Membership

1. The Committee shall consist of at least three (3) Board members.
2. The Board Chair shall:
    a) Appoint members.
    b) Notify the Board of all appointments as they are made.
    c) Appoint for membership to the Committee only those individuals who the Chair believes in his/her judgment are qualified to perform the due diligence duties of the Committee as set forth in this Policy.
    d) Designate one (1) member of the Committee as its chairperson.

3. The Chair may remove a committee member at any time and appoint a replacement to complete the removed Member's term, provided the Chair notifies the Board of the removal and the reasons at the time of the removal.

F. Committee Structure and Operations

1. Loans, Loan Write-Downs, and Bond Enhancement Greater than $1.0 Million and up to $5.0 Million:

   a) Staff shall provide hard copy loan or loan write-down approval recommendations to each committee member.

      (1) Such documents shall include all pertinent information required by members to fulfill their obligations under this Charter.

      (2) After reviewing such documents, the Committee may meet in person or telephonically as required to perform their obligations under this Charter.

         (a) In lieu of meeting in person or telephonically, members may e-mail staff with their input and concurrence, subject to the "Confidentiality" provisions of this Charter.

      (3) Committee members may require that certain loan or loan write-down provisions, loan participation share (when permitted by law), or loan covenants recommended by staff be revised.

      (4) If two (2) committee members do not concur with staff recommendations for loan or loan write-down approval as modified or revised by members, the staff recommendation shall be forwarded to the full Board at a public meeting in which the lender and the borrower may be present.

      (5) If committee concurrence is granted via e-mail, such concurrence will serve as a written record of concurrence and obviate the need for recording such action in committee minutes.

2. Loans, Loan Write-Downs and Bond Enhancement Greater than $5.0 million

   a) Staff shall provide hard copy loan and loan write-down approval recommendations to each committee member.

      (1) Such documents shall include all pertinent information required by members to fulfill their obligations under this Charter.

      (2) After reviewing such documents, the Committee may meet in person or telephonically as required to perform their obligations under this Charter.

      (3) Committee members may require that certain loan or loan write-down provisions, loan participation share (when permitted by law), or loan covenants recommended by staff be revised.

         (a) Such revisions shall be incorporated into the staff recommendations and if the staff recommendations with any such revisions are approved by at least two (2) members, the recommendations shall be forwarded to the full Board for a final decision.

         (b) If the staff recommendations with any such revisions are not approved by at least two (2) members, the lender and the borrower may appeal such decision to the full Board at its next regularly scheduled meeting.

G. Committee Duties and Responsibilities

1. Review staff recommendations to approve Coal Tax Trust loans and loan write-downs, INTERCAP loans and loan write-downs, and MFFA bond enhancement greater than $1.0 million and up to $5.0 million, and suggest revisions or modifications to the staff recommendations as necessary.
2. Concur or not concur with staff recommendations as revised or modified by committee members.
3. Review staff recommendations to approve Coal Tax Trust loans and loan write-downs, INTERCAP loans and loan write-downs, and MFFA bond enhancement in excess of $5.0 million, and recommend to the full Board modifications to and approval of the staff recommendations.
4. Review staff recommendations to approve the issuance of Municipal Finance Consolidation Act bonds and the purchase of tendered bonds that have not been remarketed and recommend to the full Board modifications to and approval of the staff recommendations.
5. Provide, when necessary and appropriate, an appeals function for lenders and borrowers whose loan applications have been disapproved by staff.
6. Review staff-recommended revisions to the various loan program policies/applications and recommend to the full Board the approval, denial, or modifications of such revisions.
7. When necessary and prudent, recommend to the full Board the waiver of certain loan policy provisions, as long as such waiver is limited to the merits of an individual loan application and is considered by the Committee to be in the public interest.
8. Advise the Executive Director on the job performance of the loan and bond program staff.
9. Prepare and deliver to the Board, at such time as the Board shall request and as required by this Charter, reports concerning the activities and recommendations of the Committee.
10. Any other duties or responsibilities expressly delegated to the Committee by the Board from time to time relating to in-state investments.

H. Reports

1. A written summary of the actions taken, recommendations and decisions made by the Committee shall be presented to the Board at the next Board meeting following the action/decision.

I. Resources and Authority of the Committee

1. The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.217

EFFECTIVE DATE:

TITLE: Staff Authorization for Investment Managers

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Staff Authorization for Investment Managers

A. The Board designates its Executive Director as agent of the Board to deal with investment firms in connection with Board accounts with such firms.

1. The investment firms are authorized to deal with the Executive Director or the Executive Director's designated staff as agents of the Board.

2. The investment firms are authorized to accept all orders for purchases and sales and all instructions given by the Executive Director or the Executive Director's designated staff on behalf of the Board without further inquiry as to their authority.

3. The investment firms are authorized to receive any funds, securities, or property for the account of the Board.

4. The investment firms are authorized to sell, assign, transfer, or deliver any funds, securities, or other property held for the account of the Board, to said persons or otherwise, as ordered by the Executive Director or the Executive Director's designated staff.

a) Orders shall be in writing or verbally with subsequent confirmation in writing.

b) Funds, securities, or other property are in bearer form, in street certificates, or in such names as directed by the Executive Director or the Executive Director's designated staff.

5. The investment firms will send all confirmations, notices, demands, and other communications to the Executive Director or the Executive Director's designated staff, and the Board, at the following address:

Montana Board of Investments
P.O. Box 200126
Helena, MT 59620-0126

B. The establishment and maintenance of all the accounts, and the actions of the Executive Director or the Executive Director's designated staff member shown, acting on behalf of the Board dealing with investment firms related to said accounts since January 21, 1993, are approved and ratified.

C. The Board authorizes the Executive Director to:

1. Close any of the accounts listed herein.

2. Open new accounts.

3. Designate additional staff members to act on behalf of the Board for the purpose of dealing with investment firms regarding any account.

4. Remove the authority of any of the named staff member or other staff member designated by him/her to act on behalf of the Board for purposes of dealing with investment firms regarding any account.
   a) An investment firm may continue to act in reliance upon the foregoing policy and subsequent designations by the Executive Director of staff members acting on behalf of the Board, until receipt of written notice that the authority of a designated staff member to act on behalf of the Board has been terminated.

D. The Executive Director shall provide a report to the Board showing the staff members and the accounts added to, or deleted from, and the date on which the addition or deletion occurred.
   1. This report shall be provided annually on or around the regularly scheduled October Board meeting.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.250

EFFECTIVE DATE:

TITLE: Securities and Litigation

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

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.

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 under the Board's management are assets subject to the Board's fiduciary duty of prudent management. Accordingly, the Board should take reasonable steps to identify and recover on such claims. Such steps may include:

   a) Participating as passive class member in class actions brought by others and filing a proof of claim when action is settled/resolved.

   b) Enhanced participation as class member in class actions brought and led by others by considering objections or comments on settlements.

   c) Active participation in 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 will delegate to qualified service providers the responsibility to take steps to identify, analyze, pursue, and collect upon securities law claims.

   a) The duties of each service provider shall be clearly articulated as a matter of contract 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 should 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. The Board will not consider separate litigation or lead plaintiff status with respect to any claim unless the losses suffered with respect to the particular securities are at least $1,000,000, for the following reasons:
   a) Pursuing securities litigation as an active plaintiff, either by separate lawsuit or by serving as a lead plaintiff in a class action, imposes on the Board a separate fiduciary responsibility to other class members.
   b) Administrative, legal, other burdens, and possibly out-of-pocket expense.
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 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, which 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 will 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 will be filed on behalf of the Board upon a settlement or final judgment awarding damages in relevant class actions.
7. The Board delegates to its Audit Committee the decision to seek lead or co-lead plaintiff status or to play an enhanced role in a class action under this Policy.
8. The Executive Director, the Chief Investment Officer, the Board's general legal counsel, and the Board's investment consultant shall receive reports from the Monitoring Legal 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, Board general 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 general 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 General 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) Review, prior to submission to the Audit Committee, 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) Review, prior to submission to the Audit Committee, 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) Review, prior to submission to the Audit Committee, 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 in order 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 to all 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.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.251

EFFECTIVE DATE:

TITLE: Decision Criteria to Pursue Litigation

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Board Considerations in Deciding on Separate Litigation, Lead, or Co-Lead Plaintiff Status

A. Will the Board add value by volunteering to lead or co-lead litigation in view of the fiduciary responsibilities (as class action lead or co-lead plaintiff), administrative burdens, and cost associated with separate litigation and acting as lead or co-lead plaintiff?

1. Size of the Board's damages measured by standards applicable to securities litigation.
2. Strength of claims, including evaluation of defenses.
3. Special circumstances which render the Board's claims different from, stronger, or weaker than claims of typical class members such that it would be in the interest of the Board to act as lead or co-lead plaintiff.
4. Venue of litigation.
5. Resources available to pay a significant judgment.
   a) Financial condition of potential defendants.
   b) Availability of insurance.
   c) Potential for bankruptcy.
6. Qualifications of other lead plaintiff candidates and their counsel and the likelihood that the Board would be selected as lead or co-lead plaintiff.
7. Relation of claims to other corporate governance issues of special interest to the Board and impact on other Board holdings.
8. Potential for non-monetary remedies of special importance to the Board which other class members/lead plaintiffs may not pursue.
9. Costs to the Board of separate litigation/lead or co-lead plaintiff status such as discovery, legal fees, and Board staff time and resources needed to monitor litigation more actively.
10. Potential exposure to counterclaims/court costs and willingness of litigation counsel to indemnify the Board against such exposure.

II. Board Considerations in Deciding to Opt Out, Object to, or Comment on Settlements

A. Is the Board receiving fair value for its claims? Does the likely gain to the Board to be achieved by objecting to or commenting on a settlement outweigh the costs of engaging counsel to file the objection/comment? Should the Board risk losing the certain recovery the settlement provides to opt out of the class and pursue separate claims independently?

1. Financial value of settlement to class and the Board in particular.
2. The presence or absence of non-monetary aspects of settlement such as corporate governance.
3. Amount of attorney's fees sought and merits of attorney's fee claim.
4. Expense and risk (including value which might be lost if settlement is disrupted or rejected) associated with opting out, commenting, or objecting in relation to expected benefits of doing so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.300

EFFECTIVE DATE:

TITLE: Custodial Bank and Investment Consultant Selection

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Custodial Bank and Investment Consultant Selection

A. Selection of Custodial Bank and Investment Consultants

1. The Board reserves the right and the authority to make the final selection of the Custodial Bank and the Investment Consultant after which the Executive Director shall negotiate a contract.
2. The Board's powers are specifically circumscribed under Section 17-6-101, MCA, for custodial/depository banking services, and et. seq. pertaining to the State’s procurement laws.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.310

EFFECTIVE DATE:

TITLE: Custodial Bank

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Custodial Bank

A. The Board recognizes that Section 17-6-101, MCA, authorizes central depository banking services.

B. The purpose of this Policy is to:

1. Acknowledge the complex and substantial role of the Custodial Bank, and therefore provide the following policy guidance.

2. Acknowledge there is an associated custodial credit risk specific to the custodial bank relationship and the steps required to mitigate this risk.

a) Risk in this context is the event of failure of the depository financial institution in possession of the Board's assets whereby the state is not able to recover the value of the investments or collateral securities.

b) This risk is not limited only to the Custodial Bank; there may be sub-custodial banks particularly in foreign countries that may not be affiliates of the primary Custodial Bank.

C. The Custodial Bank provides a range of services, including:

1. Securities safekeeping and settlement services, including global and domestic U.S. custody.

2. Global and domestic cash processing including foreign exchange.

3. Securities accounting and reporting.

4. Participant accounting (transfer agent accounting and reporting).

5. Investment performance and analytics reporting.

6. Custodial securities lending or non-custodial securities lending facilitation at the Board's option.

7. Providing and maintaining a comprehensive online accounting system to account for the Board's entire portfolio and all transactions.

D. Given the complex role, responsibility, and trust associated with the Board's Custodial Bank, the selection is prescribed as follows:

1. The Board acknowledges the selection process is governed by the State's procurement process through a formal request for proposal (RFP).
2. The Board specifies the following *minimum* qualifications for respondents to the RFP:
    a) Offeror must have been providing domestic and global master custody services for at least ten (10) years.
    b) Offeror must have under custody at least $1 trillion in assets at fair value, $500 billion of which must include international foreign currency assets.
    c) Offeror must have been providing domestic and global master custody services for at least ten (10) public or corporate pension funds, each with assets of at least $10 billion, at fair value for a minimum of five (5) years.
    d) Offeror must have provided securities lending services for public pension and non-pension funds for a minimum of ten (10) years, and the fair value of securities on loan must have averaged $40 billion daily during the twelve (12) preceding months.
    e) Offeror must be able to perform all procedures necessary to convert from the current Custodial Bank's system to the new Custodial Bank's system of record. Offeror must have completed transitions of at least five (5) public funds with diversified assets totaling at least $25 billion at fair value.
    f) Offeror must be able to provide participant (transfer agent) accounting (mutual fund type accounting) and be able to demonstrate to the Board's satisfaction its ability to provide such accounting.
    g) Offeror must be able to provide on-line comprehensive securities accounting and be able to demonstrate to the Board's satisfaction its ability to provide such accounting.
    h) Offeror must allow Board staff to customize reports and provide an electronic interface for such reports.
    i) Offeror must be able to provide a direct interface between its securities accounting system and the Board's Financial Asset and Investment Management System (the Board's trade order management system).
    j) Offeror must be able to provide assurance through a third party, in writing, that its internal control reviews are conducted in compliance with the Statement of Standards for Attestation Engagements Number 16 (SOC, Report on Controls at a Service Organization).
    k) Offeror must have in place an internal audit staff who consistently evaluates all internal control systems and risks associated with master trust/custody services.
3. In addition to the above minimum qualifications, the Offeror must be able to demonstrate to the Board's satisfaction:
    a) Organizational resources, technology and staffing securities safekeeping, and core servicing securities.
    b) Settlement, accounting and reporting cash, and exposure management.
    c) Foreign exchange securities lending.
    d) Comprehensive accounting system including transfer agency performance measurement and portfolio risk analysis transition and conversion.

E. The Board acknowledges that the Custodial Bank will generally have investment and deposit options available to the Board. To mitigate risk:

1. Custodial Bank must demonstrate that it has sufficient financial strength to protect the interests of the Board.
2. Must be rated at a minimum at the sixth (6^{th}) highest investment grade rating by at least two (2) nationally recognized statistical rating organizations.
3. For any cash balances held as deposits of Custodial Bank or sub-custodial banks, they are held in the name of the Board or its accounts and are incidental and only held for short periods while awaiting instructions or other disposition.

F. The Board delegates to the Custodial Bank that it is to be the 'book of record', however, the Board reserves to itself its fiduciary responsibility to assure accurate records regarding both holdings and performance.

G. The Board acknowledges and allows that some of its fiduciary assets are by their nature held elsewhere other than by the Custodial Bank and by cross-reference to Policy 30.400, directs and requires the Chief Investment Officer to set appropriate due diligence and control standards to provide for the prudent safeguarding of such assets as:

1. Index Funds.
2. Private equity and real estate ownership interests.
3. Any commingled funds held within managed accounts (these would include use of any ETF's or proprietary commingled funds in the form of an institutional trust vehicle).

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.402

EFFECTIVE DATE:

TITLE: Administrative Rules

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Administrative Rules

A. The Board has rulemaking authority under state law and Article VIII, Section 13 of the Montana Constitution.

1. Administrative rules are regulations, standards, or statements of applicability that implement, interpret, or set law or policy.

2. Administrative rules can also describe the organization, procedures, or practice requirements of the Board.

3. The Board adopts, by reference, Administrative Rules of Montana Title 8, chapter 97.

B. The authority to revise Board administrative rules may not be delegated to staff.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.500

EFFECTIVE DATE:

TITLE: Coal Tax Trust Loan Policies

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Coal Tax Trust Loan Policies

   A. The Board shall create, maintain, and revise as necessary loan policies for each of the Coal Tax Trust loan programs assigned to it by law.

      1. The loan policies shall be based on the law creating the programs and may be revised from time to time as necessary to accommodate changes in the law or to enhance or clarify the programs.

      2. Substantive loan policy revisions may be made only by the Board at a public meeting.

      3. All loan policies shall be posted on the Board's website.

         a) Specific loan policies can be found in Chapter 70, Section 700.

      4. The authority to substantively revise Coal Tax Trust loan polices approved by the Board may not be delegated to staff.

   B. The Board shall establish and approve an interest rate setting process and methodology for loan programs for which it has discretion to set rates.

      1. Staff shall utilize the approved process and post the rates weekly on the Board's website.

      2. The authority to revise interest rate setting processes and/or methodologies approved by the Board may not be delegated to staff.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.600

EFFECTIVE DATE:

TITLE: Bond Program Policies

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Bond Program Policies

A. The Board shall create, maintain, and revise as necessary policies for its various bond programs assigned to it by law.

1. The bond program policies shall be based on the law creating the programs and may be revised from time to time as necessary to accommodate changes in the law or to enhance or clarify the programs.
2. Substantive bond program policy revisions may be made only by the Board at a public meeting.
3. All bond program policies shall be posted on the Board's website.
4. Specific bond program policies can be found in Chapter 70 of the Governance Manual.
5. The authority to substantively revise bond program policies approved by the Board may not be delegated to staff.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.700

EFFECTIVE DATE:

TITLE: Credit Enhancement

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Credit Enhancement

A. Recitals

1. History, Authorization of Unified Investment Program, and the Board

a) Article VIII, Section 13 of the Montana Constitution directs the legislature to provide for a unified investment program for public funds, public retirement system, and state compensation insurance fund assets.

b) The Legislature, pursuant to Section 17-6-2 MCA, (Unified Investment Program Act), has created and directed the Board to administer the unified investment program mandated by the Montana Constitution.

c) 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.

2. History, Authorization of Montana Economic Development Board (MEDB), and Municipal Finance Consolidation Act (MFCA) Bonds

a) The 1983 Legislature created the MEDB, to, among other things:

(1) Issue notes and bonds to finance loans to purchase bonds and notes of Montana governmental units.

(2) To establish or replenish reserves securing the payments of its bonds and notes.

(3) To finance all expenditures incident to, necessary, or convenient to carry out the provisions of the MFCA in Section 17-5-16, MCA.

b) As set forth in Section 17-5-1602(2)(b), MCA, of the MFCA, the State's goal was to, among other things:

(1) Foster the provisions of efficient capital markets.

(2) Reduce costs of borrowing.

(3) Provide additional security for the payment of bonds and notes held by investors.

c) In conjunction with issuing its MFCA Bonds in 1985, the MEDB adopted a resolution establishing a MFCA Reserve Fund (Reserve Fund) to secure bonds or obligations issued under the MFCA.

d) Pursuant to a resolution, the MEDB and the Board entered into a Security Agreement whereby the Board agreed to make an interest-bearing loan to the MEDB to restore any deficiency in the Reserve Fund and also agreed, for a fee, to purchase MFCA Bonds tendered for purchase and not remarketed.

e) Each series of MFCA Bonds credit enhanced by the Board is approved by resolution by the Board. The Board has never been called upon to make any loans or to purchase any of these Bonds.

3. Authorization for the Board to Issue MFCA Bonds

a) Pursuant to Chapter 581, Laws of 1987, the Board assumed the role of the MEDB with respect to the issuance of the MFCA Bonds and other bond programs authorized by the State.

b) The Board issued its first series of Intermediate Term Capital Program (INTERCAP) MFCA Bonds in 1987 (Series 1987 INTERCAP Bonds).

(1) The Series 1987 INTERCAP Bonds and all series of INTERCAP Bonds subsequently issued by the Board have also been secured by the Reserve Fund.

(2) In the resolution authorizing and approving the issuance of the Series 1987 INTERCAP Bonds, the Board:

(a) Approved the Indenture of Trust pursuant to which the Series 1987 INTERCAP Bonds were to be issued and secured (1987 Trust Indenture).

(b) Agreed to make an interest-bearing loan to the Reserve Fund and agreed, for a fee, to purchase any Series 1987 INTERCAP Bonds tendered for repurchase that were not remarketed.

(3) In 1991, the INTERCAP program was expanded, requiring a new Trust Indenture (1991 Trust Indenture) securing the INTERCAP Bonds authorized by Board resolution.

(a) Each subsequent series of INTERCAP Bonds issued by the Board, and related documents, have been authorized by resolution and are supplemental to the 1991 Trust Indenture.

(4) The Board has never been called on to make a loan to the Reserve Fund or to purchase tendered MFCA INTERCAP Bonds.

4. History, Authorizations, MFFA Bonds

a) Pursuant to Chapter 703, Laws of 1987, now codified in Sections 90-7-1, 2, and 3, MCA, as amended (MFFA Act), the Montana Health Facility Finance Authority, now the MFFA, is authorized to issue revenue bonds to finance nonprofit hospitals, prelease centers, and other nonprofit health-care providers or entities.

b) The MFFA has created a capital reserve account to provide additional security (Capital Reserve Account) for the Bonds it issues under the MFFA Act (MFFA Bonds).

(1) Pursuant to the MFFA Act, the Board is authorized to loan money to the MFFA for deposit in its capital reserve account and to purchase its bonds and notes.

(2) Pursuant to resolutions of the Board relating to each series of MFFA Bonds for which credit enhancement is provided, the Board is authorized to enter into an agreement with the MFFA whereby the Board agrees to make an interest-bearing loan to the Capital Reserve Account to restore any deficiency (MFFA Capital Reserve Account Agreement).

(3) For each series of MFFA Bonds credit enhanced by the Board, the Board has by resolution approved entering into additional Capital Reserve Account Agreements.

(4) The Board has never been called upon to make a loan to the Capital Reserve Account. To date, the Board has not entered into any agreements to purchase tendered MFFA Bonds.

5. Previous Credit Enhancement Policies

   a) The Board adopted a Credit Enhancement Policy on February 17, 2006.

B. Findings and Determinations of the Board

1. The Board desires to continue to enhance the marketability of bonds and notes issued under both the MFCA and the MFFA Act, and to assist the Board and the MFFA in obtaining the lowest possible interest rates on loans to eligible governmental units and non-profit corporations providing needed and essential services and facilities to the public.

2. The Board adopts this Policy to codify and clarify the circumstances under which the Board has and will continue to:

   a) Provide credit enhancement.

   b) Authorize its Executive Director to honor and fulfill the Board's obligations under the bond documents and Capital Reserve Account Agreement.

   c) Make this Policy a part of the Board Governance Policy.

3. The MEDB resolution establishing the Reserve Fund to secure bonds or obligations issued by the Board, is incorporated in Section A.

C. Decision to Provide Credit Enhancement, Source of Credit Enhancement

1. The decision to provide credit enhancement as authorized by the MFFA Act and the MFCA shall be made by the Board pursuant to a duly authorized resolution of the Board related to each series of Bonds to be issued.

2. The Board shall provide credit enhancement when it is prudent to do so and, in the Board's judgment, would result in a lower interest rate to the borrowers under the MFCA and MFFA than could be otherwise obtained.

3. The funds in the Unified Investment Program from which the Board's Credit Enhancement obligations could be satisfied include but are not limited to:

   a) The Permanent Fund sub- fund of the Coal Tax Trust.

   b) The Short-Term Investment Pool.

   c) The Treasurer's Fund.

D. Duties of the Executive Director

1. Loans

   a) When required under the terms of the bond documents, the Executive Director of the Board is authorized to loan funds to the Reserve Fund and to the Capital Reserve Account.

2. Purchase of Bonds

   a) When required under the terms of the bond documents, the Executive Director is authorized to purchase Bonds.

3. Use of Funds

   a) The Executive Director is authorized to determine which legally available funds to use for the above purposes.

4. Notification of Board

   a) If the Executive Director makes a loan to the Reserve Fund, Capital Reserve Account, or purchases bonds pursuant to the bond documents, he/she shall:

(1) Notify Board members via e-mail within three (3) business days of such action.

(2) Provide a full report to the Board at its next regularly scheduled meeting, specifying:

(a) The reasons for such action.

(b) The dollar amount.

(c) The terms and the funding source for the loan or bond purchase.

E. Effective Date, No Repeals

1. This Policy shall become effective upon passage by the Board and execution and certification by the Chairman of the Board.
2. This Policy shall supersede in every respect and replace in its entirety the Credit Enhancement Policy adopted by the Board on February 17, 2006.
3. This Policy is not intended and shall not be construed to modify any commitment, obligations, or agreements the Board has made pursuant to any duly authorized resolution or agreement relating to Bonds issued under the MFCA or the MFFA Act.
4. The requirements established by this Policy become an integral part of the Board's Governance Manual.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 10.900

EFFECTIVE DATE:

TITLE: Asset Allocation

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Asset Allocation

A. The Board, as the fiduciary of the Unified Investment Program, is responsible for establishing the investment parameters of the Unified Investment Program.

B. The Board has the authority to allocate portfolios to any asset class in the proportions it considers prudent, subject to such limitations as are contained in law and Article VIII Section 13 of the Montana Constitution.

1. When the law or Constitution precludes certain investments, the Board is responsible for allocating portfolios to asset classes within the investment types permitted by law.

C. Asset allocation decisions may be made by the Board only in a public meeting.

D. The Board shall review and affirm pension allocation ranges at least annually.

E. The authority to establish asset allocation ranges and targets rests solely with the Board and may not be delegated to staff.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 20.100

EFFECTIVE DATE:

TITLE: Code of Ethics

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Code of Ethics

A. The Board shall create and annually confirm adherence to a Code of Ethics (Code) for its members and staff.

B. The Code shall be designed to ensure that Board members and Board staff have no conflicting interests that would:

1. Harm the integrity of the Board.
2. Harm the clients for whom the Board invests funds.
3. Interfere with the Board's fiduciary responsibility.

II. Purpose: To Protect and Honor the Public Trust

A. The Board fully accepts its responsibility and obligation to follow all state laws regarding ethical conduct.

B. The Board expects its members, employees, and all associated parties doing business with the Board to conduct themselves within the highest ethical standards that will in all circumstances reflect well on the Board and the people it serves.

C. All members and employees must obey state law and the additional requirements as to their conduct as further provided within this policy.

III. State Code of Ethic Provisions

A. The Board's ethics policy complements and does not substitute for state law and Montana Operations Manual (MOM) Ethics Policy.

B. Members and employees are expected to be familiar with and obey all state laws and MOM policy, and understand and obey those regarding conduct, disclosure, and conflict of interest requirements of the state code of ethics Section 2-2-1, MCA.

IV. Additional Areas Relating to Ethical Conduct at the Montana Board of Investments

A. Conflict of Interest

1. There shall be no action taken by a member or employee related to the affairs of the Board that would result in the receipt of a financial benefit to the member or employee or the appearance of a 'quid pro quo.'
2. Members must disclose and recuse themselves from any situation involving a possible conflict.
3. Employees must disclose to their supervisor and avoid any such conflict.

B. Protection of Information

1. Members and employees must protect and may not disclose or use any investment information, internal control procedures, or any confidential personal information.

    a) Except as allowed by Board procedures.

C. Use of Board's Assets

1. No person may use the physical or electronic assets of the Board for personal gain or for any use other than to fulfill the missions and programs of the Board.

    a) This provision also pertains to all the fiduciary assets, including all investment or Board program information of every type.

2. All assets of the Board are exclusively for the benefit of the citizens and must be protected in all respects.

V. Specific Provisions Related to Gifts, Travel Meals, and Conferences

A. Gifts

1. All gifts received shall be addressed as provided by state law and as further limited by this Policy.

2. All gifts shall be logged with the date of receipt, their description, and final disposition noted.

3. All allowable gifts, i.e., those having values below the statutory limit of $50, if perishable shall be shared with Board staff, if non-perishable shall be auctioned and the proceeds provided to a charity designated by the Executive Director.

B. Travel

1. All travel is to be approved by the Executive Director.

2. Reimbursement for travel expenses and for determining work time or overtime is subject to state policy.

    a) Where the Board participates on a Limited Partner Advisory Committee (LPAC) and the limited partnership agreement or other legal documents entered into by the General Partner and the Limited Partners explicitly provide for LPAC members to be reimbursed for reasonable expenses related to travel, lodging, and meals incurred while attending LPAC meetings, such reimbursement may be accepted, but only with the express approval of the Executive Director.

        (1) The Executive Director shall report such activity to the Board at least annually.

3. Meals

    a) Meals provided by vendors or other parties that are reasonably incidental to the conduct of the Board's business, such as during breakfast or lunchtime meetings or during conferences, may be accepted.

    b) Meals at restaurants are to be "no-host."

4. Conferences

    a) All member requests and permission to attend conferences are to be approved by the Executive Director after consulting with the Chair.

    b) All other conferences are to be approved by the Executive Director.

I have read and understand the Montana Board of Investments Code of Ethics and agree to comply with all its provisions; that it is my responsibility to abide both by the state ethics law Section 2-2-1, MCA, and MOM Ethics Policy.

It is also my responsibility to abide by the State's travel policy as provided in the MOM governing allowable travel reimbursement expenses and the rules for designating work or overtime hours.

Board member/staff

Date

Title

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 20.200

EFFECTIVE DATE:

TITLE: Travel, Lodging, and Meals

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Travel, Lodging, and Meals

A. While in travel status, Board members and staff are subject to the provisions of Section 2-18-5, MCA, for meals, lodging, and transportation.

B. Lunch may be provided for Board members, staff, and necessary participants during regularly scheduled meetings, for the benefit of the organization:

1. Improved communication.
2. Efficiency of time.
3. Increased collaboration.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 20.300

EFFECTIVE DATE: January 1, 2022

TITLE: Confidentiality and Use of Position

SUPERSEDES: NA

BOARD ADOPTION:

REVIEWED:

I. Confidentiality and Use of Position

A. Board members and staff in possession of nonpublic information may not purchase or sell securities of the concerned company or other publicly traded securities to which the information pertains.

B. Board members and staff may not disclose nonpublic information to another person who could subsequently use that information for profit.

1. Recommending purchases or sales of securities to which the nonpublic information relates, even without disclosing the basis for the recommendation, is prohibited.

2. Information that is “nonpublic” includes information that an employee knows or reasonably should know:

a) Is routinely exempt from disclosure under the Freedom of Information Act or protected from disclosure by statute, including proprietary or trade secret information.

b) Is designated by a state agency, Board vendor or Board investment manager as confidential.

c) Has not been disseminated to the general public and is not authorized to be made available to the general public.

C. It is the policy of the Board that “front running” is prohibited.

1. Front running occurs when a person enters into a trade of securities with advance knowledge of pending orders from other investors.

a) Front running could occur, for example, when any Board member or staff covered by this policy trades with the knowledge that a trade is pending on behalf of the Board.

2. Front running, like insider trading, may subject Board members or staff to criminal and/or civil proceedings.

a) Front running may constitute a misappropriation of Board proprietary information for private or personal gain.

D. Board members and staff may not place an order for a personal securities transaction in a company in which a Board securities transaction is pending.

1. Board members and staff must wait until fifteen (15) days after such Board securities transaction is executed before placing an order for a personal securities transaction involving the same company.

E. Board members and staff may not knowingly delay, hinder, modify, or cancel any internal Board buy or sell recommendation, decision, or trading order intending to facilitate a personal securities transaction.

   1. This action would otherwise constitute front running or violations of state or federal laws.

F. Board members and staff in possession of nonpublic information relating to a tender offer may not trade in target company securities.

   1. Nonpublic information acquired directly or indirectly from the bidder or target company.

   2. Board members and staff may not disclose such nonpublic information to another person where it is reasonably foreseeable that the recipient of the information could purchase or sell such company securities.

   3. Board members and staff in possession of nonpublic information may not purchase, directly or indirectly, any security in the initial public offering of such security.

      a) Such new issue securities may only be purchased in the secondary trading market once such a market is established.

      b) Board members and staff may not encourage, facilitate, or arrange such a purchase by or on behalf of any other person.

G. Staff have a duty to protect and conserve Board property, and to use Board property only for authorized purposes.

   1. Board property includes material, equipment, real property, and all provided software and systems used to perform an employee's job function.

   2. Authorized purposes are those for which the Board property is used during the normal course of business, authorized in accordance with the duties and roles prescribed by the Board.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 20.400

EFFECTIVE DATE:

TITLE: Internal Control Policy

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Internal Control Policy

A. The Board shall:

1. Annually review the Internal Control Procedures used by staff.
2. Conduct a Service Organization Control SOC 1 Type 2 audit on an annual basis.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.100

EFFECTIVE DATE:

TITLE: Board Staff

SUPERSEDES: Governance Manual
February 2021

BOARD ADOPTION:

REVIEWED:

I. Board Staff

A. According to Section 2-15-1808(2), MCA, the Board appoints the Executive Director who has general responsibility for selection, management, and the job performance of Board staff.

B. The Board also appoints the Chief Investment Officer (CIO).

C. The Board assigns the duties and sets the salaries of eleven (11) staff: Executive Director, Chief Investment Officer, and nine (9) professional staff.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.200

EFFECTIVE DATE:

TITLE: Executive Director

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Executive Director

A. The Executive Director is empowered by the Board to administratively supervise all Board staff and to delegate responsibilities and work assignments as necessary, including the annual approval of job descriptions and evaluations for non-exempt employees.

B. The Executive Director will authorize expenditures, all travel, and sign all documents required to conduct Board business, unless there are specific written policies or instructions from the Board to the contrary.

   1. These documents include, but are not limited to, vendor contracts, commitments to investment managers, invoices, official letters detailing the position of the Board on any matter, resolutions approved by the Board, leases for Board owned buildings, authorizations to renovate and repair Board owned buildings, staff time sheets, and staff job descriptions.

C. In exercising the delegated authority, the Executive Director shall provide the Board with the information and reports necessary for the Board to fulfill its fiduciary duty in monitoring and reviewing the actions of the Board staff and operations.

D. The Executive Director may direct the Chief Investment Officer (CIO) to delay any investment decision if, in the Executive Director's opinion, it is contrary to the strategic asset allocation of the Board. Any delays must be reported to the Board at the next regular or special Board meeting.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.210

EFFECTIVE DATE:

TITLE: Operations Delegation

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

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 Governance 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 non-exempt 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 approval and then to the Governor's Office of Budget and Program Planning for final approval.

3. The Board's budget is funded from two revenue sources.

MONTANA
p
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.212

EFFECTIVE DATE:

TITLE: Annual Report

SUPERSEDES: Governance Manual
February 2021

BOARD ADOPTION:

REVIEWED:

I. Annual Report

A. The Board is required by law to submit an annual report on all its activities by December 31.

B. The Executive Director shall prepare and publish the annual report.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.220

EFFECTIVE DATE:

TITLE: Communications Delegation

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Communications Delegation

A. The Executive Director shall serve as the primary spokesperson for the Board when communicating with the Legislature, the Governor, the public, and the media, and depending on the circumstances, be clear when communications represent the official position of the Board, is for informational purposes only, or for any iteration in-between.

B. Board members in any of their communications on Board matters, policy, or position shall distinguish whether they are speaking on behalf of the Board or speaking only as an individual member; however, the Chairperson is deemed a spokesperson for the Board, as ex officio and Board committee chairs are also deemed to be a spokesperson for the Board ex officio when the context is clearly within the scope of their respective committee missions.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.230

EFFECTIVE DATE:

TITLE: Investment Manager Contracts

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Investment Manager Contracts

A. The Board in discharging its duties under Article VIII, Section 13 of the Montana Constitution and the Unified Investment Program defined in Section 17-6-201, MCA, enters into various contracts.

B. For those contracts that are fundamental in enabling the Board to invest public funds and satisfy its legal duty under the Program, including its responsibility to "determine the type of investment to be made" (Section 17-6-201(5)(c), MCA), the Board reserves to itself the sole discretion of entering into such contracts in compliance with its constitutional and statutory mandate.

C. The Board delegates and directs the following:

1. The Executive Director and the Chief Investment Officer (CIO) are authorized jointly to contract for investment manager services and if deemed appropriate, terminate them. However, the CIO is authorized to have the final decision on external investment managers, subject to this Policy.
2. Provided that the Executive Director may be a part of any negotiation and at a minimum sign all contracts for investment manager services.
3. And further provided that the Board's Legal Counsel review and sign all investment management contracts and review all other investment-related service contracts as the Executive Director or CIO deem necessary or advisable.
4. All new investment manager contracts, commitments, and terminations along with sufficient other related information, and in particular, alternative investment managers and their key terms of the fund, shall be reported to the Board at its next regularly scheduled meeting.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.231

EFFECTIVE DATE:

TITLE: Authorization of Investment Vendors

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Authorization of Investment Vendors

A. Board funds may not be committed, wired, or otherwise transferred to investment vendors without the specific approval by the Executive Director of such vendors as per Policy 10.217 of the Governance Manual approved by the Board.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.232

EFFECTIVE DATE:

TITLE: Authorization of Staff Transactions

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Authorization of Staff Transactions

A. Board staff may not transact business with investment vendors without the specific approval of the Executive Director as per Policy 10.217 of the Governance Manual approved by the Board.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.240

EFFECTIVE DATE:

TITLE: All Other Contracts

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. All Other Contracts

A. For all contracts, not specifically investment manager contracts, such contracts both competitive and sole source shall be processed according to the State's procurement and contracting laws.

1. The Executive Director is authorized to negotiate and enter into all contracts necessary to carry out the Board's mission without advance approval of the Board, except for contracts with the Board's Custodial Bank and Investment Consultant.

2. The Board shall approve (as permitted by statute) the selection of the Custodial Bank and the Investment Consultant after which the Executive Director shall negotiate contracts with the firms.

3. The Executive Director may approve contract extensions for which the Board's Custodial Bank and Investment Consultant are eligible under the original contract terms.

4. In compliance with state requirements and Board policies, review by the Board's Legal Counsel is required for all contracts.

B. Building Management Services

1. The Executive Director is authorized to make all day-to-day decisions required in managing the Board's direct real estate program.

a) These decisions include but are not limited to:

(1) Negotiating and signing leases.

(2) Authorizing payment of invoices.

(3) Authorizing repair and renovation.

(4) Authorizing improvement, construction, and contracting with a Building Manager.

2. The Board must approve the purchase and sale of all direct real estate.

C. Personal Services Contracts

1. The Executive Director is empowered to negotiate personal services contracts as necessary to ensure proper staffing levels and/or to obtain specialized services not otherwise available.

D. Interagency Agreements

1. The Executive Director is empowered to sign Interagency Agreements and contracts with other state agencies as necessary to fulfill the Board's mission and/or to implement recently enacted legislation.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.241

EFFECTIVE DATE:

TITLE: Legal Services and Approved Counsel

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Legal Services and Approved Counsel

A. Legal Action

1. When the Board is named as a defendant in a legal action the Executive Director is authorized to act on behalf of the Board with the advice of legal counsel.
    a) The Executive Director shall notify the Chairperson in a timely manner.
    b) The Executive Director may only initiate legal action with Board approval.

B. Legal Services

1. The Board delegates to the Executive Director the authority to provide appropriate legal representation for all Board activities.
2. The Executive Director shall contract for legal services and ensure that there is no lapse in service.
3. Legal services may be provided by:
    a) A combination of private legal services contract.
    b) The State of Montana staff.
    c) The Attorney General's offices as appropriate.
    d) Other legal services as deemed appropriate and necessary.
4. The Executive Director shall also ensure that the Board has legal representation for any class action litigation to which it is entitled to participate.
    a) A list of the Board's Legal Services Vendors is as follows:
        (1) Board of Investments Chief Legal Counsel.
            (a) Board's general counsel and general Board business including most contract reviews.
        (2) Jackson Walker.
            (a) For specific services related to private equity, real estate, and other private investments.
        (3) Dorsey & Whitney LLP.
            (a) Board's bond counsel as an issuer of tax-exempt bonds.
        (4) Jackson, Murdo & Grant P.C.
            (a) For specific services related to remarketing and infrastructure loans.

(5) Ice Miller LLP.

(a) Services specifically related to pension tax matters.

(6) Barrack, Rodos & Bacine, and Bernstein, Litowitz, Berger, & Grossmann LLP.

(a) Serve as the Board's monitoring firms for possible securities class actions.

(7) Law Office of Andrew I Huff.

(a) Assists with in-state loan program disputes.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.251

EFFECTIVE DATE:

TITLE: Class Action Litigation

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Class Action Litigation

A. The Executive Director is authorized to join class action lawsuits on behalf of the Board so that the Board may share in any distribution from the settlement.

   1. Unless it is determined that legal action by the Board, independent of a class action lawsuit, is advisable.

B. As part of this delegated authority, the following considerations must be considered by the Executive Director:

   1. In addition to the requirements of Policies 10.250 and 10.251 of the Governance Manual, the Executive Director may consult with legal counsel and Audit Committee members as necessary.
   2. The Executive Director shall report to the Board, at its next meeting, any decisions regarding class action suits.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.260

EFFECTIVE DATE:

TITLE: Credit Enhancement Implementation

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Credit Enhancement Implementation

A. The Executive Director is authorized to take all necessary action to implement credit enhancement activity authorized by the Board per Policy 10.700 of the Governance Manual.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.290

EFFECTIVE DATE:

TITLE: Legislative Duties

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Legislative Duties

A. The Executive Director, or designee, shall represent the Board before the Legislature.

1. Duties include and are not limited to:

   a) Recommending for Board approval proposed legislation to further the Board's mission.

   b) Testifying on legislation that may impact the Board and its mission.

   c) Monitoring all legislation introduced to determine what, if any, impact such legislation may have on the Board and its mission.

2. The Executive Director shall keep the Board informed on these activities as necessary during legislative sessions.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.300

EFFECTIVE DATE:

TITLE: Deputy Director

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Deputy Director

A. To ensure continuity the Deputy Director is empowered by the Board to carry out the duties of the Executive Director in his/her absence.

1. 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 of the Governance Manual.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 30.400

EFFECTIVE DATE:

TITLE: Chief Investment Officer

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Chief Investment Officer

A. The Chief Investment Officer (CIO) is empowered by the Board to serve as the principal staff person responsible for overseeing the investment activities under the Board's jurisdiction in compliance with the Board's policies.

1. Specific duties include:

a) Managing asset exposures to stay within approved asset allocation ranges.

b) Recommending new asset types.

c) Overseeing all aspects of the investment process including but not limited to:

(1) Rebalancing assets.

(2) Hiring and terminating external investment managers.

(3) Setting appropriate due diligence standards to be followed in the selection of any new external managers.

(4) Overseeing the review and any revisions of investment policies.

(5) Providing staff investment reports to the Board.

B. The CIO supervises staff as assigned by the Executive Director and delegates duties to them as necessary to achieve the various investment objectives of the funds under management of the Board, consistent with fiduciary best practices and state laws.

C. The Executive Director shall establish a written protocol to ensure continuity in the absence of the CIO pursuant to Policy 90.400 of the Governance Manual.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.100

EFFECTIVE DATE:

TITLE: Investment Policy Statements

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Investment Policy Statements

   A. The Board shall create, maintain, and revise as necessary Investment Policy Statements (IPS) for each separate account it manages.

   B. The IPS shall:

      1. Cite the law establishing the account if such law exists.

      2. Cite the permissible investments authorized by law.

      3. Establish an investment range for each of the permissible investments.

   C. The Board shall review such policies at least annually or more frequently at the request of Board staff.

   D. IPS may only be revised in a public meeting.

   E. All IPS shall be posted on the Board's web site for review by the public.

   F. The authority to approve IPS may not be delegated to staff.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.200

EFFECTIVE DATE:

TITLE: Consolidated Asset Pension Pool Investment Policy Statement

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Introduction

A. Montana Public Retirement Plan assets are commingled for investment purposes into a Consolidated Asset Pension Pool (CAPP) created by the Board.

B. The use of a commingled pool allows for simplified investing and accounting, broader diversification and thus less risk than would otherwise be available for the smaller Plans and provides additional opportunities for fee savings.

C. CAPP invests directly in the underlying Asset Classes.

1. Each Asset Class has an underlying set of investment objectives and investment guidelines.

2. Each of the nine Plans, CAPP, and each of the Asset Classes are separately identified for accounting and record keeping purposes.

D. This policy is effective upon adoption and supersedes all previous Investment Policy Statement (IPS) related to the investment management of the Montana Public Retirement Plans.

II. Purpose

A. The purpose of this policy statement is to provide a broad strategic framework for the Montana Public Retirement Plans' investments under the guidance of the Montana Board of Investments.

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.

c) Gave the Board sole authority to invest state funds, including the public retirement plans (Plans) 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 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.

3. Discharging its duties solely in the interest of and for the beneficiaries of the funds managed.

C. Section 17-6-201 (2) (a), MCA, states “Retirement funds may be invested in common stocks of any corporation.”

D. Section 17-6-201 (3) (b), MCA, states “The Board is urged under the prudent expert principle to invest up to three percent (3%) of retirement funds in Venture Capital companies. Whenever possible, preferences should be given to investments in those Venture Capital companies which demonstrate an interest in making investments in Montana.”

E. Section 17-6-201 (3) (c), MCA, states “In discharging its duties, the board shall consider the preservation of purchasing power of capital during periods of high monetary inflation.”

F. The Board, as the investment fiduciary of the Plans, is responsible for establishing the investment parameters for the Plans.

1. The Board has the authority to allocate portfolios to any previously board-approved asset class in the proportions it considers prudent, under the prudent expert rule.

2. There are currently no statutory or constitutional restrictions on the investment of the Plans.

3. Asset allocation decisions made by the Board must be made in a public meeting.

IV. Strategic Investment Objectives

A. The Board’s overall objective is to achieve the highest level of investment performance that is compatible with its risk tolerance and prudent investment practices.

B. Because of the long-term nature of the state’s various pension liabilities, the Board maintains a long-term perspective in formulating and implementing its investment policies, and in evaluating its investment performance.

V. Time Horizon

A. The Board expects to meet or exceed these objectives over a long-term investment horizon.

B. 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.

VI. Performance Measurement

A. Investment performance is measured by three integrated long-term return objectives:

1. Actuarial Target Rate of Return

a) The actuarial target rate of return is the key actuarial assumption affecting future funding rates and liabilities.

b) Investment performance that exceeds or underperforms the target rate may materially impact future funding rates and liabilities.

c) The Board seeks to generate long-term investment performance that will exceed the maximum actuarial annual target rate of return of seven and sixty-five hundredths’ percent (7.65%), as determined by:

(1) The governing boards of the public retirement systems.

(2) Net of all investment and administrative expenses.

d) There may be years, or a period of years, when the Plans do not achieve this goal followed by years when the goal is exceeded.

e) Over a long period, the Board seeks to achieve an average net rate of return of seven and sixty-five hundredths’ percent (7.65%), as determined by the governing boards of the public retirement systems, at risk levels (measured by expected volatility) broadly consistent with other public fund peers.

2. Investment Policy Benchmark
   a) For the Retirement Plans is calculated by applying the investment performance of the benchmarks to any of the underlying asset classes to the Plans' actual allocation to these investments during the measurement period.
   b) The investment policy benchmark represents the return that would be achieved if the Plan implemented a passively managed portfolio.
   c) Deviations from the policy benchmark measure the contribution of active management, rebalancing policy and its execution, and investment implementation generally.
3. Public Plan Sponsor Universes
   a) The Board also compares each Plan's total performance, before all fees, to appropriate public plan sponsor universes.
   b) This process permits the Board to compare its total performance to other public pension plans.
   c) While the Board seeks to rank consistently in the top half of comparable public pension plans, the Board recognizes that other plans may have investment objectives and risk tolerances that differ substantially from the Board's.

VII. Roles and Responsibilities

A. Board of Investments

1. The Board is responsible for approving the IPS for the Montana Public Retirement Plans and has the authority to allocate portfolios to any asset class in the proportions 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 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.

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 IPS changes for Board approval.

D. Staff

1. The staff is responsible for:

   a) Managing day-to-day operations and delegating work to external resources as appropriate.

   b) Monitoring allocations and overseeing all investment manager due diligence activities and recommending changes to the CIO.

   c) Monitoring and reporting to the Board the performance of each asset class and the individual managers' performance.

   d) Informing the Board of any new managers or terminations.

   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 also assists staff in monitoring all external managers and reports to the Board independently.

F. External Managers

1. Managers are responsible for all aspects of portfolio management as set forth in the contract specific to each manager.

2. Managers must communicate with staff as needed, regarding investment strategies and results.

3. Managers must also cooperate fully with staff regarding administrative, accounting, and reconciliation issues as well as any requests from the investment consultant and the master custodian.

VIII. Strategic Asset Allocation

A. The Board finds that it is in the best interest of the state's nine retirement Plans to set out investment policies for the Plans in one comprehensive document.

1. Nine Public Retirement Plans

   a) Public Employees Retirement System.

   b) Teachers Retirement System.

   c) Police Officers Retirement.

   d) Firefighters Retirement.

   e) Sheriffs Retirement.

   f) Highway Patrol Retirement.

   g) Game Wardens Retirement.

   h) Judges Retirement.

   i) Volunteer Firefighters Retirement.

2. The current asset allocation ranges for the Plans are in Policy 40.201 of the Governance Manual.

   a) The asset allocation ranges are subject to change as modifications are adopted by the Board, at which time Policy 40.201 of the Governance Manual will be revised to reflect these changes.

b) The Board will formally affirm or revise the asset allocation ranges for the Plans at least annually.

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 Plans.

C. Rebalancing the Plans' assets to remain within the Board-approved allocation ranges is delegated to the CIO, in consultation with 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.

E. In addition to maintaining actual allocations within the ranges, the CIO will also consider:

1. Contractual investment commitments to private investments.

2. Liquidity necessary to meet benefit payments and administrative costs for the Plans.

3. Current market conditions.

F. This may prompt asset rebalancing when asset allocations fall within the established ranges.

G. The CIO shall inform the Board of rebalancing activity at the Board's next regularly scheduled quarterly meeting.

X. Risk Management

A. Evaluation of Investment Managers.

1. The Investment Manager Evaluation Policy is a distinct policy that is regularly reviewed and updated separate from the Retirement Plans Investment Policy because staff utilizes the Investment Manager Evaluation Policy to oversee and manage other assets in addition to the retirement plan assets.

B. Liquidity

1. Based on the percentage of total plan assets necessary for ongoing benefit payments and other plan expenses, the liquidity needs for the Retirement Plans are generally low and participant capital is not expected to change dramatically on short notice.

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 the Retirement Plans.

a) A significant percentage of the investments in the Real Estate, Real Assets and Private Investments Asset Classes are considered illiquid. Due to the limited liquidity of these assets, it will typically be impractical to fund plan cash needs or correct deviations from policy ranges through the purchase or sale of these assets.

3. The investments held in the Domestic Equity, International Equity, Core Fixed Income, and Non-Core Fixed Income Asset Classes are categorized as publicly traded securities.

a) In "normal market" conditions many of the underlying assets from these Asset Classes can be liquidated in a relatively short period to accommodate both expected and unexpected withdrawals as well as any repositioning of the asset allocation to stay within approved ranges.

4. To improve liquidity and manage both the expected and unexpected Retirement Plans need for cash, this IPS specifies a strategic allocation to the Cash Asset Class, which invests in approved investments including the Short-Term Investment Pool (STIP).

C. Monitoring/Reporting - Transparency

1. Managers shall submit periodic reports to facilitate Staff's monitoring of the Managers' conformance to investment restrictions and performance objectives.

2. Staff shall provide regular reporting to the Board regarding the asset allocation and performance of the pension plans as well as the characteristics and performance of the Asset Classes to confirm these items are known and adhere to all IPS requirements and expectations.

3. Staff will discuss and communicate any key information discovered due to the ongoing Manager monitoring process that might assist the Board in understanding the underlying investment manager structure or risks embedded in the investment characteristics of the Retirement Plan asset allocations.

D. Leverage

1. Leverage is a significant risk factor.

   a) Investment managers may utilize leverage only when permitted in the manager's investment guidelines approved by Staff.

   b) Staff shall monitor the use of leverage and its impact on risk and return.

2. The use of derivative securities can generate additional leverage even if the derivative is being used to reduce the risk in other investments.

   a) Investment managers may only use derivatives when permitted in the manager's investment guidelines approved by Staff.

E. Cash Investments

1. Cash investments held at the Retirement Plan, CAPP level, or any managed account within it, entail an element of credit risk.

2. Only approved cash investment vehicles are permitted. These include:

   a) Any cash vehicle at the Custodial Bank.

   b) STIP.

   c) Any SEC-registered money market fund 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 counterparty and reinvestment risk, associated with each aspect of its securities lending program.

   b) The Board requires borrowers to maintain collateral at one-hundred and two percent (102%) for domestic securities and one-hundred and five percent (105%) for international securities.

   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 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 Plan activity, market conditions, and the agent agreement.

XII. Exercise of Shareholders 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.

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.

a) Under the contractual arrangements between the Board and its investment managers, the responsibility for voting proxies on the investments is delegated to the managers.

(1) Managers are contractually required to establish a proxy voting program in coordination with Board Staff and are required to vote proxies, excluding shares on loan under the Board's securities lending program, in the interest of the Plans' beneficiaries.

(2) Records of proxy votes shall be maintained by the Managers, and/or its third-party designee, and submitted to Staff and/or an external service provider annually.

(3) Staff will monitor the proxy voting practices of the Board's external investment managers.

(a) External service providers may be retained by either the Board or the Managers to assist in monitoring efforts.

(b) This monitoring will be coordinated with each manager to reasonably assure the Staff that Managers are fulfilling their fiduciary responsibilities with respect to proxy voting.

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 detailed litigation policy, including process steps, outlined in Policy 10.250 of the Governance Manual.

XIII. Investment Policy Statement Review

A. Per the Board's 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, 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."

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.201

EFFECTIVE DATE:

TITLE: Montana Public Retirement Plans Asset Allocation Ranges

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix I: Montana Public Retirement Plans Asset Allocation Ranges

A. Permitted Ranges:

1. Approved November 19, 2020.

Asset Class Allocations

Asset Class	Range Low	Range High
Domestic Equities	24	36
International Equities	12	22
Private Investments	11	19
Real Assets	2	8
Real Estate	5	13
Core Fixed Income	10	20
Non-Core Fixed Income	4	8
Cash[1]	0	6
Total		

[1] The combined cash at the plan level and the CAPP level is subject to the range.

[2] Montana Public Retirement Plans shall have no greater than 5% of the Net Asset Value managed by any one external manager using an active investment strategy.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.202

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Domestic Equities Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-A: Investment Objectives and Guidelines Domestic Equities Asset Class.

1. Effective Date of Schedule: June 9, 2020.

B. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Domestic Equities.

II. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Asset Class.

2. Provide diversified exposure to the domestic equity market in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the Domestic Equities 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 Domestic Equity Asset Class to the MSCI USA Investable Market 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 this 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 Domestic Equity investments will be managed by external investment managers.

3. The Domestic Equities Asset Class may utilize public long-only and long/short strategies.

4. It is expected that Domestic Equities Asset Class shall invest in public market investments that provide liquidity and meaningful transparency to portfolio characteristics and risk exposures.

D. Permitted Investments

1. The Domestic Equities Asset Class may invest only in the following:

   a) Domestic equity securities and derivatives held in separate accounts, commingled funds, limited partnerships, or limited liability companies managed by external investment managers and governed by their respective investment management contracts and investment guidelines.

   b) Exchange-Traded Funds (ETFs) based on a domestic equity index that is approved by the CIO and purchased and monitored by Staff.

   c) 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 Domestic Equities Asset Class percentage of Net Asset Value invested in "small-cap" equities shall not exceed ten percent (10%) above the Benchmark weight in "small cap".

2. The Domestic Equities Asset Class percentage of Net Asset Value invested in passive/index strategies shall be greater than forty-five percent (45%).

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 cases that the Domestic Equity Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Domestic Equities Asset Class back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.203

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines International Equities Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-B: Investment Objectives and Guidelines International Equities Asset Class

B. Approved Date of Schedule: November 19, 2020.

C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for International Equities.

II. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Asset Class.

2. Provide diversified exposure to the Private Investments markets in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the International Equities Asset Class is to attain the highest possible 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 International Equities Asset Class to the MSCI All Country World ex-US Investable Market 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 International Equities 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 International Equities Asset Class investments will be managed by external investment managers.

3. The International Equities Asset Class may utilize public long-only and long/short strategies.

4. It is expected that the International Equities Asset Class shall invest in public market investments that provide liquidity and meaningful transparency to portfolio characteristics and

risk exposures.

D. Permitted Investments

1. The International Equities Asset Class may invest only in the following:

   a) International equity securities and derivatives held in separate accounts, commingled funds, limited partnerships, or limited liability companies managed by external investment managers and governed by their respective investment management contracts and investment guidelines.

   b) ETFs based on an international equity index that is approved by the CIO and purchased and monitored by Staff.

   c) Cash – either an investment in the Short-Term Investment Pool (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 International Equities Asset Class percentage of Net Asset Value invested in "small-cap" equities shall not exceed ten percent (10%) above the Benchmark weight in "small cap".

2. The International Equities Asset Class percentage of Net Asset Value invested in passive/index strategies shall be greater than forty-two percent (42%).

3. The International Equities Asset Class percentage of Net Asset Value invested in Emerging Market securities shall not exceed + or – ten percent (10%) above the Benchmark weight in Emerging Market securities.

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, 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 International Equities Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the International Equities Asset Class back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.204

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Private Investments Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-C: Investment Objectives and Guidelines Private Investments Asset Class.

B. Approved Date of Schedule: November 19, 2020.

C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Private Investments.

II. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Asset Class.
2. Provide diversified exposure to the Private Investments markets in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

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

B. Performance

1. There is no generally accepted benchmark index for private investment performance comparisons. Characteristically, private partnership investments are impacted by the “J-curve” effect, in which fees and transaction costs create negative returns during the initial investment years before distributions are realized. Private investments require a long-time horizon to realize the value provided by the creation or restructuring of private companies
2. The performance objective for the Private Investments Asset Class is the achievement of long-term net returns (after management fees and general partner’s carried interest) above a benchmark reflecting public equity market returns.
3. Success in achieving this objective will be measured by comparing the net return of the Private Investments Asset Class to the weighted average of the MSCI USA Small Cap Index (Private Equity) and the S&P Leveraged Loan Index (Private Credit) (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 Investments 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 Private Investments 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 Investments Asset Class may invest only in the following:
   a) 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.
   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 Investments Asset Class may co-invest with private investment managers in transactions that are suitable for inclusion into a private investment partnership.
   d) Individual public or private securities received as distributions from funds.
   e) Exchange-Traded Funds (ETFs) based on a public equity index that is approved by the CIO and purchased and monitored by Staff.
   f) 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 Public Retirement Plan 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 thirty percent (30%) of the aggregate of the Private Investments Asset Class net asset value plus uncalled committed capital should be considered "Non-U.S." exposure based on the primary objective of the Fund, Partnership, Separate Account, or Index.
3. No more than ten percent (10%) of the aggregate of the Private Investments 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 Private Investments strategy diversification. <u>It is important to note that these ranges reference the sum of the Private Investments Asset Class net asset value and uncalled commitments.</u>

Strategy	Policy Range
Buyout and all other private equity related strategies not related to Venture Capital or Private Credit	50% - 100%
Venture Capital	0% - 25%
Private Credit	0% - 50%

1. For the purpose of the ranges provided above, funds will be classified in the category that is most reflective of the underlying investments in the funds.

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 that the Private Investments Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Private Investments Asset Class back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.205

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Real Assets Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-D: Investment Objectives and Guidelines Real Assets Asset Class.

B. Approved Date of Schedule: November 19, 2020.

C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Real Assets.

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 Assets Asset Class.
2. Provide diversified exposure to the Real Assets markets in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

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

B. Performance

1. There is no generally accepted performance comparisons benchmark index for private partnership investments in Real Assets. Characteristically, private partnership investments are impacted by the "j-curve" effect, in which fees and transaction costs create negative returns during the initial investment years before distributions are realized. Private partnership investments usually require a long-time horizon to realize the value provided by the creation or enhancement of private companies.
2. The long-term performance objective for the Real Assets Asset Class is the achievement of net returns (after management fees and general partner's carried interest) above a benchmark reflecting public equity Real Assets market returns.
3. Success in achieving this objective will be measured by comparing the long-term net return of the Real Assets Asset Class to 1/3 MSCI ACWI Commodity Producers Index, 1/3 US TIPS Index, 1/3 MSCI ACWI Infrastructure 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 Real Assets 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 Assets 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 Assets Asset Class may also utilize public long-only and long/short strategies.

D. Permitted Investments

1. The Real Assets Asset Class (for the purpose of these guidelines, "Real Assets" includes investments in inflation linked bonds, infrastructure, timber, energy, agriculture, and other commodities) may invest only in the following:
   a) Private investment partnership interests in Real Assets. These private investment partnerships may be direct limited partnerships, limited liability companies, or vehicles that primarily invest in partnerships, including fund-of-funds and secondary funds.
   b) The Real Assets Asset Class may co-invest with private investment managers in transactions that are suitable for inclusion into a Real Assets private investment partnership.
   c) Individual public or private securities received as distributions from funds.
   d) Separately managed accounts, open-ended funds, closed-ended funds, or exchange-traded funds (ETFs), managing publicly traded Real Assets related investments, where the investments are approved by the CIO and purchased and monitored by Staff.
   e) Inflation Linked Bonds.
   f) Cash – either an investment in the Short-Term Investment Pool (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 Real Assets Asset Class shall be no greater than two percent (2%).
2. No more than thirty percent (30%) of the aggregate of the Real Assets Asset Class Net Asset Value plus uncalled committed capital should be considered "Non-U.S." exposure based on the primary objective of the fund, partnership, separately managed account, or index.
3. No more than ten percent (10%) of the aggregate of the Real Assets 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 Assets Asset Class strategy diversification. <u>It is important to note that these ranges reference the sum of the Real Assets Asset Class Net Asset Value and uncalled commitments.</u>

Strategy	Policy Range
Commodities Related	25% - 75%
Infrastructure Related	0% - 50%
Inflation Linked Bonds	0% - 50%

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. Timber Fund Leverage

1. Leverage is a significant risk factor. On an individual fund basis, the leverage level can range up to thirty percent (30%). It is important to note; however, that in aggregate, leverage consists of the combined borrowing at the property level and the fund level. On a select basis, the leverage may exceed thirty percent (30%) at the combined property and fund investment level, if it is determined to be reasonable to do so, particularly in the early stages of the fund investment cycle when a fund level credit facility is utilized to finance early fund investments on a short-term basis prior to committed capital being drawn. While Staff will monitor leverage on this combined basis, the leverage statistic Staff will focus on most for purposes of compliance with this policy is the stabilized long-term leverage at the overall fund investment level once it has completed its acquisition phase, paid down outstanding short-term credit facility balances used to fund capital calls and the investment period has ended. New investments shall be made with the intention that the total timber fund investment leverage shall not exceed thirty percent (30%).

Strategy	*Leverage Policy Range*
Timber	*0% - 30%*

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 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.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.206

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Real Estate Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-E: Investment Objectives and Guidelines Real Estate 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 Real Estate.

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.

2. Provide diversified exposure to Real Estate in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the Real Estate Asset Class is to attain the highest possible 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 Real Estate Asset Class to the 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

   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

   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 plus uncalled committed capital 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. <u>It is important to note that these ranges reference the sum of the Real Estate Asset Class Net Asset Value and uncalled commitments.</u>

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

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%). It is important to note; however, that in aggregate, leverage consists of the combined borrowing at the property level and the fund level. On a select basis, the leverage may exceed seventy-five percent (75%) at the combined property and fund investment level, if it is determined to be reasonable to do so, particularly in the early stages of the fund investment cycle when a fund level credit facility is utilized to finance early fund investments on a short-term basis prior to committed capital being drawn. While Staff will monitor leverage on this combined basis at the fund investment level, the leverage statistic Staff will focus on most for purposes of compliance with this policy is the stabilized long-term leverage at the overall fund investment level once it has completed its acquisition phase, paid down outstanding short-term credit facility balances used to fund capital calls and the investment period has ended. New investments shall be made with the intention that the total Real Estate Asset Class leverage shall not exceed sixty percent (60%).

Strategy	Leverage Policy
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 cases that 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.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.207

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Core Fixed Income Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Investment Objectives and Guidelines

A. Schedule II-F: Investment Objectives and Guidelines Core Fixed Income.

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 Core Fixed Income.

II. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Core Fixed Income Asset Class.
2. Provide diversified exposure to Core Fixed Income in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the Core Fixed Income Asset Class is to attain the highest possible 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 Core Fixed Income Asset Class to the Bloomberg Barclays US Aggregate Bond 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 Core Fixed Income Asset Class consistent with the investment guidelines stated below. Core Fixed Income is defined as strategies primarily invested in marketable, publicly traded, investment grade fixed income securities denominated in U.S. dollars. 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. The Core Fixed Income Asset Class may invest only in the following:

a) Internally Managed Permitted Investments:

(1) Dollar denominated debt obligations of the U.S. Government, including its agencies and instrumentalities.

(2) Dollar denominated debt obligations of Quasi and Foreign Government entities.

(3) Dollar denominated debt obligations of domestic and foreign corporations.

(4) Dollar denominated securitized assets, including U.S. Agency mortgage backed and commercial mortgage-backed securities (MBS/CMBS), U.S. Agency collateralized mortgage obligations (CMO's) and asset backed securities (ABS).

(5) Dollar denominated Non-agency mortgage-backed securities (RMBS) and Non-agency commercial mortgage-backed securities (CMBS).

(6) 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.

b) Other Internally Managed Restrictions:

(1) The average duration of any internally managed portfolio will be maintained in a range of + or – twenty percent (20%) of the Benchmark duration.

(2) A minimum of twenty percent (20%) of the Net Asset Value of any internally managed portfolio will be held in U.S. Government securities, including U.S. Treasuries, TIPS and Agency securities.

(3) Securities must be rated investment grade by at least two nationally recognized statistical rating organizations (NRSRO), with the exception of securities issued or guaranteed by agencies or instrumentalities of the U.S. Government. In the case of split-rated securities, the lower rating is used.

(4) Securities that drop below investment grade as defined above may be held to maturity, however any internally managed portfolio may not hold more than ten percent (10%) of its Net Asset Value in securities rated below investment grade.

(5) Securitized assets must be rated a minimum of the 4th highest rating by any NRSRO at the time of purchase.

(a) Securitized assets that drop below the 4th highest rating of any NRSRO may be held to maturity, however any internally managed portfolio may not hold more than five percent (5%) of its Net Asset Value in these securities.

(6) A maximum of ten percent (10%) of the Net Asset Value of any internally managed portfolio may be held in dollar denominated quasi and foreign government securities.

(7) A maximum of two times the Benchmark weight may be held in corporate securities in any internally managed portfolio.

(8) A maximum of two times the Benchmark weight in U.S. Agency MBS may be held in U.S. Agency MBS and CMO securities in any internally managed portfolio.

(a) A maximum of twenty percent (20%) of the Net Asset Value of any internally managed portfolio may be held in U.S. Agency CMO's

(9) A maximum of five percent (5%) of the Net Asset Value of any internally managed portfolio may be held in ABS.

(10) A maximum of ten percent (10%) of the Net Asset Value of any internally managed portfolio may be held in U.S. Agency and Non-Agency CMBS.

(11) A maximum of ten percent (10%) of the Net Asset Value of any internally managed portfolio may be held in non-agency RMBS.

(12) A maximum of three percent (3%) of the Net Asset Value of any internally managed portfolio may be held in a single corporate parent issuer, foreign/quasi government issuer or securitized specific pool at the time of purchase.

(a) A maximum of four percent (4%) of the Net Asset Value of any internally managed portfolio may be held in a single corporate parent issuer, foreign/quasi government issuer or securitized specific pool at any time.

(13) A maximum of five percent (5%) of the Net Asset Value of any internally managed portfolio may be invested in Cash.

The use of leverage is prohibited.

c) Externally Managed Permitted Investments:

(1) Securities and derivatives held in separate accounts, commingled funds, limited partnerships, or limited liability companies managed by external investment managers and governed by their respective investment management contracts and investment guidelines.

(2) 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.

d) Other Externally Managed Restrictions:

(1) The average duration of any externally managed portfolio will be maintained in a range of + or – twenty-five percent (25%) of the index duration.

(2) A maximum of twenty percent (20%) of the Net Asset Value of any externally managed portfolio will be invested in securities rated below investment grade as defined by any NRSRO. In the case of split-rated securities, the lower rating is used.

(3) A maximum of ten percent (10%) of the Net Asset Value of any externally managed portfolio will be invested in Non-dollar debt; either hedged or unhedged.

(4) A maximum of five percent (5%) of any externally managed portfolio will be invested in Cash.

D. 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 Core Fixed Income Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Core Fixed Income Asset Class back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.208

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Non-Core Fixed Income Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Investment Objectives and Guidelines

A. Schedule II-G: Investment Objectives and Guidelines Non-Core Fixed Income.

B. Approved Date of Schedule: June 1, 2021.

C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Non-Core Fixed Income.

II. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Non-Core Fixed Income Asset Class.

2. Provide diversified exposure to Non-Core Fixed Income in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the Non-Core Fixed Income Asset Class is to attain the highest possible 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 Non-Core Fixed Income Asset Class to the Bloomberg Barclays US High Yield – two percent (2%) Issuer Cap 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 Non-Core Fixed Income Asset Class consistent with the investment guidelines stated below. Non-Core Fixed Income is defined as strategies primarily invested in High Yield Corporate Debt, Emerging Market Debt, Convertible Debt and Preferred Securities. 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 Non-Core Fixed Income Asset Class may invest only in the following:

a) Securities and derivatives held in separate accounts, commingled funds, limited partnerships, or limited liability companies managed by external investment managers and governed by their respective investment management contracts and investment guidelines.

b) 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. A maximum of ten percent (10%) of the Net Asset Value of the Non-Core Fixed Income Asset Class shall be held in Non-U.S. securities if they are denominated in a foreign currency.
2. The average duration of the Non-Core Fixed Income Asset Class will be maintained in a range of + or – twenty-five percent (25%) of the index duration.
3. High Yield strategies will make up a minimum of twenty-five percent (25%) and a maximum of seventy-five percent (75%) of the Non-Core Fixed Income Asset Class.
4. No strategy other than High Yield will make up more than fifty percent (50%) of the Non-Core Fixed Income Asset Class.

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

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.209

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Cash Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

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.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.500

EFFECTIVE DATE:

TITLE: Trust Fund Investment Pool Investment Policy Statement

SUPERSEDES: 4/20/2021

BOARD ADOPTION:

REVIEWED:

I. Introduction

A. The Trust Funds Investment Pool (TFIP) was created by the Board on October 1, 1995.

1. The pool is designed to provide participants exposure to a portfolio of income-producing assets.
2. The use of a commingled pool allows for simplified investing and accounting, broader diversification and thus less risk than would otherwise be available for individual participants.
3. The TFIP invests directly in the underlying Asset Classes.
4. Each Asset Class has an underlying set of investment objectives and investment guidelines. Each account participating in the TFIP is separately identified for accounting and record keeping purposes.

B. This policy is effective upon adoption and supersedes all previous Investment Policy Statement (IPS) related to the investment management of the TFIP.

II. Purpose

A. The purpose of this policy statement is to provide a broad strategic framework for the TFIP investments 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 gave the Board sole authority to invest state funds, in accordance with state law and the state constitution.
2. Section 17-6-201(1), MCA, requires the Board to operate under the "prudent expert principle," defined as:
   a) 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.
   b) 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.
   c) Discharging its duties solely in the interest of and for the beneficiaries of the funds managed.

3. The Board, as the investment fiduciary, is responsible for establishing the investment parameters for the TFIP.

IV. Strategic Investment Objectives

A. The Board's primary objective is to provide investment income to participants.

B. The Board's secondary objective is to achieve the highest level of investment performance.

C. Both objectives must be compatible with the Board's risk tolerance and prudent investment practices.

D. The Board seeks to maintain a long-term perspective in formulating and implementing investment policies and evaluating investment performance.

V. Time Horizon

A. The Board expects to meet or exceed these objectives over a long-term investment horizon.

1. 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 the objectives.

VI. Performance Measurement

A. Success in achieving these objectives will be measured by comparing the risk and return of the account to the:

1. Bloomberg/Barclays U.S. Aggregate Bond Index (IG fixed income).
2. NCREIF ODCE Index (real estate).
3. Bloomberg Barclays US High Yield – two percent (2%) Issuer Cap Index (Non-Core fixed income).

B. Each weighted proportionately to the portfolio's holdings.

C. Performance results will be monitored and evaluated quarterly.

D. Success in achieving the objective will be measured on a three (3) year, five (5) year, and ten (10) year annualized basis.

VII. Roles and Responsibilities

A. Board of Investments

1. The Board is responsible for approving the IPS for the TFIP and has the authority to manage the TFIP as it considers prudent.
   a) 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.

B. As described in the Board of Investments Governance Manual, to execute the day-to-day duties required to carry out the Board's mission, the Board delegates authority to the:

1. Executive Director.
2. Chief Investment Officer (CIO).
3. Other Staff.

C. 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 is responsible for the:
   a) Oversight of the TFIP.
   b) Establishment of the financial reporting procedures.
   c) Collection and reporting of all income.

D. 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.

E. Staff

1. The staff is responsible for:
   a) Managing day-to-day operations and delegating work to external resources as appropriate.
   b) Monitoring allocations and overseeing all investment manager due diligence activities and recommending changes to the CIO.
   c) Monitoring and reporting to the Board the performance of each asset class and the individual managers' performance.
   d) Informing the Board of any new managers or terminations.
   e) Reporting any deviations from the IPS to the Board.

F. 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 separate accounts.

G. External Managers

1. Managers are responsible for all aspects of portfolio management as set forth in the contract specific to each manager.
2. Managers must communicate with staff as needed, regarding investment strategies and results.
3. Managers must also cooperate fully with:
   a) Staff regarding administrative, accounting, and reconciliation issues.
   b) Any requests from the investment consultant and the master custodian.

VIII. Strategic Asset Allocation

A. The current asset allocation ranges for the TFIP are in Policy 40.501 of the Governance Manual.

B. The asset allocation ranges are subject to change as modifications are adopted by the Board, at which time Policy 40.501 of the Governance Manual will be revised to reflect these changes.

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 separate accounts.

C. Rebalancing 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. Evaluation of Investment Managers

1. The Investment Manager Evaluation Policy is a distinct policy that is regularly reviewed and updated separate from the IPS because staff utilizes the Investment Manager Evaluation Policy to oversee and manage other assets in addition to the TFIP assets.

B. Liquidity

1. Many participants in the TFIP spend the income generated from their holdings.
2. The total liquidity needs for the TFIP are generally low and participant capital is not expected to change dramatically on short notice.
3. Illiquidity risk still needs to be monitored and managed by staff on a regular basis to ensure that:
    a) 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 pool participants.
        (1) A significant percentage of the investment in Core Real Estate is considered illiquid.
        (2) Due to the limited liquidity of these assets, it will typically be impractical to fund participant cash needs or correct deviations from policy ranges through the purchase or sale of these assets.
4. The investments held in Investment Grade and High Yield Fixed Income are categorized as publicly traded securities.
    a) In “normal market” conditions many of the underlying assets can be liquidated in a relatively short period to accommodate both expected and unexpected withdrawals as well as any repositioning of the asset allocation to stay within approved ranges.

C. Monitoring/Reporting - Transparency

1. Managers shall submit periodic reports to facilitate Staff’s monitoring of the Managers’ conformance to investment restrictions and performance objectives.

2. Staff shall provide regular reporting to the Board regarding the asset allocation and performance of the TFIP to confirm these items are known and adhere to all IPS requirements and expectations.

D. Leverage

1. Leverage is a significant risk factor.
2. Investment managers may utilize leverage only when permitted in the manager’s investment guidelines approved by Staff.
3. Staff shall monitor the use of leverage and its impact on risk and return.
4. The use of derivative securities can generate additional leverage even if the derivative is being used to reduce the risk in other investments.
5. Investment managers may only use derivatives when permitted in the manager’s investment guidelines approved by Staff.

E. Cash Investments

1. Cash investments held within the TFIP entail an element of credit risk.
2. Only approved cash investment vehicles are permitted. These include:
   a) Any cash vehicle at the Custodial Bank.
   b) Short-term Investment Pool (STIP).
   c) Any SEC-registered money market funds 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.

B. The Board may lend its publicly traded securities through an agent, to other market participants in return for compensation.

C. Currently, through an explicit contract, the state's Custodial Bank, manages the state's securities lending program.

D. The Board seeks to assess counterparty and reinvestment risk, associated with each aspect of its securities lending program.

E. The Board requires borrowers to maintain collateral at one-hundred two percent (102%) for domestic securities and one-hundred five percent (105%) for international securities.

1. 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.
2. In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor.

F. Staff or the investment manager may restrict a security from the loan program upon notification to the Custodial Bank.

G. Staff will monitor the securities lending program and will periodically report to the Board on the status of the program.

H. The Board's participation in securities lending may change over time given account activity, market conditions and the agent agreement.

XII. Exercise of Shareholder Rights

A. Proxy Voting

1. Article VIII, Section 13 of the Montana Constitution requires that "no public funds shall be invested in private corporate capital stock" with the exception of public retirement system and state compensation insurance fund assets. Therefore, the TFIP 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. The Board shall take reasonable, cost-effective steps to identify, pursue and collect upon claims under securities laws for losses suffered by the Board on its investment. Accordingly, the Board maintains a detailed litigation policy, including process steps, outlined in Policy 10.250 of the Governance Manual.

XIII. Investment Policy Statement Review

A. Per the Board's Governance Policy, "the Board shall create, maintain, and revise as necessary the Investment Policy Statements (IPS) for each separate account it manages. The IPS shall cite the law establishing the account if such law exists, 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".

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.501

EFFECTIVE DATE:

TITLE: Trust Funds Investment Pool Allocation Ranges

SUPERSEDES: 2/11/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix I: Trust Funds Investment Pool Allocation Ranges

A. Permitted Ranges:

1. Approved February 11, 2020.

Trust Funds Investment Pool Asset Class Allocations		
Asset Class	**Range Low**	**Range High**
Real Estate	**0**	**30**
Non-Core Fixed Income	**0**	**10**
Investment Grade Fixed Income & Cash	**60**	**100**

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.502

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Real Estate Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-A: Investment Objectives and Guidelines Real Estate Asset Class.

B. Effective 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 Real Estate.

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.

2. Provide diversified exposure to Real Estate in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the Real Estate Asset Class is to attain the highest possible 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 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 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.

D. Permitted Investments

1. The Real Estate Asset Class may invest only in the following:

   a) Separate Accounts, 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.

   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.

   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 plus uncalled committed capital shall be invested in "Core and Core-Plus" Real Estate.

2. No more than thirty-five percent (35%) of the aggregate of the Real Estate Asset Class net asset value plus uncalled committed capital should be in a single Fund, Partnership, or Separate Account.

3. Individual public securities received as distributions will be liquidated over a reasonable time period dependent on market conditions.

4. The following table provides a guideline range with respect to the Real Estate Asset Class strategy diversification. It is important to note that these ranges reference the sum of the Real Estate Asset Class Net Asset Value and uncalled commitments.

Strategy	Policy Range
Core Real Estate	50% - 100%
Core-plus	0% - 25%
Real Estate Debt	0% - 25%

5. 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.

F. Leverage

1. Leverage is a significant risk factor. On an individual fund basis, the leverage level can range up to fifty percent (50%). 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 sixty-five percent (65%) 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 fifty percent (50%).

Strategy	Leverage Policy
Core Real Estate Investments	0% - 50%
Core-plus	0% - 65%
Real Estate Debt	0% - 50%

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 cases that 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.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.503

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Non-Core Fixed Income Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-B: Investment Objectives and Guidelines Real Estate Asset Class.

B. Effective 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 Non-Core Fixed Income.

II. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Non-Core Fixed Income Asset Class.

2. Provide diversified exposure to the Non-Core Fixed Income markets in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the Non-Core Fixed Income 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 Non-Core Fixed Income Asset Class to the Bloomberg Barclays US High Yield – two percent (2%) Issuer Cap 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 Non-Core Fixed Income Asset Class consistent with the investment guidelines stated below. Non-Core Fixed Income is defined as strategies primarily invested in High Yield Corporate Debt, Emerging Market Debt, Convertible Debt and Preferred Securities. 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 Non-Core Fixed Income Asset Class may invest only in the following:

   a) Securities and derivatives held in separate accounts, commingled funds, limited partnerships, or limited liability companies managed by external investment managers and governed by their respective investment management contracts and investment guidelines.

E. Other Restrictions

1. A maximum of ten percent (10%) of the market value of the Non-Core Fixed Income Asset Class may be held in Non-U.S. securities if they are denominated in a foreign currency.

2. The average duration of the Non-Core Fixed Income Asset Class will be maintained in a range of + or - twenty-five percent (25%) of the index duration.

3. A maximum of twenty-five percent (25%) of the market value of the Non-Core Fixed Income Asset Class may be invested in dedicated Emerging Market Debt mandates.

4. The Non-Core Fixed Income Asset Class market value invested in any single mandate/portfolio using an active investment strategy, other than internally managed mandates, may be no greater than five percent (5%) of the Trust Fund Investment Pool Assets.

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 may inform the Board of any cases that the Non-Core Fixed Income Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Non-Core Fixed Income Asset Class back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.504

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Investment Grade Fixed Income Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-C: Investment Objectives and Guidelines Investment Grade Fixed Income Asset Class.

B. Effective 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 Investment Grade Fixed Income Asset Class.

II. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Investment Grade Fixed Income Asset Class.

2. Provide diversified exposure to the Investment Grade Fixed Income markets in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the Investment Grade Fixed Income 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 Investment Grade Fixed Income Asset Class to the Bloomberg Barclays US Aggregate Bond 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 Investment Grade Fixed Income 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 Investment Grade Fixed Income Asset Class may invest only in the following:

   a) Dollar denominated debt obligations of the U.S. Government, including its agencies and instrumentalities.

   b) Dollar denominated debt obligations of Quasi and Foreign Government entities

   c) Dollar denominated debt obligations of domestic and foreign corporations.

   d) Dollar denominated securitized assets, including U.S. Agency mortgage-backed securities (MBS) U.S. Agency collateralized mortgage obligations (CMOs), and asset backed securities (ABS).

   e) Dollar denominated non-agency mortgage-backed securities (RMBS) and non-agency commercial mortgage-backed securities (CMBS).

   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 average duration of the Investment Grade Fixed Income Asset Class will be maintained in a range of + or – twenty percent (20%) of the index duration.

2. A minimum of twenty percent (20%) of the Net Asset Value of the Investment Grade Fixed Income Asset Class will be held in U.S. Government securities, including U.S. Treasuries, TIPS and Agency securities.

3. Securities must be rated investment grade by at least two nationally recognized statistical rating organizations (NRSRO), with the exception of securities issued or guaranteed by agencies or instrumentalities of the U.S. Government. In the case of split-rated securities, the lower rating is used.

4. Securities that drop below investment grade as defined above may be held to maturity, however the Investment Grade Fixed Income Asset Class may not hold more than ten percent (10%) of its Net Asset Value in securities rated below investment grade.

5. Securitized assets must be rated a minimum of the fourth (4^{th}) highest rating by any NRSRO at the time of purchase.

   a) Securitized assets that drop below the fourth (4^{th}) highest rating of any NRSRO may be held to maturity, however the Investment Grade Fixed Income Asset Class may not hold more than five percent (5%) of its Net Asset Value in these securities.

6. A maximum of ten percent (10%) of the market value of the Investment Grade Fixed Income Asset Class may be held in dollar denominated quasi and foreign government securities.

7. A maximum of two times the Benchmark weight may be held in corporate securities in the Investment Grade Fixed Income Asset Class.

8. A maximum of two times the Benchmark weight in U.S. Agency MBS may be held in U.S. Agency MBS and CMO securities in the Investment Grade Fixed Income Asset Class.

   a) A maximum of twenty percent (20%) of the Net Asset Value of the Investment Grade Fixed Income Asset Class may be held in U.S. Agency CMOs.

9. A maximum of ten percent (10%) of the Net Asset Value of the Investment Grade Fixed Income Asset Class may be held in dollar denominated non-agency MBS (RMBS).

10. A maximum of five percent (5%) of the Net Asset Value of the Investment Grade Fixed Income Asset Class may be held in ABS.

11. A maximum of ten percent (10%) of the Net Asset Value of the Investment Grade Fixed Income Asset Class may be held in CMBS.
12. A maximum of three percent (3%) of the Net Asset Value of the Investment Grade Fixed Income Asset Class may be held in a single corporate parent issuer, foreign/quasi government issuer or securitized specific pool at the time of purchase.
    a) A maximum of four percent (4%) of the Net Asset Value of the Investment Grade Fixed Income Asset Class may be held in a single corporate parent issuer, foreign/quasi government issuer or securitized specific pool at any time.
13. A maximum of five percent (5%) of the Net Asset Value of the Investment Grade Fixed Income Asset Class may be invested in Cash.
14. The use of leverage is prohibited.

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 may inform the Board of any cases that the Investment Grade Fixed Income Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Investment Grade Fixed Income Asset Class back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.600

EFFECTIVE DATE: 1/1/2021

TITLE: Short-Term Investment Pool Investment Policy Statement

SUPERSEDES: 6/1/2021

BOARD ADOPTION:

REVIEWED:

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.

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 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. 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.

E. 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:

a) Is responsible for approving the STIP Investment Policy Statement.

b) Has the authority to manage 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 is responsible for:

   a) Oversight of the STIP investment program.

   b) Establishment of the STIP financial reporting procedures.

   c) The 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, 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.

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.

B. The Board may lend its publicly traded securities held in the investment pools, through an agent, to other market participants in return for compensation.

C. Currently, through an explicit contract, State Street Bank and Trust, the state's custodial bank, manages the state's securities lending program.

D. The Board seeks to assess counterparty and reinvestment risk, associated with each aspect of its securities lending program.

E. The Board requires borrowers to maintain collateral at one-hundred and two percent (102%) for domestic securities and one-hundred and five percent (105%) for international securities.

1. 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.

2. In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor.

F. Staff or the investment manager may restrict a security from the loan program upon notification to State Street Bank.

G. Staff will monitor the securities lending program, and the CIO will periodically report to the Board on the status of the program.

H. The Board's participation in securities lending may change over time given Plan activity, market conditions and the agent agreement.

I. STIP assets are currently not available for securities lending.

XII. Investment Policy Review

A. The Board intends to keep this Policy updated as it modifies or amends the underlying contents.

B. As stated in the Governance Policy, "the Board shall review this Investment Policy at least annually or more frequently at the request of Board staff. Statements may only be revised in a public meeting. All Statements shall be posted on the Board's website for review by the public."

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.601

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Short Term Investment Pool (STIP)

SUPERSEDES: 6/1/2021

BOARD ADOPTION:

REVIEWED:

I. Appendix I: Investment Objectives and Guidelines

A. Schedule I-A: Investment Objectives and Guidelines Short Term Investment Pool (STIP).

1. Effective Date of Schedule: June 1, 2021.

B. This Schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for the STIP.

II. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Pool.

2. Provide diversified exposure to Cash Equivalent and Short-Term Fixed Income Investments in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the STIP 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 the net of expenses return of STIP to the Federal Reserve US Treasury Constant Maturity 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.

IV. Investment Guidelines

A. Board Staff will have full discretion to manage STIP 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.

V. Permitted Investments

A. Purchases of securities other than U.S. government or U.S. Agency obligations are restricted to those which are pre-approved and part of an “Approved List.” STIP may invest only in the following securities and investment vehicles:

1. U.S. Treasury or U.S. dollar denominated securities fully guaranteed by the U.S. Government.

2. U.S. Government Agency securities denominated in U.S. dollars.

3. Publicly traded U.S. dollar denominated corporate bonds, notes, and medium-term notes

(MTNs).

4. U.S. dollar denominated Commercial Paper (CP).
5. U.S. dollar denominated Bankers' Acceptance (BA).
6. U.S. dollar denominated Certificates of Deposits (CD).
7. U.S. dollar denominated Asset-Backed Commercial Paper (ABCP).
8. Repurchase or Reverse Repurchase Agreements with an approved primary dealer or the custodial bank, and under the terms of a written master repurchase agreement.
9. Investments required to implement the bond credit enhancement authorized by Resolution 219.
10. SEC registered 2a-7 Institutional Money Market Funds that are considered "U.S. Treasury" or "U.S. Government" money market mutual funds according to the SEC regulations.
11. Short-term investment vehicle available through the custodial bank.
12. Variable rate securities based on an index that is approved by the CIO and purchased and monitored by Staff.
13. FDIC insured deposit accounts.
14. Fixed Income Investments in the State's INTERCAP program.

VI. Restrictions

A. Concentration restrictions (Concentration restrictions are at the time of purchase)

1. A maximum of forty percent (40%) of the STIP Units Value shall be held ABCP .
2. A maximum of ten percent (10%) of the STIP Units Value shall be held in Repurchase Agreements.
3. A maximum of fifteen percent (15%) of the STIP Units Value shall be held in permitted SEC registered 2a-7 Institutional Money Market Funds.
4. A maximum of ten percent (10%) of the STIP Units Value shall be pledged to secure Reverse Repurchase Agreements. Transactions will be used only to secure borrowings for temporary or emergency purposes.
5. A maximum of twenty-five percent (25%) of the STIP Units Value in the aggregate shall be held in all non- Government Variable Rate securities with maturities greater than three hundred ninety-seven (397) days.

B. Issuer Restrictions (Issuer restrictions are at the time of purchase)

1. A maximum of thirty percent (30%) of the STIP Units Value shall be held in any single issuer of U.S. Agency securities.
2. A maximum of three percent (3%) of the STIP Units Value shall be invested in any one issuer with the exception of U.S. Treasury and U.S. Agency securities as well as any Repurchase Agreements with a financial institution.
3. A maximum of ten percent (10%) of the STIP Units Value in the aggregate shall be held in any one financial sponsor of ABCP as well as any direct obligations associated with the sponsor. Repurchase agreement obligations of a financial institution shall not be considered in this limit.
4. A maximum of five percent (5%) of the STIP Units Value shall be held in any single SEC registered 2a-7 Institutional Money Market Funds or as FDIC insured deposits.
5. A maximum of five percent (5%) of the STIP Units Value shall be held in Repurchase Agreements with any single primary dealer or financial institution.

C. Rating Restrictions

1. ABCP, CP, BA or CD shall not have a Tier 2 or lower rating at any NRSRO at the time of purchase.
2. Corporate bonds, notes, or MTNs shall be rated a minimum of the sixth highest rating at any NRSRO at the time of purchase.
3. All securities, with the exception of Fixed Income Investments in the State INTERCAP program, securities fully guaranteed by the U.S. Government, and approved Institutional Money Market Funds, must be rated by at least two Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase.
4. A maximum of ten percent (10%) of the STIP Units Value shall be held in ABCP, CP, BA or CD rated with a Tier 2 or lower rating at any Nationally Recognized Statistical Rating Organization (NRSRO) at any time.

D. Liquidity Restrictions

1. A minimum of ten percent (10%) of the STIP Units Value shall qualify as “daily liquid assets.” For this guideline is it assumed that “daily liquid assets” is defined as cash, direct obligations of the U.S. government, securities that will mature or are subject to a demand feature that is exercisable and payable within one (1) business day, and a permitted SEC registered 2a-7 Institutional Money Market Fund.
2. A minimum of fifteen percent (15%) of the STIP Units Value shall qualify as “weekly liquid assets.” For the purpose of this guideline, it is assumed that “weekly liquid assets” is defined as “daily liquid assets” (as defined above), government agency discount notes with remaining maturities of sixty (60) days or less, securities that will mature or are subject to a demand feature that is exercisable and payable within five (5) business days, and a permitted SEC registered 2a-7 Institutional Money Market Fund.
3. A maximum of ten percent (10%) of the STIP Units Value shall be invested in Permitted Investments that are considered “illiquid.” For the purpose of this guideline, “illiquid” shall be defined as “a security that cannot be sold or disposed of in the ordinary course of business within seven (7) calendar days at approximately the value ascribed to it by STIP.”
4. STIP shall maintain a dollar-weighted average portfolio maturity of one hundred twenty (120) days or less (for this purpose, the date to the next coupon reset date will be used for all floating or variable rate securities).
5. ABCP purchases shall be limited to maturities of ninety (90) days or less.
6. The maximum term of any Repurchase Agreement will be thirty (30) days.
7. The maximum term of any Reverse Repurchase Agreement will be ninety (90) days and must be matched to anticipated cash flows adequate to liquidate the transaction.
8. The maximum final maturity of any Permitted Investment shall not exceed three hundred ninety-seven (397) days (not including securities used as collateral in Repurchase Agreements or Permitted Investments considered “Variable Rate” securities, which on any reset date can reasonably be expected to have a market value that approximates its amortized cost).
9. A Variable Rate security shall have a maximum maturity of two (2) years.

E. Other Restrictions

1. Risk assets will/may be purchased only when the estimated aggregate effect of a worst-case scenario spread widening event does not exceed the amount of the STIP Reserve. Risk assets are assets other than Treasuries, Agencies and Government money markets. The estimated worst-case scenario is a calculation equal to the days to maturity dividend by three hundred sixty-five (365) multiplied by two percent (2.0%) for securities maturing in less than one (1) year and

three and a half percent (3.5%) for securities maturing in greater than one (1) year.

2. Acceptable forms of collateral under Repurchase Agreements will consist of U.S. Treasury Securities which will be required to be maintained at a market value of one hundred two percent (102%) of the value of the Repurchase Agreement.
3. 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 taking into account current market conditions and the associated costs. At the Board's next regularly scheduled quarterly meeting, the CIO or Staff shall inform the Board of any cases that the Pool allocations were outside of the limits and either inform the Board of the actions that were taken to return the Pool back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.602

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Short Term Investment Pool (STIP) Reserve

SUPERSEDES: 2/14/2017

BOARD ADOPTION:

REVIEWED:

I. Appendix I: Investment Objectives and Guidelines

A. Schedule I-B: Short Term Investment Pool (STIP) Reserve.

1. Effective Date of Schedule: February 14, 2017.

B. This Schedule is effective upon adoption by the Board of Investments and supersedes all previous Investment Objectives and Guidelines for the Reserve.

II. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards for the STIP Reserve.

2. Provide exposure to low-risk Cash Equivalent and Short-Term Fixed Income Investments in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the Reserve is to attain the highest available 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 the net of expenses return of the Reserve to a U.S. Treasury Constant Maturity 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.

IV. Investment Guidelines

A. Board Staff will have full discretion to manage the STIP Reserve consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board of Investments at the next scheduled quarterly Board meeting.

V. Permitted Investments

A. Purchases of securities other than U.S. government; U.S. Agency obligations or qualifying government money market funds are prohibited.

1. U.S. Treasury Securities.

2. U.S. Government Agency securities issued at a discount.

3. SEC registered 2a-7 Institutional Money Market Funds that are considered "U.S. Treasury" or "U.S. Government" money market mutual funds according to the SEC regulations.

VI. Other Restrictions

A. The maximum final maturity of any Permitted Investment shall not exceed one hundred eighty-three (183) days.

B. A minimum of fifty percent (50%) of the Reserve shall qualify as "daily liquid assets." For this guideline is it assumed that "daily liquid assets" is defined as cash, direct obligations of the U.S. government, securities that will mature or are subject to a demand feature that is exercisable and payable within one (1) business day, and a permitted SEC registered 2a-7 Institutional Money Market Fund.

C. 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 taking into account current market conditions and the associated costs. At the Board's next regularly scheduled quarterly meeting, the CIO or Staff shall inform the Board of any cases that the Pool allocations were outside of the limits and either inform the Board of the actions that were taken to return the Pool back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.603

EFFECTIVE DATE:

TITLE: Definitions

SUPERSEDES:

BOARD ADOPTION:

REVIEWED:

I. Definitions

A. 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.

B. 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.

C. 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.

D. 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 have 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.

E. 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.

F. 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 a short-term form of collateralized borrowing by a bank or securities dealer.

G. 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.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.700

EFFECTIVE DATE: 1/1/2021

TITLE: Montana State Fund Investment Policy Statement

SUPERSEDES: 6/1/2021

BOARD ADOPTION:

REVIEWED:

I. Introduction

A. Montana State Fund (MSF or State Fund) provides Montana employers with an option for workers' compensation and occupational disease insurance coverage and guarantees available coverage for all employers in Montana.

B. The State Fund Investment Pool (SFIP) seeks to attain investment returns that assist State Fund in meeting liabilities as well as maintaining stable, cost-effective rates for workers' compensation insurance.

1. Workers' compensation benefit payments typically require immediate medical payments and then ongoing medical and indemnity benefits that can span four decades.

2. It is important to have a well-diversified, high-quality portfolio that is positioned for the long term.

C. The SFIP invests directly in the underlying Asset Classes.

1. Each Asset Class has an underlying set of investment objectives and investment guidelines.

D. This policy is effective upon adoption and supersedes all previous Investment Policy Statement (IPS) related to the investment management of SFIP.

II. Purpose

A. The purpose of this policy statement is to provide a broad strategic framework for the SFIP investments 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 and State Fund assets.

B. Section 17-6-201, MCA:

1. Established the Unified Investment Program.

2. Created the Board.

3. Gave the Board sole authority to invest state funds, in accordance with state law and the state constitution.

C. 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 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.

3. Discharging its duties solely in the interest of and for the beneficiaries of the funds managed."

D. Article VIII, Section 13 (4), of the Montana Constitution requires:

1. "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 twenty-five percent (25%) of the book value of the state compensation insurance fund's total invested assets."

E. State Fund investments are subject to Title 33, Chapter 12 of the MCA.

1. The purpose of Chapter 12 (Insurer Investments) "is to protect the interests of insureds by promoting insurer solvency and financial strength."

F. The Board, as the investment fiduciary, is responsible for establishing the investment parameters for the SFIP.

IV. Strategic Investment Objectives

A. The Board's primary objective is to provide investment income that assists the State Fund in meeting claim benefit liabilities as well as maintaining stable, cost-effective rates for workers' compensation insurance.

B. The Board's secondary objective is to achieve long term capital appreciation in excess of inflation.

C. Both objectives must be compatible with the Board's risk tolerance and prudent investment practices.

D. The Board seeks to maintain a long-term perspective in formulating and implementing investment policies and evaluating investment performance.

V. Time Horizon

A. The Board expects to meet or exceed these objectives over a long-term investment horizon.

B. 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 the objectives.

VI. Performance Measurement

A. Success in achieving these objectives will be measured by comparing the risk and return of the SFIP account to the return on the:

1. Bloomberg/Barclays U.S. Aggregate Bond Index (fixed income).

2. S&P 500 index (domestic equity).

3. MSCI ACWI Ex U.S. Index (international equity).

4. NCREIF ODCE Index (real estate).

B. Each weighted proportionately to the portfolio's holdings.

C. Performance results will be monitored and evaluated quarterly.

D. Success in achieving the objective will be measured on a three (3) year, five (5) year, and ten (10) year annualized basis.

VII. Roles and Responsibilities

A. Board of Investments

1. The Board is responsible for approving the IPS and has the authority to manage the SFIP as it considers prudent.
    a) 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.

B. As described in the Board's Governance Manual, to execute the day-to-day duties required to carry out the Board's mission, the Board delegates authority to the:

1. Executive Director.
2. Chief Investment Officer (CIO).
3. Other Staff.

C. 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 is responsible for the:
    a) Oversight of the SFIP.
    b) Establishment of financial reporting procedures.
    c) Collection and reporting of all income.

D. 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.

E. Staff

1. The staff is responsible for:
    a) Managing day-to-day operations and delegating work to external resources as appropriate.
    b) Monitoring allocations and overseeing all investment manager due diligence activities and recommending changes to the CIO.
    c) Monitoring and reporting to the Board the performance of each asset class and the individual managers' performance.
    d) Informing the Board of any new managers or terminations.
    e) Reporting any deviations from the IPS to the Board.
    f) Coordinating with the State Fund to provide financial data necessary for their quarterly reporting and calendar year closing cycle.

F. 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 SFIP.

G. External Managers

1. Managers are responsible for all aspects of portfolio management as set forth in the contract specific to each manager.

2. Managers must communicate with staff as needed, regarding investment strategies and results.

3. Managers must also cooperate fully with:

   a) Staff regarding administrative, accounting, and reconciliation issues.

   b) Any requests from the investment consultant and the master custodian.

VIII. Strategic Asset Allocation

A. The current asset allocation ranges for the SFIP are in Policy 40.701.

B. The asset allocation ranges are subject to change as modifications are adopted by the Board, at which time Policy 40.701 of the Governance Manual will be revised to reflect these changes.

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 separate accounts.

C. Rebalancing 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. Evaluation of Investment Managers

1. The Investment Manager Evaluation Policy is a distinct policy that is regularly reviewed and updated separate from the IPS because staff utilizes the Investment Manager Evaluation Policy to oversee and manage other assets in addition to the SFIP assets.

B. Liquidity

1. The total liquidity needs for the SFIP are generally low and participant capital is not expected to change dramatically on short notice.

2. Illiquidity risk still needs to be monitored and managed by staff on a regular basis to ensure that:

   a) 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 State Fund.

      (1) A significant percentage of the investment in Core Real Estate and High Yield Asset Classes is considered illiquid.

      (2) Due to the limited liquidity of these assets, it will typically be impractical to fund participant cash needs or correct deviations from policy ranges through the purchase or sale of these assets.

3. The investments held in Equities and Investment Grade Asset Classes are categorized as publicly traded securities.
    a) In "normal market" conditions many of the underlying assets can be liquidated in a relatively short period to accommodate both expected and unexpected withdrawals as well as any repositioning of the asset allocation to stay within approved ranges.

C. Monitoring/Reporting - Transparency

1. Managers shall submit periodic reports to facilitate Staff's monitoring of the Managers' conformance to investment restrictions and performance objectives.
2. Staff shall provide regular reporting to the Board regarding the asset allocation and performance of the SFIP to confirm these items are known and adhere to all IPS requirements and expectations.

D. Leverage

1. Leverage is a significant risk factor.
2. Investment managers may utilize leverage only when permitted in the manager's investment guidelines approved by Staff.
3. Staff shall monitor the use of leverage and its impact on risk and return.
4. The use of derivative securities can generate additional leverage even if the derivative is being used to reduce the risk in other investments.
5. Investment managers may only use derivatives when permitted in the manager's investment guidelines approved by Staff.

E. Cash Investments

1. Cash investments held within the SFIP entail an element of credit risk.
2. Only approved cash investment vehicles are permitted. These include:
    a) STIP
    b) Any cash vehicle at the Custodial Bank
    c) Any SEC-registered money market fund 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.

B. The Board may lend its publicly traded securities through an agent, to other market participants in return for compensation.

C. Currently, through an explicit contract, the state's Custodial Bank, manages the state's securities lending program.

D. The Board seeks to assess counterparty and reinvestment risk, associated with each aspect of its securities lending program.

E. The Board requires borrowers to maintain collateral at one hundred two percent (102%) for domestic securities and one hundred five percent (105%) for international securities.

1. 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.
2. In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor.

F. Staff may restrict a security or borrowing counterparty from the lending program upon notification to the Custodial Bank.

G. Staff will monitor the securities lending program and will periodically report to the Board on the status of the program.

H. The Board's participation in securities lending may change over time given account 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 SFIP include certain ancillary rights:

1. The right to vote on shareholder resolutions at companies' annual shareholders' meetings.

2. The right to assert claims in securities class action lawsuits or other litigation.

B. The Board will prudently manage these assets for the exclusive purpose of enhancing the value of the SFIP through such means as:

1. Adopting and implementing a proxy voting policy.

2. Undertaking productive, cost-effective action to exercise its rights as shareholders or claimants in litigation.

C. Proxy Voting

1. Active voting of proxies is an important part of the Board's investment program.

2. Under the contractual arrangements between the Board and its investment managers, the responsibility for voting proxies on the investments is delegated to the managers.

3. Managers are contractually required to establish a proxy voting program in coordination with Board Staff and are required to vote proxies, excluding shares on loan on record date unless recalled under the Board's securities lending program, in the interest of the Plans' beneficiaries.

4. Records of proxy votes shall be maintained by the Managers, and/or its third-party designee, and submitted to Staff and/or an external service provider annually.

5. Staff will monitor the proxy voting practices of the Board's external investment managers.

6. External service providers may be retained by either the Board or the Managers to assist in monitoring efforts.

7. This monitoring will be coordinated with each manager to reasonably assure the Staff that Managers are fulfilling their fiduciary responsibilities with respect to proxy voting.

D. 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.

2. 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.

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

XIII. Investment Policy Statement Review

A. Per the Board's 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, 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."

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.701

EFFECTIVE DATE:

TITLE: State Fund Investment Pool Allocation Ranges

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix I: State Fund Investment Pool Allocation Ranges

A. Permitted Ranges:

1. Approved April 14, 2020.

State Fund Investment Pool Asset Class Allocations		
Asset Class	**Range Low**	**Range High**
Public Equity	0	15
Real Estate	0	8
High Yield	0	7
Investment Grade Fixed Income	70	100

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.702

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Public Equity Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-A: Investment Objectives and Guidelines Public Equity Asset Class.

B. Approved Date of Schedule: April 14, 2020.

C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Equities.

II. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Public Equity Asset Class.

2. Provide diversified exposure to the equity market in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the Public Equity 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 Equity Asset Class to the S&P 500 Index and ACWI ex. U.S. Index (the Benchmark) each proportionately weighted to the portfolio's domestic and international equity holdings. 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 this 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. State Fund will be notified of any exceptions or compliance violations within five (5) days.

2. Most of the Public Equity Asset Class investments will be managed by external investment managers.

3. It is expected that the Public Equity Asset Class shall invest in public market investments that provide liquidity and meaningful transparency to portfolio characteristics and risk exposures.

D. Permitted Investments

1. The Public Equity Asset Class may only invest in the following:

   a) Public equity securities and derivatives held in separate accounts, commingled funds, limited partnerships, or limited liability companies managed by external investment managers and governed by their respective investment management contracts and investment guidelines.

   b) Exchange-Traded Funds (ETFs) based on an equity index that is approved by the CIO and purchased and monitored by Staff.

E. Other Restrictions

1. A maximum of fifteen percent (15%) of the market value of the SFIP will be invested in public equities.

2. A maximum of four percent (4%) of the market value of the SFIP will be invested in in international equities

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 cases that the Public Equity Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Public Equity Asset Class back within guidelines or a plan to do so. State Fund will be notified of any exceptions or compliance violations within five (5) days.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.703

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Real Estate Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-B: Investment Objectives and Guidelines Real Estate Asset Class.

B. Approved Date of Schedule: April 14, 2020.

C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Core Real Estate.

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.

2. Provide diversified exposure to Real Estate in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the Real Estate Asset Class is to attain the highest possible 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 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 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. State Fund will be notified of any exceptions or compliance violations within five (5) days.

2. Most of the Real Estate Asset Class investments will be managed by external investment managers.

3. Real Estate is classified as “Core” if it is an investment in operating, substantially leased, and positively cash flowing institutional quality real estate across property types, geographies, and markets.

D. Permitted Investments

1. The Real Estate Asset Class may only invest in the following:

    a) Separate Accounts, Open-Ended Funds, Closed-Ended Funds, ETFs, Real Estate Investment Trusts (REITs), 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.

    c) Individual public or private securities received as distributions from funds are also permitted to be held in the Real Estate Asset Class.

E. Other Restrictions

1. The following restrictions are preferred structures and limitations, recognizing precision relative to current market value or net asset value may not be feasible due to their illiquid nature:

    a) No less than seventy-five percent (75%) of the aggregate of the Core Real Estate Asset Class net asset value plus capital shall be invested in "Core" Real Estate.

    b) Separate Accounts, Open-Ended Funds, Closed-Ended Funds, ETFs, or MLPs managing publicly traded Real Estate may not exceed twenty-five percent (25%) of the aggregate of the Real Estate Asset Class net asset value plus uncalled committed capital.

    c) The Core Real Estate Asset Class market value invested in any single mandate/portfolio shall be no greater than five percent (5%) of the SFIP Assets.

    d) Individual public securities received as distributions will be liquidated over a reasonable time period dependent on market conditions.

    e) Leverage will be monitored on an individual fund level. Total Real Estate Asset Class leverage shall not exceed fifty percent (50%).

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 cases that the Core Real Estate Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Core Real Estate Asset Class back within guidelines or a plan to do so. State Fund will be notified of any exceptions or compliance violations within five (5) days.

G. While no formal diversification ranges are set forth for property type diversification or regional diversification within the United States, it is expected that the Core 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.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.704

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines High Yield Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-C: Investment Objectives and Guidelines High Yield Asset Class.

B. Approved Date of Schedule: April 14, 2020.

C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for High Yield.

II. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the High Yield Asset Class.

2. Provide diversified exposure to the High Yield markets in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the High Yield 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 High Yield Asset Class to the Bloomberg Barclays US High Yield - 2% Issuer Cap 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 High Yield 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. State Fund will be notified of any exceptions or compliance violations within five (5) days.

D. Permitted Investments

1. The High Yield Asset Class may only invest in the following:

a) Securities and derivatives held in separate accounts, commingled funds, limited partnerships, or limited liability companies managed by external investment managers and governed by their respective investment management contracts and investment guidelines.

E. Other Restrictions

1. A maximum of ten percent (10%) of the market value of the High Yield Asset Class shall be held in Non-U.S. securities if they are denominated in a foreign currency.
2. The average duration of the High Yield Asset Class will be maintained in a range of + or – twenty-five percent (25%) of the index duration.
3. A maximum of twenty-five percent (25%) of the market value of the High Yield Asset Class shall be in securities rated more than six (6) notches below investment grade as defined by the average rating of the NRSRO.

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 cases that the High Yield Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the High Yield Asset Class back within guidelines or a plan to do so. State Fund will be notified of any exceptions or compliance violations within five (5) days.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.705

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Investment Grade Fixed Income Asset Class

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-D: Investment Objectives and Guidelines Investment Grade Fixed Income Asset Class.

B. Approved Date of Schedule: June 1, 2021.

C. This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Investment Grade Fixed Income Asset Class.

II. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Investment Grade Fixed Income Asset Class.

2. Provide diversified exposure to the Investment Grade Fixed Income markets in a prudent and cost-effective manner.

III. Investment Objective

A. Strategic

1. The objective of the Investment Grade Fixed Income 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 Investment Grade Fixed Income Asset Class to the Bloomberg Barclays Intermediate US Aggregate Bond 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 Investment Grade Fixed Income 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. State Fund will be notified of any exceptions or compliance violations within five (5) days.

D. Permitted Investments

1. The Investment Grade Fixed Income Asset Class may only invest in the following:

    a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.

    b) Dollar denominated debt obligations of Quasi and Foreign Government entities.

    c) Dollar denominated debt obligations of domestic and foreign corporations.

    d) Dollar denominated securitized assets, including U.S. Agency mortgage-backed securities (MBS), U.S. Agency collateralized mortgage obligations (CMOs), commercial mortgage-backed securities (CMBS), and asset backed securities (ABS).

    e) 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. A minimum of twenty percent (20%) of the market value must be held in U.S. Treasury/Agency securities.

2. A maximum of ten percent (10%) of the market value may be held in dollar denominated quasi and foreign government securities.

    a) Quasi and foreign government securities must be rated a minimum of the seventh (7^{th}) highest rating by any NRSRO at the time of purchase.

3. A maximum of fifty percent (50%) of the market value may be held in corporate bonds.

4. A maximum of fifty percent (50%) of the market value may be held in U.S. Agency mortgage-backed securities (MBS & CMO).

5. A maximum of five percent (5%) of the market value may be held in ABS.

6. A maximum of ten percent (10%) of the market value may be held in CMBS.

7. The average duration will be maintained in a range of + or – twenty percent (20%) of the index duration.

8. A maximum of ten percent (10%) of the Net Asset Value of any internally managed portfolio may be held in non-agency mortgage-backed securities (RMBS).

9. The average life for individual fixed income securities will be less than twelve (12) years.

10. A maximum of three percent (3%) of the market value may be held in a single parent company issuer, foreign/quasi government issuer or ABS specific pool at the time of purchase; there is no limit on U.S. Government/Agency securities.

    a) Exposure to a single parent company issuer, foreign/quasi government issuer or ABS specific pool will be limited to four percent (4%) of the market value regardless of when securities were purchased.

11. Securities must be rated investment grade by at least two (2) NRSROs, with the exception of securities issued or guaranteed by agencies or instrumentalities of the U.S. Government. In the case of split-rated securities, the lower rating is used.

12. Securities that drop below investment grade as defined above may be held to maturity. However, the Investment Grade Fixed Income Asset Class may not hold more than five percent (5%) below investment grade.

13. Fixed income securities rated lower than the seventh (7th) highest rating by any NRSRO are limited to thirty percent (30%) of the market value of the Investment Grade Fixed Income Asset Class.
    a) In the case of split rated securities, the lowest rating will apply.
14. Securitized assets must be rated a minimum of the fourth (4th) highest rating by any NRSRO at the time of purchase.
    a) Securities that drop below the fourth (4th) highest rating by any NRSRO may be held to maturity. However, the Investment Grade Fixed Income Asset Class may not hold more than four percent (4%) in these securities.
15. A minimum of one percent (1%) of the Investment Grade Fixed Income Asset Class will be held in cash investments.
16. The use of derivatives is prohibited.
17. The use of leverage is prohibited.

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 cases that the Investment Grade Fixed Income Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Investment Grade Fixed Income Asset Class back within guidelines or a plan to do so. State Fund will be notified of any exceptions or compliance violations within five (5) days.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.800

EFFECTIVE DATE: 1/1/2021

TITLE: Coal Severance Tax Investment Policy Statement

SUPERSEDES: 6/1/2021

BOARD ADOPTION:

REVIEWED:

I. Introduction

A. This policy is effective upon adoption and supersedes all previous Investment Policies related to the investment management of the Coal Severance Tax Trust Fund.

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

C. 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."

D. 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.

E. 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.

F. 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.

G. 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 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.
2. Created the Board.
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.
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 guidelines and objectives 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 of 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 guidelines and objectives 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 State Fund Investment Pool (SFIP) as it considers prudent.

a) 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.

B. As described in the Board's Governance Manual, to execute the day-to-day duties required to carry out the Board's mission, the Board delegates authority to the:

1. Executive Director.

2. Chief Investment Officer (CIO).

3. Other Staff.

C. 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 is responsible for the:

a) Oversight of all separate accounts.

b) Establishment of financial reporting procedures.

c) Collection and reporting of all income.

D. 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.

E. Investment Staff

1. The investment staff is responsible for, but not limited to, the following:

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.

F. 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 accounts.

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 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 Investment Guidelines 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 MBOI 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) STIP.
   b) The custodian's STIF vehicle.
   c) Any SEC registered money market fund employed by an external asset manager.
   d) All of 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. Securities Lending

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

B. The Board may lend its publicly traded securities through an agent, to other market participants in return for compensation.

C. Currently, through an explicit contract, the state's Custodial Bank, manages the state's securities lending program.

D. The Board seeks to assess the risks, such as counterparty and reinvestment risk, associated with each aspect of its securities lending program.

E. The Board requires borrowers to maintain collateral at one hundred two percent (102%) for domestic securities and one hundred five percent (105%) for international securities.

1. 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.
2. In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor.

F. Staff or the investment manager may restrict a security from the loan program upon notification to State Street Bank.

G. Staff will monitor the securities lending program, and the CIO will periodically report to the Board on the status of the program.

XIII. Exercise of Investor 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.
2. 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.
3. Accordingly, the Board maintains a litigation policy, including steps outlined in Policy 10.250 of the Governance Manual.

XIV. Investment Policy Review

A. As required by the Board Governance Policy, "the Board shall review this Investment Policy at least annually or more frequently at the request of Board staff. Statements may only be revised in a public meeting. All Statements shall be posted on the Board's web site for review by the public."

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.801

EFFECTIVE DATE:

TITLE: Coal Severance Tax Trust Distributions

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix I: Coal Severance Tax Trust Distributions

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

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

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

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.802

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Coal Severance Tax Bond Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

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

B. Approved Date of Schedule: August 22, 2017.

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

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

C. Funds for the Coal Severance Tax Bond Fund are held in the Short-Term Investment Pool (STIP), designated by SABHRS fund 09042 with Department of Revenue being designated as the responsible business unit.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Coal Severance Tax Bond Fund.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

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

B. Performance

1. Success in achieving this objective will be measured by comparing the risk and return of the account to the Short-Term Investment Pool benchmark over a five (5) year moving average.

C. Investment Guidelines

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

D. Permitted Investments

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

    a) STIP.

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 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.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.803

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Montana Coal Endowment Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-B: Investment Objectives and Guidelines Montana Coal Endowment Fund.

B. Approved Date of Schedule: June 1, 2021.

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 the investment guidelines is to provide a framework for the Montana Coal Endowment Fund (MU65) under the guidance of the board.

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

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana Coal Endowment Fund.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

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 and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio's holdings, over a five (5) year moving average.

C. Investment Guidelines

1. The Board will have full discretion to manage the Montana Coal Endowment Fund consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

D. Permitted Investments

1. The Montana Coal Endowment Fund may only invest in the following:

   a) TFIP.
   b) STIP.

E. Other Restrictions

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

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 cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.804

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Montana Coal Endowment
Regional Water System Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-C: Investment Objectives and Guidelines Montana Coal Endowment Regional Water System Fund.

B. Approved Date of Schedule: June 1, 2021.

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 the investment guidelines is to provide a framework for the Montana Coal Endowment Regional Water System Fund (MU64) under the guidance of the board.

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

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana Coal Endowment Regional Water System Fund.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

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 (5) year moving average.

C. Investment Guidelines

1. The Board will have full discretion to manage the Montana Coal Endowment Regional Water System Fund consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

D. Permitted Investments

1. The Montana Coal Endowment Regional Water System Fund may only invest in the following:

   a) TFIP.
   b) STIP.

E. Other Restrictions

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

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 cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.805

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines School Facilities Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-D: Investment Objectives and Guidelines School Facilities Fund.

B. Approved Date of Schedule: August 22, 2017.

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

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

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the School Facilities Fund.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

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 (5) year moving average. Legislatively mandated program assets such as loans will be excluded from performance calculations.

C. Investment Guidelines

1. The Board will have full discretion to manage the School Facilities Fund consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

D. Permitted Investments

1. The School Facilities Fund may only invest in the following:

   a) TFIP.
   b) STIP.

E. Other Restrictions

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

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 cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.806

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Big Sky Economic Development Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-E: Investment Objectives and Guidelines Big Sky Economic Development Fund.

B. Approved Date of Schedule: August 22, 2017.

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 the investment guidelines is to provide a framework for the Big Sky Economic Development Fund (MU66) under the guidance of the board.

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

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Big Sky Economic Development Fund.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

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 net of any legislatively directed holding of commercial, residential or infrastructure loans, bonds or other mandated assets, over a five (5) year moving average.

C. Investment Guidelines

1. The Board will have full discretion to manage the Big Sky Economic Development Fund consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

D. Permitted Investments

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

   a) TFIP.
   b) STIP.
   c) Any legislatively approved program loan, bond, note, or guarantee.

E. Other Restrictions

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

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 cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.807

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Coal Severance Tax Permanent Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Investment Objectives and Guidelines

A. Schedule II-F: Investment Objectives and Guidelines Coal Severance Tax Permanent Fund.

B. Approved Date of Schedule: August 20, 2019.

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 the investment guidelines is to provide a framework for the Coal Severance Tax Permanent Fund (MU49) under the guidance of the board.

B. 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.

C. 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

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

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Coal Severance Tax Permanent Fund.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

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 net of any

legislatively directed holding of commercial, residential or infrastructure loans, bonds or other mandated assets, over a five (5) year moving average.

C. Investment Guidelines

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

D. Permitted Investments

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

a) TFIP.
b) STIP.
c) Any legislatively approved program loan, bond, note, or guarantee.

E. Other Restrictions

1. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be held in the TFIP.
2. A maximum of $80 million Montana Infrastructure loans per Sections 17-6-309 & 311, MCA.
3. A maximum of $70 million Montana Value Added Loans per Sections 17-6-317 & 311, MCA.
4. A maximum of $50 million Montana Veterans' Home Loan Mortgages per Section 90-6-603, MCA.
5. A maximum of $15 million Montana Facility Finance Authority Loans per Section 17-6-308, MCA.
6. A maximum of $10 million Intermediary Relending Loans per Section 17-6-345, MCA.
7. A maximum of $15 million Coal Trust Multifamily Homes per Section 17-6-308, MCA.

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 cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.900

EFFECTIVE DATE:

TITLE: Separately Managed Accounts Investment Policy Statement

SUPERSEDES: 4/20/2021

BOARD ADOPTION:

REVIEWED:

I. Introduction

A. This policy is effective upon adoption and supersedes all previous Investment Policy Statement (IPS) related to the investment management of the separately managed accounts that contain guidelines and objectives in the Appendices.

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. Each separately managed account has a defined set of guidelines and objectives that are detailed in the Appendices or within the separately managed account's existing IPS.

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. Section 17-6-201, MCA, established the Unified Investment Program, created the Board, and 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, unless under the circumstances it is clearly prudent not to do so.

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.

Adopted
Revised
Reviewed

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 guidelines and objectives in the Appendices.

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 guidelines and objectives in the Appendices.

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 guidelines and objectives in the Appendices.

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.

   a) 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.

B. As described in the Board Governance Manual, to execute the day-to-day duties required to carry out the Board's mission, the Board delegates authority to the:

1. Executive Director.

2. Chief Investment Officer (CIO).

3. Other Staff.

C. 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 is responsible for the:

   a) Oversight of all separately managed accounts.

   b) Establishment of financial reporting procedures.

   c) Collection and reporting of all income.

D. 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.

E. Investment Staff

1. The investment staff is responsible for, but not limited to, the following:

    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.

    d) Reporting any deviations from the IPS to the Board.

F. 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 guidelines and objectives in the Appendices.

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 Investment Guidelines 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.
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) STIP.
   b) Any cash vehicle at the Custodial Bank.
   c) Any SEC registered money market fund employed by an external asset manager.
   d) All of 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. Securities Lending

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

B. The Board may lend its publicly traded securities through an agent, to other market participants in return for compensation.

C. Currently, through an explicit contract, the state's Custodial Bank, manages the state's securities lending program.

D. The Board seeks to assess the risks, such as counterparty and reinvestment risk, associated with each aspect of its securities lending program.

E. The Board requires borrowers to maintain collateral at one-hundred two percent (102%) for domestic securities and one-hundred five percent (105%) for international securities.

1. 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.

2. In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor.

F. Staff or the investment manager may restrict a security from the loan program upon notification to the Custodial Bank.

G. Staff will monitor the securities lending program and will periodically report to the Board on the status of the program.

XIII. Exercise of Investor 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.

2. 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.

3. Accordingly, the Board maintains a litigation policy, including steps outlined in Policy 10.250 of the Governance Manual.

XIV. Investment Policy Statement Review

A. Per the Board Governance Policy, “the Board shall create, maintain, and revise as necessary IPS for each separate account it manages. The IPS shall cite the law establishing the account if such law exists, 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 web site for review by the public.”

XV. List of Trust Fund Accounts in this policy series

A. Department of Agriculture

1. Schedule I-A: Noxious Weed Management Trust Fund

B. Department of Environmental Quality

1. Schedule I-B: Belt Water Treatment Plant Fund

2. Schedule I-C: Abandoned Mine Land Reclamation Trust

3. Schedule I-D: Clark Fork Site Response Action Fund

4. Schedule I-E: Montana Pole Superfund Site Settlement Fund

5. Schedule I-F: Streamside Tailings Operable Settlement Fund

6. Schedule I-G: Upper Blackfoot Response Action and Restoration Fund
7. Schedule I-H: Zortman/Landusky Long Term Water
8. Schedule I-I: Zortman/Landusky Long Term Water Trust

C. Department of Fish, Wildlife and Parks
1. Schedule I-J: Coal Tax Park Trust Fund
2. Schedule I-K: Fish, Wildlife & Parks Mitigation Trust Fund
3. Schedule I-L: Real Property Trust Fund
4. Schedule I-M: Wildlife Habitat Trust Fund

D. Department of Health and Human Services
1. Schedule I-N: Endowment for Children
2. Schedule I-O: Older Montanans Trust Fund
3. Schedule I-P: Tobacco Trust Fund

E. Department of Justice
1. Schedule I-Q: Butte Area One Restoration Fund
2. Schedule I-R: Clark Fork Restoration Fund
3. Schedule I-S: East Helena Compensation Fund
4. Schedule I-T: Smelter Hill Uplands Restoration Fund
5. Schedule I-U: Upper Clark Fork River Basin Reserve Fund
6. Schedule I-V: Upper Clark Fork River Basin Restoration Fund

F. Department of Natural Resources and Conservation
1. Schedule I-W: Public School Trust
2. Schedule I-AH: Invasive Species Trust Fund

G. Department of Revenue
1. Schedule I-X: Resource Indemnity Trust Fund

H. Montana Arts Council
1. Schedule I-Y: Cultural Trust Fund

I. Montana Historical Society
1. Schedule I-Z: Historical Society Trust Funds

J. University Endowments
1. Schedule I-AA: Harold Hamm Endowment
2. Schedule I-AB: Potter Trust Fund

K. City and County of Butte-Silver Bow
1. Schedule I-AC: Butte Area Redevelopment Trust Authority

L. Department of Environmental Quality (Additional DEQ)
1. Schedule I-AD: Barker Hughesville St Response
2. Schedule I-AE: Flying J CECRA Facilities Fund
3. Schedule I-AF: Libby Asbestos Site State Cost
4. Schedule I-AG: Luttrill Pit – Oper & Maint

5. Schedule I-AG: Greenway Project Trail Maintenance Fund
6. Schedule I-AG: 2011 Yellowstone Exxon Settlement Fund

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.901

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Noxious Weed Management Trust Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.902

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Belt Water Treatment Plant Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-B: Investment Objectives and Guidelines Belt Water Treatment Plant 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 Belt Water Treatment Plant Fund investments under the guidance of the Board.

B. The Belt Water Treatment Plant Fund consists of funds originated from various Montana Department of Environmental Quality (DEQ) sources, all of which derive from payments from the Office of Surface Mining Reclamation and Enforcement. Expenditures from the funds will be used for the operation and maintenance of the water treatment plant to be constructed in Cascade County, Montana. Expenditures are expected to begin in 2022 and follow the schedule provided by the DEQ, as updated.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Belt Water Treatment Plant Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Belt Water Treatment Plant 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 (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

1. The Belt Water Treatment Plant Fund a long-term expendable trust fund. 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 Belt Water Treatment Plant 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 Belt Water Treatment Plant Fund may only invest in the following:

   a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
   b) TFIP.
   c) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
2. The maximum maturity of Government/Agency securities will be six (6) years.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.903

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Abandoned Mine Land Reclamation Trust

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-C: Investment Objectives and Guidelines Abandoned Mine Land Reclamation Trust.

B. Approved Date of Schedule: November 15, 2017.

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 the investment guidelines is to provide a framework for the Abandoned Mine Land Reclamation Trust fund under the guidance of the board.

B. The Abandoned Mine Land Reclamation Trust fund was established on December 12, 1993, in Section 82-2-1006, MCA. It is administered by the Montana Department of Environmental Quality. Proceeds of the fund will be expended for to pay for reclamation or drainage abatement on eligible lands or waters.

C. Funds for the Abandoned Mine Land Reclamation Trust Fund are held in MU11.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Abandoned Mine Land Reclamation Trust fund.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

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, the Short-Term Investment Pool (STIP) benchmark, and the Bloomberg/Barclays 1-5 Year Treasury Index, each weighted proportionately to the portfolio's holdings.

C. Investment Guidelines

1. The Board will have full discretion to manage the Abandoned Mine Land Reclamation Trust fund consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

D. Permitted Investments

1. The Abandoned Mine Land Reclamation Trust may only invest in the following:

   a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
   b) TFIP.
   c) STIP or any cash vehicle at the Custodial Bank.

E. Other Restrictions

1. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
2. The maximum maturity of Government/Agency securities will be six (6) years.

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 cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.904

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Clark Fork Site Response Action Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-D: Investment Objectives and Guidelines Clark Fork Site Response Action Fund.

B. Approved Date of Schedule: April 3, 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 the investment guidelines is to provide a framework for the Clark Fork Site Response Action Fund investments under the guidance of the board.

B. The Clark Fork Site Response Action Fund originated in 2008, a Consent Decree was entered between the State of Montana, the United States and Atlantic Richfield Company (ARCO), in order to settle certain litigation and to provide for the funding of the remedial action at the Clark Fork River (CFR) Operable Unit. The settlement involves, among other things, payment by ARCO plus accrued interest. Those funds and the earnings from the investment of those funds are to be used by the State with oversight, input, and approval from the United States Environmental Protection Agency (EPA) for the purpose of remediating the CFR over an estimated ten-to-twelve-year period. Any funds left over after clean-up will be transferred, with EPA approval, to the Clark Fork State Restoration Account (established under the same Consent Decree). The fund balance at that time is expected to be mostly Trust Funds Investment Pool units.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Clark Fork Site Response Action Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Clark Fork Site Response Action 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 (TFIP) benchmark and 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

1. The Clark Fork Site Response Action Fund is an expendable fund. Major expenditures are expected to continue through 2019, and projections though 2024 on a smaller scale. 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 Clark Fork Site Response Action 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 Clark Fork Site Response Action Fund may only invest in the following:

   a) U.S. Treasury Bonds.
   b) U.S. Agency Bonds.
   c) TFIP.
   d) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of twenty percent (20%) of the market value of the portfolio will be invested in U.S. Treasury and Agency Bonds.
2. A maximum of ninety-five percent (95%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.905

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Montana Pole Superfund Site Settlement Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-E: Investment Objectives and Guidelines Montana Pole Superfund Site Settlement Fund.

B. Approved Date of Schedule: November 15, 2017.

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 the investment guidelines is to provide a framework for the Montana Pole Superfund Site Settlement Fund under the guidance of the board.

B. The Montana Pole Superfund Site Settlement Fund was established in July 1996 through a Consent Decree among Montana Department of Environmental Quality (DEQ), the Environmental Protection Agency (EPA), Atlantic Richfield Company, Burlington Northern Railroad, Montana Resource, and others. Funds and earnings from settlement proceeds are used solely for remediating hazardous substance contamination at the Montana Pole Site. The fund is administered by the DEQ. The Policy may be modified by agreement of the DEQ and EPA.

C. Funds for the Montana Pole Superfund Site Settlement Fund are held in MU14.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana Pole Superfund Site Settlement Fund.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

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, the Short-Term Investment Pool (STIP) benchmark, and the Bloomberg/Barclays 1-5 Year Treasury Index, each weighted proportionately to the portfolio's holdings.

C. Investment Guidelines

1. The Board will have full discretion to manage the Montana Pole Superfund Site Settlement Fund consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

D. Permitted Investments

1. Montana Pole Superfund Site Settlement Fund may only invest in the following:

   a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
   b) Corporate Securities rated A3/A- or better.
   c) Agency Mortgage-Backed Securities.
   d) TFIP.
   e) STIP or any cash vehicle at the Custodial Bank.

E. Other Restrictions

1. A maximum of forty percent (40%) will be held in direct Government/Agency securities.
2. A maximum of twenty-five percent (25%) will be allowed in direct Agency Mortgage-Backed Securities. It is expected there will no allocation to this asset type.
3. A maximum of forty percent (40%) will be allowed in direct Corporate Securities. It is expected there will be no allocation to this asset type.
4. A maximum of eighty percent (80%) in TFIP.
5. A maximum of fifty percent (50%) in STIP.
6. The maximum maturity of Government/Agency and Corporate securities will be six (6) years.

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 cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.906

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Streamside Tailing Operable Settlement Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-F: Investment Objectives and Guidelines Streamside Tailing Operable Settlement Fund.

B. Approved Date of Schedule: April 3, 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 Streamside Tailing Operable Settlement Fund investments under the guidance of the Board.

B. The Streamside Tailing Operable Settlement Fund originated in 1998, when a Consent Decree between the State of Montana, the United States, the Atlantic Richfield Company (ARCO), and others was created in order to settle certain litigation, and to provide funding for the implementation of the remedy for the Streamside Tailings Operable Unit of the Silver Bow Creek/Butte Area (original portion) NPL Site. Funds paid by ARCO and the earnings from the investment of those funds are to be used by the State and EPA for the purpose of remediating the mine waste contamination at the Streamside Tailings Operable Unit. Any funds, including earnings, which are not ultimately required for the remediation of the Streamside Tailings Operable Unit are to be used by the State for natural resource damage restoration purposes, and will be transferred to the Upper Clark Fork Restoration Fund. The fund balance at that time is expected to be mostly TFIP units.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Streamside Tailing Operable Settlement Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Streamside Tailing Operable Settlement 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 (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 (5) year moving average.

C. Time Horizon

1. The Streamside Tailing Operable Settlement Fund is an expendable fund. Major expenditures are expected to continue through 2018, and projections though 2020 on a smaller scale. 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 Streamside Tailing Operable Settlement 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 Streamside Tailing Operable Settlement Fund may only invest in the following:
   a) U.S. Treasury Bond.
   b) U.S. Agency Bonds.
   c) TFIP.
   d) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of sixty percent (60%) of the market value of the portfolio will be invested in U.S. Treasury and Agency Bonds.
2. A maximum of ninety percent (90%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.907

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Upper Blackfoot Response Action and Restoration Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-G: Investment Objectives and Guidelines Upper Blackfoot Response Action and Restoration Fund.

B. Approved Date of Schedule: April 3, 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 Upper Blackfoot Response Action and Restoration Fund investments under the guidance of the Board.

B. The Upper Blackfoot Response Action and Restoration Fund originated in 2008, when a Settlement Agreement was entered between the State of Montana, the United States, Asarco, LLC (Asarco) and the Atlantic Richfield Company (ARCO), in order to settle certain bankruptcy and other claims and to provide for the funding of response and restoration actions at the Upper Blackfoot Mining Complex (UBMC). All funds paid by Asarco and ARCO and the earnings from the investment of these funds are to be used by the State, as Lead Agency, in consultation with the United States Forest Service, for the purpose of conducting response and restoration activities within the UBMC Site. These actions include the removal of the Mike Horse Impoundment as provided in the USFS Action Memorandum dated July 23, 2007, and any amendments thereto. In addition, the State would perform additional remedial and restoration work outside the scope of the Action Memorandum, including the cleanup of tailings along the Upper Blackfoot River, Beartrap Creek, and Mike Horse Creek and restoration of those streams with the intention of restoring westslope cutthroat and bull trout to the area.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Upper Blackfoot Response Action and Restoration Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Upper Blackfoot Response Action and Restoration 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 (TFIP) benchmark and 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 (5) year moving average.

C. Time Horizon

1. The Upper Blackfoot Response Action and Restoration Fund is an expendable fund. 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 Upper Blackfoot Response Action and Restoration 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 Upper Blackfoot Response Action and Restoration Fund may only invest in the following:
   a) U.S. Treasury Bond.
   b) U.S. Agency Bonds.
   c) TFIP.
   d) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of eighty percent (80%) of the market value of the portfolio will be invested in U.S. Treasury and Agency Bonds.
2. A maximum of thirty percent (30%) of the market value of the portfolio will be invested in the TFIP.
3. A minimum of ten percent (10%) of the market value of the portfolio will be invested in the STIP.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.908

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Zortman/Landusky Long Term Water Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-H: Investment Objectives and Guidelines Zortman/Landusky Long Term Water Fund.

B. Approved Date of Schedule: October 3, 2017.

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 the investment guidelines is to provide a framework for the Zortman/Landusky Long Term Water fund under the guidance of the board.

B. The Zortman/Landusky Long Term Water fund was established in June of 1999 at the request of the Montana Department of Environmental Quality. It was funded from proceeds incidental to the bankruptcy and surety bond of Zortman Mining Inc. Proceeds of the fund will be expended for environmental cleanup and treatment of water at the former mine site.

C. Funds for the Zortman/Landusky Long Term Water Fund are held in MU30.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Zortman/Landusky Long Term Water fund.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

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, the Short-Term Investment Pool (STIP) benchmark, and the Bloomberg/Barclays 1-5 Year Treasury Index, each weighted proportionately to the portfolio's holdings.

C. Investment Guidelines

1. The Board will have full discretion to manage the Zortman/Landusky Long Term Water fund consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

D. Permitted Investments

1. Zortman/Landusky Long Term Water fund may only invest in the following:

   a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
   b) TFIP.
   c) STIP or any cash vehicle at the Custodial Bank.

E. Other Restrictions

1. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
2. The maximum maturity of Government/Agency securities will be six (6) years.

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 cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.909

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Zortman/Landusky Long Term Water Trust

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-I: Investment Objectives and Guidelines Zortman/Landusky Long Term Water Trust Fund.

B. Approved Date of Schedule: October 3, 2017.

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 the investment guidelines is to provide a framework for the Zortman/Landusky Long Term Water Trust fund under the guidance of the board.

B. The Zortman/Landusky Long Term Water Trust fund was established in July of 2005 by the Montana Legislature. It was funded with annual transfers of $1.2 million by the Montana Department of Environmental Quality from the Orphan Share account. The transfers were to continue until the value of the fund was projected to be $19.3 million on January 1, 2018. Proceeds of the fund will be expended for long-term or perpetual water treatment at the Zortman and Landusky mine sites.

C. Funds for the Zortman/Landusky Long Term Water Trust fund are held in MU67.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Zortman/Landusky Long Term Water Trust fund.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. Attain above benchmark total return for all investments within the parameters of the Investment Guidelines set forth below with an emphasis on investment income and preservation of principal.

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, the Short-Term Investment Pool (STIP) benchmark, and the Bloomberg/Barclays 1-5 Year Treasury Index, each weighted proportionately to the portfolio's holdings.

C. Investment Guidelines

1. The Board will have full discretion to manage the Zortman/Landusky Long Term Water Trust fund consistent with the investment guidelines stated below. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.

D. Permitted Investments

1. The Zortman/Landusky Long Term Water Trust Fund may only invest in the following:

    a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
    b) TFIP.
    c) STIP or any cash vehicle at the Custodial Bank.

E. Other Restrictions

1. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
2. The maximum maturity of Government/Agency securities will be six (6) years.

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 cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.910

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Coal Tax Park Trust Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-J: Investment Objectives and Guidelines Coat Tax Park Trust Fund.

B. Approved Date of Schedule: November 15, 2017.

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

B. The Coal Tax Park Trust Fund was established under Section 15-35-108, MCA, as a non-expendable trust fund for parks acquisition or management. Income from this permanent fund account, excluding unrealized gains and losses, must be appropriated for the acquisition, development, operation, and maintenance of any sites and areas described in Section 23-1-102, MCA.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Coal Tax Park Trust Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Coal Tax Park 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 (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio's holdings, over a five (5) year moving average.

C. Time Horizon

1. Coal Tax Park 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 Coal Tax Park 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. Coal Tax Park Trust fund may only invest in the following:

    a) TFIP.
    b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.911

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Fish, Wildlife, & Parks Mitigation Trust Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-K: Investment Objectives and Guidelines Fish, Wildlife, & Parks Trust Fund.

B. Approved Date of Schedule: November 15, 2017.

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 the investment objectives and guidelines is to provide a framework for the Fish, Wildlife, & Parks Mitigation Trust Fund account under the guidance of the Board.

B. The Fish, Wildlife, & Parks Mitigation Trust Fund was established under Section 87-1-611, MCA, and was originally created because of an agreement between Bonneville Power Administration and the State of Montana pertaining to Wildlife Mitigation for Libby and Hungry Horse Dams. The fund provides for fish and wildlife mitigation or enhancement.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Fish, Wildlife, & Parks Mitigation Trust Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Fish, Wildlife, & Parks Mitigation 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 (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 (5) year moving average.

C. Time Horizon

1. Fish, Wildlife, & Parks Mitigation 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 Fish, Wildlife, & Parks Mitigation 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 Fish, Wildlife, & Parks Trust Fund may only invest in the following:

    a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
    b) TFIP.
    c) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of fifty percent (50%) of the market value of the portfolio will be invested directly in U.S. Government / Agency securities.
2. The maximum maturity of U.S. Government / Agency securities will be six (6) years.
3. A maximum of seventy percent (70%) of the market value of the portfolio will be invested in the TFIP.
4. A minimum of ten percent (10%) of the market value of the portfolio will be invested in the STIP.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.912

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Real Property Trust Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-L: Investment Objectives and Guidelines Real Property Trust Fund.

B. Approved Date of Schedule: November 15, 2017.

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 the investment objectives and guidelines is to provide a framework for the Real Property Trust Fund account under the guidance of the Board.

B. The Real Property Trust Fund was established under Section 87-1-601, MCA, as a non-expendable trust fund for the operation, development, and maintenance of real property under management of the Department of Fish, Wildlife, & Parks (FWP). Money received from the sale of real property, oil, gas or mineral deposits, and from leases is deposited into this permanent fund account except as provided by Section 87-1-621, MCA.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Real Property Trust Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Real Property 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 (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio’s holdings, over a five (5) year moving average.

C. Time Horizon

1. Real Property 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 Real Property 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. Real Property Trust Fund may only invest in the following:

   a) TFIP.
   b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.913

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Wildlife Habitat Trust Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-M: Investment Objectives and Guidelines Wildlife Habitat Trust Fund.

B. Approved Date of Schedule: November 15, 2017.

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 the investment objectives and guidelines is to provide a framework for the Wildlife Habitat Trust Fund account under the guidance of the Board.

B. The Wildlife Habitat Trust Fund was established under Section 87-1-242, MCA, as a non-expendable trust to secure, develop and maintain wildlife habitat. Funding is established from the sale of specific hunting licenses or permits and is subject to appropriation by the Legislature.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Wildlife Habitat Trust Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Wildlife Habitat 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 (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio's holdings, over a five (5) year moving average.

C. Time Horizon

1. Wildlife Habitat 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 Wildlife Habitat 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 Wildlife Habitat Trust Fund may only invest in the following:

a) TFIP.
b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.914

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Endowment for Children

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-N: Investment Objectives and Guidelines Endowment for Children.

B. Approved Date of Schedule: August 22, 2017.

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 the investment objectives and guidelines is to provide a framework for the Endowment for Children Fund under the guidance of the Board.

B. The Endowment for Children Fund was established under Section 52-7-105, MCA, "to provide a permanent source of funding to support the programs and services referred to in Section 52-7-101, MCA, "to fund services and activities related to a broad range of child abuse and neglect prevention activities and family resource programs operated by nonprofit or public community-based educational and service organizations".

C. Timing of expenditures is uncertain. Staff will rely on expenditure estimates from the Montana Department of Public Health and Human Services.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Endowment for Children.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Endowment for Children 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 fund 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 (5) year moving average.

C. Time Horizon

1. Endowment for Children 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 Endowment for Children 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 Endowment for Children may only invest in the following:

   a) TFIP.
   b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.915

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Older Montanans Trust Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-O: Investment Objectives and Guidelines Older Montanans 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 Older Montanans Trust Fund investments under the guidance of the Board.

B. The Older Montanans Trust Fund was created in Section 52-3-115, MCA, to establish new, innovative services or to expand existing services for the benefit of Montana residents sixty (60) years of age or older that will enable those Montanans to live an independent lifestyle in the least restrictive setting and will promote the dignity of and respect for those Montanans.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Older Montanans Trust Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Older Montanans 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 (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio's holdings, over a five (5) year moving average.

C. Time Horizon

1. Older Montanans 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 Older Montanans 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 Older Montanans Trust Fund may only invest in the following:

   a) TFIP.
   b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A minimum of ninety-five percent (95%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.916

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Tobacco Trust Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-P: Investment Objectives and Guidelines Tobacco 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 Tobacco Trust Fund investments under the guidance of the Board.

B. The Tobacco Trust Fund was created from the Master Settlement Agreement from the nation's largest tobacco companies to pay at least $205 billion over twenty-five (25) years (in 1999). The Tobacco Trust Fund is established in Section 17-6-601, MCA, where forty percent of the tobacco settlement will be placed for health care benefits, services, or coverage and tobacco disease prevention (described in Section 17-6-606, MCA). A special revenue fund account is also established in Section 17-6-603, MCA, where nine-tenths of the interest and income derived from the trust fund must be deposited.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Tobacco Trust Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Tobacco 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 (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio's holdings, over a five (5) year moving average.

C. Time Horizon

1. The Tobacco 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 Tobacco 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 Tobacco Trust Fund may only invest in the following:

   a) TFIP.
   b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A minimum of ninety-five percent (95%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.917

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Butte Area One Restoration Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-Q: Investment Objectives and Guidelines Butte Area One Restoration Fund.

B. Approved Date of Schedule: May 23, 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 Butte Area One Restoration Fund (MU3F) investments under the guidance of the Board.

B. The Butte Area One Restoration Fund originated in 2008, a Consent Decree was entered between the State of Montana, the United States and Atlantic Richfield Company (ARCO), to settle certain litigation and to provide for the funding of restoration action at the Butte Area One. Funds are used by the Natural Resource Damage Program of the Montana Department of Justice (NRDP) to restore, replace, or acquire the equivalent of injured natural resources or lost services.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Butte Area One Restoration Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Butte Area One Restoration 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 (TFIP) benchmark and 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 (5) year moving average.

C. Time Horizon

1. The Butte Area One Restoration Fund is an expendable fund. Major expenditures are expected to continue through 2019. Additional expenditures are expected in future years, as projected, and periodically updated by the NRDP. 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 Butte Area One Restoration 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 Butte Area One Restoration Fund may only invest in the following:

   a) U.S. Treasury Bonds.
   b) U.S. Agency Bonds.
   c) TFIP.
   d) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the TFIP.
2. A maximum of sixty percent (60%) of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
3. The maximum maturity of U.S. Treasury and Agency bonds will be six (6) years.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.918

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Clark Fork Restoration Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-R: Investment Objectives and Guidelines Clark Fork Restoration Fund.

B. Approved Date of Schedule: May 23, 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 Clark Fork Restoration Fund (MU3H) investments under the guidance of the Board.

B. The Clark Fork Restoration Fund originated in 2008, a Consent Decree was entered between the State of Montana, the United States and Atlantic Richfield Company (ARCO), to settle certain litigation and to provide for the funding of restoration action the Clark Fork River, from Warm Springs Ponds to the former Milltown Reservoir. Funds are used by the Natural Resource Damage Program of the Montana Department of Justice (NRDP) to restore aquatic and terrestrial resources.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Clark Fork Restoration Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Clark Fork Restoration 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 (TFIP) benchmark and 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 (5) year moving average.

C. Time Horizon

1. The Clark Fork Restoration Fund is an expendable fund. Expenditures are expected in future years, as projected, and periodically updated by the NRDP. 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 Clark Fork Restoration 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 Clark Fork Restoration Fund may only invest in the following:

   a) U.S. Treasury Bonds.
   b) U.S. Agency Bonds.
   c) TFIP.
   d) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the TFIP.
2. A maximum of sixty percent (60%) of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
3. The maximum maturity of U.S. Treasury and Agency bonds will be six (6) years.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.919

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
East Helena Compensation Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-S: Investment Objectives and Guidelines East Helena Compensation Fund.

B. Approved Date of Schedule: May 23, 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 East Helena Compensation Fund (MU3S) investments under the guidance of the Board.

B. The East Helena Compensation Fund originated in 2006 through a legal settlement with and subsequent claim in bankruptcy on the ASARCO company. The action was taken for natural resource restoration damages and compensatory damages for lost use of resources. Funds will be used by the Natural Resource Damage Program of the Montana Department of Justice (NRDP) for wildlife habitat restoration, recreation, and open space.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the East Helena Compensation Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the East Helena Compensation 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 (TFIP) benchmark and 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 (5) year moving average.

C. Time Horizon

1. The East Helena Compensation Fund is an expendable fund. Major expenditures are expected in future years, as projected, and periodically updated by the NRDP. 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 East Helena Compensation 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 East Helena Compensation Fund may only invest in the following:

a) U.S. Treasury Bonds.
b) U.S. Agency Bonds.
c) TFIP.
d) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the TFIP.
2. A maximum of sixty percent (60%) of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
3. The maximum maturity of U.S. Treasury and Agency bonds will be six (6) years.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.920

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Smelter Hill Uplands Restoration Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-T: Investment Objectives and Guidelines East Helena Compensation Fund.

B. Approved Date of Schedule: May 23, 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 Smelter Hill Uplands Restoration Fund (MU3I) investments under the guidance of the Board.

B. The Smelter Hill Uplands Restoration Fund originated in 2008, a Consent Decree was entered between the State of Montana, the United States and Atlantic Richfield Company (ARCO), to settle certain litigation and to provide for the funding of restoration action on lands injured by emissions from the Anaconda Smelter. Funds are used by the Natural Resource Damage Program of the Montana Department of Justice (NRDP) to remediate and restore damaged lands.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Smelter Hill Uplands Restoration Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Smelter Hill Uplands Restoration 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 (TFIP) benchmark and 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 (5) year moving average.

C. Time Horizon

1. The Smelter Hill Uplands Restoration Fund is an expendable fund. Expenditures are expected in future years, as projected, and periodically updated by the NRDP. 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 Smelter Hill Uplands Restoration 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 Smelter Hill Uplands Restoration Fund may only invest in the following:

a) U.S. Treasury Bonds.
b) U.S. Agency Bonds.
c) TFIP.
d) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the TFIP.
2. A maximum of sixty percent (60%) of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
3. The maximum maturity of U.S. Treasury and Agency bonds will be six (6) years.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.921

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Upper Clark Fork River Basin Reserve Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix I: Investment Objectives and Guidelines

A. Schedule I-U: Investment Objectives and Guidelines Upper Clark Fork River Basin Reserve Fund.

B. Approved Date of Schedule: April 20, 2021.

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 Upper Clark Fork River Basin Reserve Fund (MU22) investments under the guidance of the Board.

B. The Upper Clark Fork River Basin Reserve Fund originated in 1999, a Consent Decree was entered between the State of Montana, the United States and Atlantic Richfield Company (ARCO), to settle certain litigation and to provide for the funding of restoration action on and around the Clark Fork River and tributaries generally above the confluence of the Little Blackfoot River. Funds are used by the Natural Resource Damage Program of the Montana Department of Justice (NRDP) to cover potential cost over-runs of the Streamside Tailings Operable Unit if any and then to the Upper Clark Fork River Basin Restoration Fund.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Upper Clark Fork River Basin Reserve Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Upper Clark Fork River Basin Reserve 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 (TFIP) benchmark and 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 (5) year moving average.

C. Time Horizon

1. The Upper Clark Fork River Basin Reserve Fund is an expendable fund. Expenditures are expected in future years, as projected, and periodically updated by the NRDP. 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 Upper Clark Fork River Basin Reserve 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 Upper Clark Fork River Basin Reserve Fund may only invest in the following:

    a) U.S. Treasury Bonds.
    b) U.S. Agency Bonds.
    c) TFIP.
    d) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be invested in the TFIP.
2. A maximum of sixty percent (60%) of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
3. The maximum maturity of U.S. Treasury and Agency bonds will be six (6) years.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.922

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Upper Clark Fork River Basin Restoration Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-V: Investment Objectives and Guidelines Upper Clark Fork River Basin Restoration Fund.

B. Approved Date of Schedule: May 23, 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 Upper Clark Fork River Basin Restoration Fund (MU21) investments under the guidance of the Board.

B. The Upper Clark Fork River Basin Restoration Fund originated in 1999, a Consent Decree was entered between the State of Montana, the United States and Atlantic Richfield Company (ARCO), to settle certain litigation and to provide for the funding of restoration action on and around the Clark Fork River and tributaries generally above the confluence of the Little Blackfoot River. Funds are used by the Natural Resource Damage Program of the Montana Department of Justice (NRDP) to restore, rehabilitate, or replace injured natural resources.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Upper Clark Fork River Basin Restoration Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Upper Clark Fork River Basin Restoration 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 (TFIP) benchmark and 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 (5) year moving average.

C. Time Horizon

1. The Upper Clark Fork River Basin Restoration Fund is an expendable fund. Expenditures are expected in future years, as projected, and periodically updated by the NRDP. 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 Upper Clark Fork River Basin Restoration 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 Upper Clark Fork River Basin Restoration Fund may only invest in the following:

   a) U.S. Treasury Bonds.
   b) U.S. Agency Bonds.
   c) TFIP.
   d) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the TFIP.
2. A maximum of sixty percent (60%) of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
3. The maximum maturity of U.S. Treasury and Agency bonds will be six (6) years.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.923

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Public-School Trust

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-W: Investment Objectives and Guidelines Public-School Trust.

B. Approved Date of Schedule: April 3, 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 Public-School Trust investments (formerly referred to as the Trust and Legacy Fund) under the guidance of the Board.

B. The Public-School Trust was established in 1973 by Article X Section 2 of the Montana Constitution. The trust consists primarily of land granted to the State of Montana by the United States or other entities. The Public-School Trust is administered by the Montana Department of Natural Resources.

C. Per Article X Section 5 of the Montana Constitution, ninety-five percent of all interest received on fund investments and ninety-five percent (95%) of all income received from fund owned land shall be equitably apportioned to public school districts. Five percent (5%) of all interest received on fund investments and five percent (5%) of all income received from fund owned land shall be added to the Public-School Trust.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Public-School Trust account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Public-School Trust 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 (5) year moving average.

C. Time Horizon

1. Public-School Trust 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 Public-School Trust 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 Public-School Trust may only invest in the following:

   a) TFIP.
   b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A minimum of ninety-five percent (95%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.924

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Resource Indemnity Trust Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-X: Investment Objectives and Guidelines Resource Indemnity Trust Fund.

B. Approved Date of Schedule: April 3, 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 Resource Indemnity Trust Fund investments under the guidance of the Board.

B. The Resource Indemnity Trust Fund is a trust that was established in 1973 by Article IX Section 2 of the Montana Constitution in the amount of $100 million. The principal of the trust “shall forever remain inviolate”. Earnings from the fund are to be used to “improve the total environment and rectify damage to the environment” per Section 15-38-203, MCA. The trust is administered by the Department of Revenue.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Resource Indemnity Trust Fund account;

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Resource Indemnity 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 (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio’s holdings, over a five (5) year moving average.

C. Time Horizon

1. Resource Indemnity 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 Resource Indemnity 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 Resource Indemnity Trust Fund may only invest in the following:

   a) TFIP.
   b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A minimum of ninety-five percent (95%) of the market value of the portfolio will be invested in the TFIP.

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 cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.925

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Cultural Trust Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-Y: Investment Objectives and Guidelines Cultural Trust Fund.

B. Approved Date of Schedule: April 3, 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 Cultural Trust Fund investments under the guidance of the Board.

B. The Cultural Trust Fund was created from the Coal Tax Park Acquisition Fund, which is funded by coal severance tax collections. The Cultural Trust Fund is established in Section 15-35-108, MCA. Income from this trust fund, excluding unrealized gains and losses, must be appropriated for protection of works of art in the state capital and for other cultural and aesthetic projects.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Cultural Trust Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Cultural 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 (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio's holdings, over a five (5) year moving average.

C. Time Horizon

1. The Cultural 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 Cultural 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 Cultural Trust Fund may only invest in the following:

   a) TFIP.
   b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A minimum of ninety-five percent (95%) of the market value of the portfolio will be invested in the TFIP.

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 cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.926

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Montana Historical Society Trust Funds

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-Z: Investment Objectives and Guidelines Montana Historical Society Trust Funds.

B. Approved Date of Schedule: April 2, 2019.

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 Montana Historical Society Trust 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

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.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana Historical Society Trust Funds.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Montana Historical Society Trust 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 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 Funds 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 Montana Historical Society Trust Funds may only invest in the following:

a) TFIP.

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 cases that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.927

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Harold Hamm Endowment

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-AA: Investment Objectives and Guidelines Harold Hamm Endowment.

B. Approved Date of Schedule: November 15, 2017.

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 Harold Hamm Endowment investments under the guidance of the Board.

B. The Harold Hamm Endowment was created for the benefit of Helena College via a gift from Harold W. Hamm. The endowment distributes scholarships to students and faculty in the Aviation and Maintenance Technology program on an annual basis.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Harold Hamm Endowment account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Harold Hamm Endowment 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 moving average.

C. Time Horizon

1. Harold Hamm Endowment 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 Harold Hamm Endowment 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 Harold Hamm Endowment may only invest in the following:

    a) TFIP.
    b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-five percent (95%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.928

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Potter Trust Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-AB: Investment Objectives and Guidelines Potter 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 Potter Trust Fund investments under the guidance of the Board.

B. The Potter Loan Trust Fund was created for the benefit of Montana Tech per the Last Will and Testament of Peter Potter. The Trust is utilized by Montana Tech to provide financial aid assistance for students and to reimburse the university some administrative expenses.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Potter Trust Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Potter 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 (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio’s holdings, over a five (5) year moving average.

C. Time Horizon

1. Potter 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 Potter 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 Potter Trust Fund may only invest in the following:

   a) TFIP.
   b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.929

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Butte Area Redevelopment Trust Authority

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-AC: Investment Objectives and Guidelines Butte Area Redevelopment Trust Authority.

B. Approved Date of Schedule: April 2, 2019.

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 Butte-Silver Bow Redevelopment Trust Authority (MU9Z) investments under the guidance of the Board.

B. The Butte Redevelopment Trust Authority was created through a legal settlement between the government of Butte-Silver Bow and Atlantic Richfield Company. Funds and investment earnings from the settlement are used to achieve redevelopment objectives in Butte. The projects and activities financed include a variety of work to promote the redevelopment of the Butte Hill and adjacent areas.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Butte Area Redevelopment Trust Authority account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Butte Area Redevelopment Trust Authority 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 (5) year moving average.

C. Time Horizon

1. The Butte Area Redevelopment Trust Authority is an expendable fund. Moderate expenditures are expected to continue through 2033. Additional expenditures are expected in future years, as projected, and periodically updated by the Authority. 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 Butte Area Redevelopment Trust Authority 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 Butte Area Redevelopment Trust Authority may only invest in the following:

   a) TFIP.
   b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-six percent (96%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.930

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Barker Hughesville St Response

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-AD: Investment Objectives and Guidelines Barker Hughesville St Response.

B. Approved Date of Schedule: February 11, 2020.

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 Barker Hughesville St Response investments under the guidance of the Board.

B. Department of Environmental Quality (DEQ) filed a bankruptcy claim after ASARCO declared bankruptcy in 2005. DEQ made a claim for about $43 million for the Barker Hughesville Mining District (BHMD) site. DEQ's claim was reduced to an allowed claim of $7.1 million. The claim was paid in full with interest of about seventeen percent (17%) or $1,254,450.62. The funds in the DEQ special account are now at about $9 million after earning some interest the last few years. The court also determined that the funds could only be spent on or at the BHMD site. Of the five ASARCO properties in Montana, the BHMD site is the only site that ASARCO did not own. Therefore, the court directed settlement funds to be provided directly to DEQ and into a special account. For the other four Montana sites, a special ASARCO Trust Fund was set up. These sites are Black Pine Mine (Philipsburg), Iron Mt. Mine/Flat Creek (Superior), Upper Blackfoot Mining Complex and East Helena Smelter.

C. DEQ is committed to only spending the funds at the BHMD site. DEQ believes most of the funds should be held in reserve for potential long-term operation and maintenance (O&M) costs related to the orphan share mines which DEQ must contribute one hundred percent (100%) of the O&M costs. If opportunities arise to contribute to the clean-up cost of solid mining waste remedies, DEQ may try to help fund a portion of that work with the settlement funds. EPA and DEQ are currently working on completing an Operable Unit 1 Feasibility Study (FS) to address the orphan share mines upstream of the Block P Mine. Once the solid mining waste Record of Decision (ROD) is completed, it would be appropriate to discuss funding sources for those remedial response actions. DEQ is not opposed to spending some of the bankruptcy funds on the orphan share mining waste clean-ups. However, it is unknown when that may occur. Expenditures are expected to follow the schedule provided by the DEQ, as updated.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Barker Hughesville St Response account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Barker Hughesville St Response 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, 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 (5) year moving average.

C. Time Horizon

1. The Barker Hughesville St Response is a long-term expendable trust fund. 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 Barker Hughesville St Response 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 Barker Hughesville St Response may only invest in the following:

a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
b) TFIP.
c) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-nine percent 99% of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
2. The maximum maturity of Government/Agency securities will be six (6) years

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.931

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Flying J CECRA Facilities Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-AE: Investment Objectives and Guidelines Flying J CECRA Facilities Fund.

B. Approved Date of Schedule: February 11, 2020.

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 Flying J CECRA Facilities Fund investments under the guidance of the Board.

B. In 2008, Flying J (and its subsidiaries) filed a chapter 11 bankruptcy. The Department of Environmental Quality (DEQ) had claims under Montana's Comprehensive Environmental Cleanup and Responsibility Act (CECRA) and other statutes. The fund is a result of a settlement agreement to settle claims at Tank Hill ($1,648,768.68), Big West Oil ($150,000), and Diamond Asphalt ($894,979.10) that was approved by the bankruptcy court in July 2010.

C. At Big West Oil, another liable person is conducting the final cleanup. Once the Big West Oil cleanup is complete and the site enters the operations and maintenance phase (approximately 2022), DEQ expects the liable person to request the $150,000 (plus any interest) be applied to DEQ's future oversight costs.

D. At Tank Hill, other liable persons are conducting investigation and cleanup. Once the Tank Hill cleanup is complete and the site enters the operations and maintenance phase (approximately 2025), expenditures are expected to follow the schedule provided by the DEQ, as updated

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Flying J CECRA Facilities Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Flying J CECRA Facilities 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 (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 (5) year moving average.

C. Time Horizon

1. The Flying J CECRA Facilities Fund a long-term expendable trust fund. 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 Flying J CECRA Facilities 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 Flying J CECRA Facilities Fund may only invest in the following:

   a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
   b) TFIP.
   c) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
2. The maximum maturity of Government/Agency securities will be six (6) years.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.932

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Libby Asbestos Site State Cost

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-AF: Investment Objectives and Guidelines Libby Asbestos Site State Cost.

B. Approved Date of Schedule: February 11, 2020.

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 Libby Asbestos Site State Cost investments under the guidance of the Board.

B. In October 2002, the Libby Asbestos Superfund Site (Site) was listed on the U.S. Environmental Protection Agency (EPA) National Priorities List (NPL). As part of the W.R. Grace bankruptcy proceedings, Montana and W.R. Grace entered into a $5M settlement to be used for the state's ten percent (10%) cost share for Operation and Maintenance (O&M) costs at some areas of the site. Expenditures are expected to follow the schedule provided by the DEQ, as updated.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Libby Asbestos Site State Cost account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Libby Asbestos Site State Cost 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, 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 (5) moving average.

C. Time Horizon

1. The Libby Asbestos Site State Cost is a long-term expendable trust fund. 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 Libby Asbestos Site State Cost 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 Libby Asbestos Site State Cost may only invest in the following:

   a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
   b) TFIP.
   c) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
2. The maximum maturity of Government/Agency securities will be six (6) years.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.933

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Luttrill Pit – Oper & Maint

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix I: Investment Objectives and Guidelines

A. Schedule I-AG: Investment Objectives and Guidelines Luttrill Pit – Oper & Maint.

B. Approved Date of Schedule: February 11, 2020.

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 Luttrill Pit - Oper & Maint investments under the guidance of the Board.

B. The Luttrell Pit is a part of the Basin Mine Site, a former heap leach gold mine located 17 miles southwest of Helena. The mine was developed and operated by Pegasus Gold Corp. (Pegasus) in the early 1990's. Pegasus closed the mine in 1993 and conducted a partial reclamation of the site. In 1998 Pegasus Gold Corp. declared bankruptcy. As the result of the bankruptcy settlement, The Montana Department of Environmental Quality (DEQ) became the owner of site and continues with reclamation activity.

C. During and after the Bankruptcy, the Environmental Protection Agency (EPA) entered into agreement with the Bankruptcy Trustee and later, the DEQ, to use a portion of the site (the Luttrell Pit) as a repository for historic mine waste from abandoned mine sites located throughout the region. As part of this Agreement, EPA has paid rental and use fees ($2,301,278.21) to DEQ, as part of their on-going operation. As per Agreement between EPA and DEQ, the Operation and Maintenance (O&M) of the site is the responsibility of DEQ, once work at the site is completed and the repository has a final cap. DEQ will use monies collected from EPA to fund O&M. At present, EPA has no plans for placement of a final cap on the repository. DEQ does not envision any O&M costs until 2030.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Luttrill Pit - Oper & Maint account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Luttrill Pit - Oper & Maint 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, 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 (5) moving average.

C. Time Horizon

1. The Luttrill Pit - Oper & Maint a long-term expendable trust fund. 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 Luttrill Pit - Oper & Maint 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 Luttrill Pit – Oper & Maint may only invest in the following:

   a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
   b) TFIP.
   c) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be held in any combination of TFIP or Government/Agency securities.
2. The maximum maturity of Government/Agency securities will be six (6) years.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.934

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Invasive Species Trust Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

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

A. Schedule I-AH: Investment Objectives and Guidelines Invasive Species Trust Fund.

B. Approved Date of Schedule: August 19, 2020.

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 the investment objectives and guidelines is to provide a framework for the Invasive Species Trust Fund account under the guidance of the Board.

B. The Invasive Species Trust Fund was established under Section 80-7-1016, MCA, as a non-expendable trust to provide funds to the Invasive Species Account. The Invasive Species Account funds projects that prevent or control any nonnative, aquatic invasive species. Deposits to the principal of the trust may include but are not limited to grants, transfers, bequests, or donations from any source. Deposits in the fund may not be appropriated until the balance reaches $100 million. Earnings will go to an account managed by the Department of Fish Wildlife and Parks to fund projects related to aquatic invasive species.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Invasive Species Trust Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Invasive Species 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 (TFIP) benchmark and the Short-Term Investment Pool (STIP) benchmark, each weighted proportionately to the portfolio’s holdings, over a five (5) year moving average.

C. Time Horizon

1. Invasive Species 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 Invasive Species 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 violations are to be reported to the Board at the next scheduled quarterly Board meeting.

E. Permitted Investments

1. The Invasive Species Trust Fund may only invest in the following:

   a) TFIP.
   b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-nine percent (99%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.935

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Greenway Project Trail Maintenance Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix I: Investment Objectives and Guidelines

A. Schedule I-AI: Investment Objectives and Guidelines Greenway Project Trail Maintenance Fund.

B. Approved Date of Schedule: March 24, 2021.

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 Greenway Project Trail Maintenance Fund investments under the guidance of the Board.

B. The Greenway Project Trail Maintenance Fund was established as a sub-account within the East Helena Compensation Fund, through an agreement between the Governor and Prickly Pear Land Trust, Inc. (PPLT), in December of 2020. The purpose of the fund is to provide funding for operations and maintenance (O&M) of trails created on or near the ASARCO smelter site in East Helena, MT, as well as construction of the Greenway if needed to construct the Greenway outlined in the East Helena Asarco Smelter Final Restoration Plan and Environmental Checklist (November 2019) and any subsequent amendments thereto. The Montana Department of Justice Natural Resource Damage Program (NRDP) will administer the funds. The O&M will occur over an expected period of no more than twenty-five (25) years. NRDP plans to place $1,000,000.00, in whole or parts, in this sub-account within the East Helena Compensation Fund once all legal requirements are met.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Greenway Project Trail Maintenance Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Greenway Project Trail Maintenance 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 (TFIP) benchmark and 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 (5) year moving average.

C. Time Horizon

1. The Greenway Project Trail Maintenance Fund is an expendable fund. Major expenditures are expected in future years, as projected, and periodically updated by the NRDP. 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 Greenway Project Trail Maintenance 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 Greenway Project Trail Maintenance Fund may only invest in the following:

   a) U.S. Treasury Bonds.
   b) U.S. Agency Bonds.
   c) TFIP.
   d) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the TFIP.
2. A maximum of sixty percent (60%) of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
3. The maximum maturity of U.S. Treasury and Agency bonds will be six (6) years.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.936

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
2011 Yellowstone Exxon Settlement Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix I: Investment Objectives and Guidelines

A. Schedule I-AJ: Investment Objectives and Guidelines 2011 Yellowstone Exxon Settlement Fund.

B. Approved Date of Schedule: March 24, 2021.

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 2011 Yellowstone Exxon Settlement Fund investments under the guidance of the Board.

B. In January 2017, the State of Montana and U.S. Department of the Interior issued the "Final Programmatic Damage Assessment and Restoration Plan and Final Programmatic Environmental Assessment for the ExxonMobil Pipeline Company July 1, 2011, Yellowstone River Oil Spill". The plan was prepared by the State of Montana through the Department of Justice Natural Resource Damage Program (NRDP) and the U.S. Department of the Interior, through the Bureau of Land Management and U.S. Fish and Wildlife Service. The plan describes the natural resource injuries caused by the oil spill and restoration project types to compensate for those injuries. The restoration plan includes a range of project types that address specific injuries associated with the oil spill. It will guide restoration of the Yellowstone River to improve the natural and recreational resources of the river injured due to the spill.

C. NRDP has provided the Board a schedule of estimated expenditures and will update the schedule with material changes.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the 2011 Yellowstone Exxon Settlement Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the 2011 Yellowstone Exxon Settlement 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 (TFIP) benchmark and 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 (5) year moving average.

C. Time Horizon

1. The 2011 Yellowstone Exxon Settlement Fund is an expendable fund. Expenditures are expected in future years, as projected, and periodically updated by the NRDP. 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 2011 Yellowstone Exxon Settlement 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 2011 Yellowstone Exxon Settlement Fund may only invest in the following:

   a) U.S. Treasury Bonds.
   b) U.S. Agency Bonds.
   c) TFIP.
   d) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the TFIP.
2. A maximum of sixty percent (60%) of the market value of the portfolio will be invested in U.S. Treasury and Agency bonds.
3. The maximum maturity of U.S. Treasury and Agency bonds will be six (6) years.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.937

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Montana University System Group Insurance

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Insurance Funds: Investment Objectives and Guidelines

A. Schedule II-A: Investment Objectives and Guidelines Montana University System Group Insurance.

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 the investment objectives and guidelines is to provide a framework for the Montana University System Group Insurance account under the guidance of the Board.

B. The Montana University System Group Insurance account was established as the reserve for the self-insured health plan for the Montana University system.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana University System Group Insurance account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Montana University System Group Insurance account 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, 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 (5) year moving average.

C. Time Horizon

1. Montana University System Group Insurance account 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 Montana University System Group Insurance 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 Montana University System Group Insurance Account may only invest in the following:

   a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
   b) TFIP.
   c) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of fifty percent (50%) of the market value of the portfolio will be invested in U.S. Government/U.S. Agency securities.
2. U.S. Government/U.S. Agency securities will have a maximum maturity of five (5) years.
3. A maximum of forty percent (40%) of the market value of the portfolio will be invested in the TFIP.
4. A minimum of $10 million will be invested in the STIP.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.938

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Montana University System Workers Compensation

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Insurance Funds: Investment Objectives and Guidelines

A. Schedule II-B: Investment Objectives and Guidelines Montana University System Workers Compensation.

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 Montana University System Workers Compensation investments under the guidance of the Board.

B. The Montana University System Workers Compensation began operations on July 1, 2003, as a self-insurance program to provide workers compensation coverage for the Montana University System. This is an operating account requiring significant liquidity. However, the Department of Labor and Industry requires the Program to maintain adequate reserves to meet the Program's anticipated and contingency funding needs in the event of adverse developments or uncharacteristically high costs, so investment in the TFIP is considered prudent to achieve a higher level of investment income.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana University System Workers Compensation account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Montana University System Workers Compensation 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 (5) year moving average.

C. Time Horizon

1. Montana University System Workers Compensation 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 Montana University System Workers Compensation 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 Montana University System Workers Compensation may only invest in the following:

    a) TFIP.
    b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of thirty-five percent (35%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.939

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
State Employee Group Benefits

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix II: Insurance Funds: Investment Objectives and Guidelines

A. Schedule II-C: Investment Objectives and Guidelines State Employee Group Benefits.

B. Approved Date of Schedule: April 5, 2017.

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 the investment objectives and guidelines is to provide a framework for the State Employee Group Benefits account under the guidance of the Board.

B. The State Employee Group Benefits account was established under Section 2-18-808, MCA, “to establish a program under which the state may provide state employees with adequate group hospitalization, health, medical, disability, life, and other related group benefits in an efficient manner and at an affordable cost”.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the State Employee Group Benefits account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the State Employee Group Benefits 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, 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 (5) year moving average.

C. Time Horizon

1. State Employee Group Benefits 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 State Employee Group Benefits 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 State Employee Group Benefits may only invest in the following:

   a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
   b) TFIP.
   c) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of fifty percent (50%) of the market value of the portfolio will be invested in U.S. Government/U.S. Agency securities.
2. U.S. Government/U.S. Agency securities will have a maximum maturity of five (5) years.
3. A maximum of forty percent (40%) of the market value of the portfolio will be invested in the TFIP.
4. A minimum of $10 million will be invested in the STIP.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.940

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Montana State University – Bozeman

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix III: Operating Funds: Investment Objectives and Guidelines

A. Schedule III-A: Investment Objectives and Guidelines Montana State University – Bozeman.

B. Approved Date of Schedule: October 19, 2021.

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 Montana State University - Bozeman investments under the guidance of the Board.

B. The Montana State University - Bozeman account consists of operating funds from a variety of campus activities. A portion of the portfolio is unlikely to be needed for liquidity purposes and may seek higher returns as deemed appropriate.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana State University - Bozeman account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Montana State University - Bozeman 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 (5) year moving average.

C. Time Horizon

1. Montana State University - Bozeman is an operating 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 Montana State University - Bozeman 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. Montana State University – Bozeman may only invest in the following:

    a) TFIP.
    b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of forty percent (40%) of the market value of the portfolio will be invested in the TFIP based on annual average market value.
2. A maximum of forty-five percent (45%) in individual U.S. Government securities based on annual average market value.
3. A maximum maturity of five (5) years for individual U.S. Government securities.
4. A minimum of fifteen percent (15%) or $10 million in the STIP, whichever is greater, based on annual average market value.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.941

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines Montana Tech

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix III: Operating Funds: Investment Objectives and Guidelines

A. Schedule III-B: Investment Objectives and Guidelines Montana Tech.

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 Montana Tech investments under the guidance of the Board.

B. The Montana Tech account consists of operating funds from a variety of campus activities. A portion of the portfolio is unlikely to be needed for liquidity purposes and may seek higher returns as deemed appropriate.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Montana Tech account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Montana Tech 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 (5) year moving average.

C. Time Horizon

1. Montana Tech is an operating 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 Montana Tech 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. Montana Tech may only invest in the following:

   a) TFIP.
   b) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of thirty percent (30%) of the market value of the portfolio will be invested in the 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.942

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
University of Montana - Missoula

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix III: Operating Funds: Investment Objectives and Guidelines

A. Schedule III-C: Investment Objectives and Guidelines University of Montana – Missoula.

B. Approved Date of Schedule: April 2, 2019.

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 University of Montana - Missoula investments under the guidance of the Board.

B. University of Montana - Missoula account consists of operating funds from a variety of campus activities. A portion of the portfolio is unlikely to be needed for liquidity purposes and may seek higher returns as deemed appropriate.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the University of Montana - Missoula account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the University of Montana - Missoula 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, 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 (5) year moving average.

C. Time Horizon

1. University of Montana - Missoula is an operating 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 University of Montana - Missoula 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. University of Montana – Missoula may only invest in the following:

   a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
   b) TFIP.
   c) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of forty percent (40%) of the market value of the portfolio will be invested in the TFIP based on annual average market value.
2. A maximum of forty-five percent (45%) in individual U.S. Government securities based on annual average market value.
3. A maximum maturity of five (5) years for individual U.S. Government securities.
4. A minimum of fifteen percent (15%) or $10 million in the STIP, whichever is greater, based on annual average market value.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.943

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines State Treasurer's Fund

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix III: Operating Funds: Investment Objectives and Guidelines

A. Schedule III-D: Investment Objectives and Guidelines University of Montana – Missoula.

B. Approved Date of Schedule: October 19, 2021.

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 State Treasurer's Fund investments under the guidance of the Board.

B. The State Treasurer's Fund consists of both assets of the general fund and all other surplus funds of the state not otherwise expressly segregated and invested separately.

C. Per Section 17-1-111, MCA, "the state treasurer is the custodian of all money and securities of the state unless otherwise expressly provided by law". Per Section 17-6-101, MCA, "Under the direction of the board of investments, the state treasurer shall deposit public money in the treasurer's possession and under the treasurer's control".

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the State Treasurer's Fund account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the State Treasurer's 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 Short-Term Investment Pool (STIP) benchmark.

C. Time Horizon

1. The State Treasurer's 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 State Treasurer's 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 State Treasurer's Fund may only invest in the following:

a) STIP or any cash vehicle at the Custodial Bank Trust Fund Investment Pool (TFIP).

b) Deposits held at the state's depository bank.

c) U.S. Treasury obligations.

d) Direct obligations of the U.S. mortgage agencies Fannie Mae (Federal National Mortgage Association) and Freddie Mac (Federal Home Loan Mortgage Corporation). These obligations shall consist of only the discount notes, notes and debentures of these two agencies and does not include mortgage pass-through obligations. Coupons may be fixed or floating rate.

e) Direct obligations of the Federal Farm Credit Bank and the Federal Home Loan Bank. These obligations shall consist of discount notes, notes and debentures with either fixed or floating rate coupons.

f) 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. Approved primary dealers will be the same as those dealers approved for repo investments made in STIP.

g) Fixed income obligations of other U.S. agencies or corporate entities that are directly guaranteed as to both principal and interest by the full faith and credit of the U.S. Treasury.

h) Any obligation purchased pursuant to the bond credit enhancement program of the Board as authorized pursuant to Board Resolution 219.

i) State general fund warrants per Section 17-6-212, MCA.

j) Investment in the TFIP.

F. Other Restrictions

1. Securities and TFIP purchases are permitted only up to an amount equal to fifty percent (50%) of the lowest twelve (12) month average account balance over the past ten (10) year periods.

a) In the event the amount of securities and TFIP held were to exceed this threshold, sales are not required however additional purchases are prohibited until the test can again be met. Prudent sales are required should the amount of securities and TFIP exceed sixty percent (60%).

b) U.S. Treasuries held at the state's depository bank are not subject to the projected general fund balance restriction. These securities are held at the depository bank to provide emergency liquidity.

c) In addition, any obligations purchased pursuant to the bond credit enhancement program of the Board as authorized pursuant to Resolution 219 of the Board are not subject to the projected general fund balance restriction.

2. Securities purchased for investment are intended to enhance book income and shall normally be held until maturity unless a severe liquidity need were to arise in which case a realized loss may be incurred, if necessary, in the sale of securities to meet immediate liquidity needs. Realized gains may be incurred if the sale of a security prior to maturity is necessary to meet liquidity needs or otherwise is advisable in order to enhance book income by reinvesting the proceeds of such sale.
3. Securities are limited to three years to final maturity.
4. Repurchase agreements are limited to seven days to maturity.
5. Holdings of any one U.S. agency that is not directly or indirectly guaranteed by the U.S. Treasury shall be limited to a maximum $100 million at book value.
6. Repurchase obligations shall be limited to $20 million face amount with any one primary dealer. Repos held at the depository bank, or the Custodial Bank are not constrained by this limit given the potential for extenuating market conditions that may require unusually high cash balances to be retained at either bank.
7. Securities restrictions do not apply to holdings 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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.944

EFFECTIVE DATE:

TITLE: Investment Objectives and Guidelines
Fish, Wildlife, & Parks General License Account

SUPERSEDES: 11/19/2020

BOARD ADOPTION:

REVIEWED:

I. Appendix III: Operating Funds: Investment Objectives and Guidelines

A. Schedule III-E: Investment Objectives and Guidelines Fish, Wildlife & Parks General License Account.

B. Approved Date of Schedule: April 2, 2019.

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 the investment objectives and guidelines is to provide a framework for the Fish, Wildlife, & Parks General License Account under the guidance of the Board.

B. The Fish, Wildlife, & Parks General License Account was established under Section 87-1-601, MCA. This account contains revenue generated from the sale of hunting and fishing licenses.

III. Statement of Purpose

A. The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Fish, Wildlife, & Parks General License Account.

2. Provide diversified investment exposure within the guidelines in a prudent and cost-effective manner.

IV. Investment Objective

A. Strategic

1. The objective of the Fish, Wildlife & Parks General License Account 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, 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 (5) year moving average.

C. Time Horizon

1. Fish, Wildlife, & Parks General License Account 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 Fish, Wildlife & Parks General License Account 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 Fish, Wildlife, & Parks General License Account may only invest in the following:

    a) Debt obligations of the U.S. Government, including its agencies and instrumentalities.
    b) TFIP.
    c) STIP or any cash vehicle at the Custodial Bank.

F. Other Restrictions

1. A maximum of twenty-five percent (25%) of the market value of the portfolio will be invested directly in U.S. Government / Agency securities.
2. The maximum maturity of U.S. Government / Agency securities will be six (6) years.
3. A maximum of fifty percent (50%) of the market value of the portfolio will be invested in the TFIP.
4. A minimum of forty percent (40%) of the market value of the portfolio will be invested in the STIP.

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 that the allocations were outside the limits and either inform the Board of the actions that were taken to return the portfolio back within guidelines or a plan to do so.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.100

EFFECTIVE DATE:

TITLE: INTERCAP Program

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. INTERCAP Program

A. Requirements for all INTERCAP Loans

1. For purposes of INTERCAP loans under this policy, the definitions in Section 17-5-1604, MCA, apply.
2. The INTERCAP Loan Program may not be used to finance Tax Increment Financing (TIF) or Targeted Economic Development (TEDD) bonds or loans.
3. Applications may be completed online at https://investmentmt.com/INTERCAP/. A hard copy application is available upon request.
4. Upon loan approval, a Term Sheet explaining the conditions of the loan will be forwarded to the borrower for review.
5. Borrower has one (1) year from date of receipt of the Term Sheet to access the funds. A borrower who fails to access the funds within the year may be required to reapply for the loan.
6. Three (3) weeks prior to accessing the funds, the borrower must notify the Board of their intention to access the funds.
7. Prior to receiving funds, the borrower must complete, execute, and return to the Board the original loan documents, including:
   a) A resolution from the local governing body approving the loan.
   b) A form signed by the local government unit counsel stating the local government unit has the authority to participate in the loan program, that the project qualifies for the loan program, and that the loan is legal and binding on the local government.
8. Execution of original documents may be a manual signature or electronic signature.
9. The local government is required to annually appropriate funds for the repayment of the loan.
10. Invoices or certificates of completed work must be submitted before INTERCAP funds are disbursed.
11. The Interest Adjustment Date is February 16 of each year.
12. A new interest rate will be posted on the Board’s website and adjusted amortization schedules mailed out in March.
13. Any state or federal permits required must be obtained prior to closing the loan.
14. If the project is dependent on other funding sources, those funding sources must be committed prior to funding the INTERCAP loan.

15. Eligible government units must adhere to Montana law when financing capital projects.
    a) Board staff will consider the maximum loan term authorized in statute, as well as the repayment ability of the eligible borrower, when reviewing loan requests.
    b) Loan terms may not exceed fifteen (15) years or the useful life of the project being financed, whichever is less.
16. The maximum amount of the loan is limited to the Borrower's legal debt limit.
17. Loans previously approved by the Board may be increased in an amount up to ten percent (10%) of the original approved loan amount.

B. Short-Term Loans Specific Criteria

1. Short-term INTERCAP loans may be made to cover two types of needs:
    a) Money to provide financing on an interim basis for projects funded from other sources.
    b) Operating money to cover a temporary cash flow deficit.

    Examples of eligible temporary project funding include, but are not limited to, interim financing in anticipation of state or federal grants and/or long-term loans. Specific written evidence of the commitment for funding of the grant or long-term loan is required prior to releasing funds the short-term loan.
2. Counties, cities, towns, and school districts are statutorily authorized to borrow for cash flow deficits to be repaid within the statutory time limit. Other types of local governments may borrow through their respective county.

C. Enterprise Debt Loans Specific Criteria

1. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. Enterprise project financing pledges the revenues of the system to repay the loan for costs associated with water, wastewater, etc. projects.
2. The Board must receive documentation of rates currently in effect and any proposed adjustments.
3. Enterprise debt requires the borrower to:
    a) Pledge of the revenues of the system.
    b) Set and maintain rates and charges that will generate net revenues to cover debt service by a factor of one and a quarter (1.25).
    c) Maintain a reserve account of one (1) year debt service or ten percent (10%) of the loan, whichever is less.
4. In most cases the obligation is not required to be secured by the full faith and credit of the issuer and the obligation does not require voter approval.
5. If the revenue pledge for repayment is on parity, or in equal position, with other outstanding debt, the Board will require Montana-licensed bond counsel to prepare the parity revenue bond documents and provide the opinion at the Borrower's expense.

D. Preliminary Engineering Report (PER) Loans Specific Criteria

1. Local governments may finance the costs to prepare the PER planning document required by many state and federal funding agencies for utility improvement loans.
2. The engineer must be a registered professional licensed to practice in his or her area(s) of competence and expertise in the State of Montana and be obtained prior to the Board's commitment.
3. The maximum PER loan term is six (6) years.
   a) At the time of loan application review, Board staff will determine if the loan will be repayable interest-only for up to three (3) years with an optional three (3) year amortization of principal and interest thereafter or amortized principal and interest over the six (6) year term.
   b) Rates and fees will be annually reviewed and increased as necessary to provide adequate repayment of debt.
4. A written approval from a state or federal engineer stating the PER scope of work generally conforms to the requirements outlined in the Uniform Preliminary Engineering Report for Montana Public Facility Projects.
5. Special or Rural Improvement Districts are not eligible for PER loans.

E. Grant Writing Loans Specific Criteria

1. Local governments may finance the costs to prepare grant applications.
2. The maximum loan term is six (6) years.
3. Board staff will determine at the time of loan application review if the loan will be repayable interest-only for up to three (3) years with an optional three (3) year amortization of principal and interest thereafter or amortized principal and interest over the six (6) year term.
4. Rates and fees will be annually reviewed and increased as necessary to provide adequate repayment of debt.

F. General Obligation Loans Specific Criteria

1. Voter-approved general obligation debt has the backing by the full faith and credit of the issuer and obligates the issuer to levy a tax sufficient to repay the obligation.
   a) The Board will require copies of the election process leading up to and the results of the election for review.
2. Bond counsel is required to certify that all legal requirements for the loan have been met. The cost of bond counsel opinion is to be paid by the Borrower.

G. Special or Rural Improvement District (SID/RID) Loan Specific Criteria

1. SID/RID loans are payable from special assessments levied against real property in the district to finance improvements to projects such as street, road, curbing etc. The loans are not full faith and credit obligations of the city or county.
2. All statutory requirements for establishing the SID/RID must be met prior to the loan and available for review as part of the loan process.
3. City or county funds must secure the SID/RID with a pledge to levy for and maintain the revolving fund to the maximum amount permitted by law.
4. All local government SID/RIDs and the balance in the revolving fund are subject to review as part of the loan process.
5. Preliminary engineering loans will not be made to SIDs/RIDs.

H. Street Maintenance District Loans Specific Criteria

1. Street Maintenance Districts and SID/RIDs are loans are payable from special assessments levied against real property in the district to finance improvements to projects such as street, road, curbing etc. Street maintenance district loans do not require voter approval and are not secured by the local government's revolving fund.
2. The appropriate steps to create the street maintenance district and set the annual assessments must comply with Section 7-12-44, MCA, and be available for review as part of the loan process.
3. Assessment revenue will be pledged to the repayment of the loan and must be set to generate net revenues to cover debt service by a factor of one and a quarter (1.25).
4. If revenue pledge for repayment is on parity with other outstanding debt, the Board will require Montana-licensed bond counsel to prepare the parity revenue bond documents and provide the opinion at the Borrower's expense.
5. The Board will require a reserve account that is one (1) year debt service or ten percent (10%) of the loan, whichever is less.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.110

EFFECTIVE DATE:

TITLE: University System INTERCAP Agreements

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. University System INTERCAP Agreements

A. Purpose

1. The public purpose of this policy is to provide a means for the University System to obtain low-cost financing for capital projects.

B. The Board administers the INTERCAP loan program (INTERCAP) under the Municipal Finance Consolidation Act (Act) as a means of providing low interest loans to eligible Montana government entities to finance capital improvements and other needs.

C. The 1991 Legislature amended the Act to include the Board of Regents as an eligible borrower.

1. The legal authority for the Board of Regents to borrow through INTERCAP is found on Section 17-5-1604(3), MCA, and Section 20-25-402, MCA.

D. Procedures

1. Board staff may, without the concurrence of the Loan Committee, authorize University System loan requests, in an amount up to $1.0 million.

2. Board staff may, with the concurrence of the Loan Committee, authorize University System loan requests, in an amount greater than $1.0 million and up to $5.0 million.

E. Loan Concentration Cap

1. University of Montana campuses (UM)

a) The aggregate outstanding principal amount of all INTERCAP loans (Loan) made by the Board to UM, when added to the maximum principal amount of such proposed Loan, may not exceed nineteen percent (19%) of the principal amount of INTERCAP Bonds outstanding.

2. Montana State University campuses (MSU)

a) The aggregate outstanding principal amount of all Loans made by the Board to MSU, when added to the maximum principal amount of such proposed Loan, may not exceed nineteen percent (19%) of the principal amount INTERCAP Bonds outstanding.

3. For the purpose of making the foregoing calculations, a Loan to the UM or MSU is deemed to be outstanding in the maximum principal amount of the committed amount of the Loan, even if only a portion or none of such committed amount is advanced as of the date of calculation.

4. The unadvanced commitment of a Loan will be disregarded for the purpose of determining the outstanding principal amount of Loans to the Borrower only if at the time of making the calculation:

   a) the Board has received written notice from the Borrower that no further advances on the Loan are contemplated and the Board is directed by the Borrower to release the unadvanced principal from the loan commitment; or

   b) the loan commitment has expired by its terms.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.710

EFFECTIVE DATE:

TITLE: Approved Lenders

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Approved Lenders

A. Approved Lender Requirements

1. Any financial institution may request approval as a Participant if it sells loans to the Board on a whole or participation basis and services the loan throughout the term.

2. All requests must include:

a) A listing of the applicant's principal officers and officer(s) authorized to execute contracts, agreements, and other documents.

b) A listing of the personnel and their qualifications principally involved in making and servicing loans.

c) A certificate of errors and omissions insurance coverage in an amount to be determined by the Board at the time of approval.

d) An applicant that is governed by one or more regulatory agencies must:

(1) Submit its most recent quarterly consolidated report of condition and income or its most recent quarter-end balance sheet and income statement.

(2) If available, copies of its previous three years' consolidated reports of condition and income or audited financial statements, including both balance sheets and income statements.

(a) Which must indicate a positive return on average assets and based on generally accepted accounting principles (GAAP), indicate a total capital as a percentage of average assets of at least six percent (6%) or meet all applicable capital requirements of the regulatory agency.

e) An applicant that is not governed by a regulatory agency defined herein, must submit:

(1) Copies of its last three years' audited financial statements, including both balance sheets and income statements.

(2) Its most recent quarter-end balance sheet and income statement which have been prepared within sixty (60) days of submission.

(a) Current financial statements must indicate a positive return on average assets and must indicate total capital as a percentage of average assets of at least six percent (6%) with a minimum GAAP net worth of $1,000,000.

(b) Evidence of current corporate and ownership structure demonstrating more than three years of existence must be included.

3. Board staff will determine approval of each applicant after reviewing the application.
4. If approved as a Participant, the financial institution must sign the appropriate sale and servicing agreement(s) and an electronic funds transfer authorization form.
5. Participation agreements must be signed to sell loans on a participation basis and a participation certificate must be signed for each participation commitment delivered.
6. The Board may suspend approval of a Participant and discontinue purchasing loans or otherwise participating with the Participant in purchasing and servicing loans if any of the following situations occur:
    a) Any fees due the Board by the Participant remain unpaid for more than thirty (30) calendar days.
    b) The Board determines that more than seven percent (7%) of loan payments have been delinquent for more than ninety (90) calendar days.
    c) The Board determines that the Participant has violated the servicing or participation agreement, or rules adopted by the Board.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.720

EFFECTIVE DATE:

TITLE: Commercial Loan Program

SUPERSEDES: Governance Policy February 2021

BOARD ADOPTION:

REVIEWED:

I. Commercial Loan Program

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

1. The Board does not lend directly to businesses.
2. Only Approved Lenders may submit Loan applications and Loan reservation forms.
3. Approved Lenders must originate all loans.
4. The term "Applicant" means a Lender approved by the Board.
5. The term "Borrower" means the borrower applying for a loan from the Lender.
6. Appropriate representatives of the Lender must sign the application.
7. Borrowers must provide preference to Montana labor when constructing projects.
8. Project construction contractors may be subject to prevailing wages as per policy.
9. "Small Business Loan Incentives" are available for Commercial Coal Tax Trust loans only.
10. "Job Credit Interest Rate Reductions" are available for Commercial Coal Tax Trust loans only.
11. "Link Deposit Loans" are available for Commercial Coal Tax Trust loans only.
12. Commercial Coal Tax Trust loans maximum size is limited to ten percent (10%) of the Trust.
13. Commercial Coal Tax Trust loans exceeding six percent (6%) of the Trust require thirty percent (30%) Lender Participation.
14. The submission of a fee with the Loan Reservation Form locks an interest rate and reserves funding.
15. The last fee paid is refundable as per policy if the loan is funded or the application is rejected.

B. Interest Rates

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

C. Loan Reservations without an Identified Borrower

1. Lenders not identifying the borrower(s) at the time of reservation may reserve funds for one hundred and eighty (180) days with a fee of one-quarter percent (0.25%) of the reserved amount.

2. If posted interest rates decline after a Lender has locked interest rates, a new one hundred and eighty (180) day reservation at the lower rate may be obtained via payment of another one-quarter percent (0.25%) fee.
3. If borrower(s) is not identified during the one hundred and eighty (180) day period, the unallocated portion of the reservation will expire. The unallocated portion of the reservation may be renewed with another fee of one-quarter percent (0.25%) at the then prevailing interest rate for an additional one hundred and eighty (180) day period.
4. If borrower(s) are identified during the one hundred and eighty (180) day period, that portion of the reservation allocated to the borrower(s) will automatically be extended for an additional period equal to one year (365 days) from the original reservation date.
5. Once borrower(s) are identified, Lenders must offer, underwrite, accept, and close the loan during the one-year (365 days) reservation period.
6. All applicable checklist items must be received within ninety (90) days after expiration of the one-year (365 days) period.
7. The reservation allocated to the borrower(s) may be extended as per Section 4.
8. Blended interest rates may be applied for increases in the reserved amount of an existing reservation.

D. Loan Reservations with an Identified Borrower

1. 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.
2. Lenders may lock interest rates at any time during the one-year (365 days) period at the rate last set.
3. If the loan has not been committed and posted 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.
4. If the loan has been committed and posted 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 remains the same.
5. Lenders must offer, underwrite, accept, and close the loan during the one-year (365 days) period.
6. All applicable checklist items must be received within ninety (90) days after expiration of the one-year (365 days) period.
7. The reservation may be extended as per Section 4.
8. Blended interest rates may be applied for increases in the reserved amount of an existing reservation.

E. Reservation Extensions

1. 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 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.
2. Additional one-year (365 days) extensions will not be granted if the project has been completed within the existing reservation/commitment period.
3. Extension fees must be received via ACH within fifteen (15) working days after the expiration date of the current one-year (365 days) period to keep the reservation in force.

F. 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 after the first principal and interest payment date of the project term note or the commitment date expiration, whichever comes first.
3. Fundings should occur on or around the tenth day of the month.
4. At least thirty (30) days' notice must be provided to be eligible for fundings.

G. Financial Institution Incentive for Small Business Loans

1. Posted interest rates may be reduced by one-half percent (0.50%) for loans of less than one-fifth percent (0.05%) of the Montana Permanent Coal Tax Trust balance at the most recent fiscal year-end.
    a) The amount is posted weekly with the interest rates.
2. Pursuant to Section 17-6-319, MCA, this reduction is available for loans made to small business, which the Board defines as businesses with gross annual payroll of less than $10.0 million.

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

1. The following risk adjustments for loan-to-value on collateral will be made to the posted interest rate:

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

I. Ineligible Loans

1. Loans classified as substandard, doubtful, loss or similar category in Lender's most recent examination report.
2. Loans to businesses with classified loans at the Lender, other than the loan offered to the Board.
3. Loans to trusts.
4. Loans for land development or speculative ventures.
5. Revolving lines of credit, working capital or operating money.
6. Loans to pay delinquent taxes.

J. Collateral Requirements

1. First mortgage/lien position shared proportionately with Lender.
2. Collateral must have sufficient economic life to support the term of the loan.
3. Loan-To-Value is based on lessor of reasonable project costs (including architecture, engineering, and capitalized interest) or market value appraisal.
4. Personal guarantes as required by Lender or the Board.
5. If Lender requires, an attorney opinion on authority of borrower to borrow and all collateral documents.
6. Other collateral as required by Lender or the Board.

K. Appraisals

1. Licensed Montana appraisers are preferred unless a specialized property collateral requires an out of state appraiser.
2. The following appraisal requirements apply to all appraisals irrespective of the Lender's appraisal or loan policy appraisal requirements.
3. Appraisal requirements are based on the total loan amount shown:

Up To $500,000	As required by Lender to provide basis for value
Over 500,000	Appraisal Report, as defined by the Uniform Standards of Professional Appraisal Practice.

L. Other Commercial Loan 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. The Board participation will not exceed eighty percent (80%) of the total loan.
   a) 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.
   b) The expansion should create new jobs and/or create economic development.
3. Investor properties must independently cash flow with coverage at one and a quarter times (1.25X) on a twenty (20) year amortization or equivalent, or other financial consideration.
   a) The Board may establish a higher coverage ratio depending on economic conditions and/or industry.
4. Balloon payment loans are eligible provided Loan-To-Value at maturity is acceptable to the Board.
5. The Board will proportionately participate in any prepayment penalty required by the Lender.
6. Loans for projects on leased land will be considered if the lease does not expire prior to loan maturity.
7. Collateral documents must contain due-on-sale clauses, requiring Lender's consent prior to loan transfer.
8. Loan assumptions permitted upon Board approval with a loan assumption fee of $500.00.
9. Environmental risk assessment as required by Lender.
10. Escrow impounds may be required for taxes & hazard insurance when Loan-To-Value exceeds fifty percent (50%).
11. Maximum loan amount to any borrower is limited to ten percent (10%) of the book value of the Coal Tax Trust as of the month-end prior to a loan commitment.
12. If a borrower:
   a) 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.
   b) The outstanding principal of the value-added and/or infrastructure loan will be applied against the ten percent (10%) maximum loan size. A borrower or business may not incur a debt to the Coal Tax Trust exceeding ten percent (10%) of the Trust's book value.
13. Any loan exceeding six percent (6%) of the Trust requires thirty percent (30%) Lender participation.
14. The Board may apply different criteria to loan requests from non-profit borrowers.
15. Maximum loan terms are:
   a) Federally Guaranteed, thirty (30) years.
   b) Linked Deposit, twenty (20) years.
   c) Participation, twenty-five (25) years.
16. All loans submitted for participation to the Montana Board of Investments from Board members or Board staff shall first be approved by the Board before the loan is committed and funded.

17. Any time an approved Lender downgrades a commercial loan participated with the Board, the approved Lender must notify the Board of the downgrade and submit to the Board the most recent Lender credit review and an explanation why the credit was downgraded, within (thirty) 30 days of the downgrade.
18. All approved Lenders will submit to the Board a copy of their annual credit review for all commercial loans participated with the Board, other than guaranteed loans.
    a) If the approved Lender does not do an annual review due to the size of the credit, the approved Lender will annually submit to the Board, in writing, a certification that there has been no material change in the value of the collateral or the financial condition of the borrower or any of the guarantors.
19. 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 the approved Lender.
20. Thirty percent (30%) cash equity is required for hotel/motel facilities.
    a) The LTV will consider the lower of hard costs or appraised value.

M. Interest Rate Buy Down On Existing Commercial Loans

1. The Board portion of an outstanding loan interest rate may be reduced to the Board's current posted rate at the time the Loan Reservation Form and fee is received.
2. The interest rate will be calculated by rounding the remaining term up to the nearest year and interpolating the buy down interest rate for that specific year.
3. The fee is calculated as shown:
    a) Sixty (60) months or less, one percent (1%) of outstanding Board loan balance.
    b) Sixty-one to one hundred and twenty (61 to 120) months, one and a half percent (1.5%) of outstanding Board loan balance.
    c) One hundred and twenty-one (121) months or more, two percent (2%) of outstanding Board loan balance.
4. Interest rate reductions are effective on the next payment due date after the fee is received and the reduction is approved by the Board.
5. 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.

N. Job Creation Interest Rate Reduction

1. With the exception of Linked Deposit and Value-Added loans, borrowers who create jobs as a result of a Coal Tax Trust commercial loan are entitled to an interest rate reduction of one-fifth percent (.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. Job credit interest rate reductions are not available for jobs paying less than the minimum wage provided for in Section 39-3-409, MCA.
7. 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.
8. 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.
9. 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.
10. Applications for interest rate reductions may be delivered with the loan funding documents or at least 10 working days before the end of each calendar quarter.
11. The business seeking an interest rate reduction must provide payroll records as evidence of the creation of jobs.
12. The Board shall notify the Lender within fifteen (15) working days what action has been taken on an interest rate reduction request.
13. 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.
14. Interest rate reductions provided in this part will be effective on the next scheduled payment date.
15. The posted Private Annual Wage and State of Montana minimum wage will be used in calculating a job creation interest rate reduction request.

O. 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.
   a) "Substantially equal qualifications" means the qualifications of two 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.
2. 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.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.730

EFFECTIVE DATE:

TITLE: Infrastructure Loan Program

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Infrastructure Loan Program

A. The following provisions apply to the Loan Program:

1. Program funded by a $80.0 million allocation from the Permanent Coal Tax Trust.
2. Applications submitted by eligible local governments.
3. Loan funds infrastructure projects that provide facilities/services to basic sector businesses.
4. Business pays user fee to local government that is pledged to the Board for loan repayment.
5. Businesses may reduce their Montana state income tax liability by the amount of the fee, Section 15-31-301, MCA.
6. The business must create at least fifteen (15) full time basic sector jobs to be eligible for the program.
7. Maximum loan size $16,666 times the number of full-time jobs created.
8. Minimum loan size $250,000.
9. Maximum loan term twenty-five (25) years.
10. Interest rates posted weekly.
11. Up to two and a half percent (2.5%) interest rate reduction for job creation.

B. Application Procedures

1. Local governments must submit the application to the Board.

a) The application must include:

(1) Evidence that the user of the infrastructure meets the following “Basic Sector” definition:

(a) Business activity conducted in the state that produces goods and services for which fifty percent (50%) or more of the gross revenues are derived from out-of-state sources; or

(b) Business activity conducted in-state that produces goods and services, fifty percent (50%) or more of which will be purchased by in-state residents in lieu of like or similar goods and services which would otherwise be purchased from out-of-state sources.

(2) A complete description of the purposes for which the loan proceeds are to be used.

(3) A description of the proposed loan including principal amount, proposed maturity,

proposed repayment schedule, and proposed security.

(4) Information addressing the following:

(a) Estimated number of permanent full-time jobs and their estimated wages, to be created by the project within a four-year period.

(b) The impact of the jobs on the state and the community where the project is located.

(c) Long-term effect of corporate and personal income taxes estimated to be paid by the business and its employees.

(d) The current and projected ability of the community to provide necessary infrastructure for economic and community development purposes.

(e) The environmental impact of the project and whether any environmental review or permits are required.

(f) Other matters that the Board considers necessary.

(g) Information about the business creating the jobs shown on the application form.

(5) The loan application shall be properly signed and certified by the local government applicant and by the business creating the jobs on its section of the application.

(6) If the loan is approved, the Board and the local government will enter into a commitment agreement.

(7) The local government must pass a resolution authorizing the acceptance of the commitment agreement and execute and return the commitment agreement within sixty (60) days of the commitment date or the commitment will expire.

(8) A development agreement, if applicable, between the local government and the basic sector business must accompany the application.

C. Ineligible Loans

1. Loans to any local government in default on any obligation.
2. Loans to local governments for infrastructure to businesses in default on any obligation.
3. Loans providing infrastructure to business creating fewer than fifteen (15) jobs in a four (4) year period.

D. Interest Rates

1. Interest rates, effective for a one-week period, will be posted each Thursday to the Board website.
2. Job credit interest rate reductions are available as per Section I of the Infrastructure Loan Policy.
3. Initial interest rate determined by the interest rate posted on the Commercial Loan Rate Sheet

on the date the Infrastructure Loan application is received.

E. Loan Sizing

1. Minimum loan size $250,000.
2. Maximum loan size $16,666 per full time job created.
3. All outstanding infrastructure loans limited to $80.0 million.

F. Collateral Requirements

1. A note or other evidence of indebtedness.
2. A loan agreement.
3. First mortgage/lien position when appropriate.
4. The local government's pledge of infrastructure fees for repayment of the loan.
5. The loan resolution adopted by the local government.
6. All necessary state, federal and local government permits must be obtained before loan closing.
7. Collateral must have sufficient economic life to support the term of the loan.
8. Personal or corporate guaranty as determined by the Board.
9. Attorney opinion on authority of local government to borrow and the validity of all collateral documents.
10. Attorney opinion to the local government on the legal and binding nature of obligations on the local government and the business for which the infrastructure is provide.
11. Other collateral or loan documents as required by Board.

G. Appraisals

1. Licensed Montana appraisers are preferred unless there is a specialized property collateral requiring an out of state appraiser.
2. Appraisal requirements are based on the total loan amount shown:
   a) Up to $500,000 As required by Board to provide basis for value.
   b) Over $500,000 Appraisal Report, as defined by the Uniform Standards of Professional Appraisal Practice.

H. Other Loan Policy Considerations

1. Loans for infrastructure on leased land will be considered if the lease does not expire prior to loan maturity.
2. Maximum loan terms are twenty-five (25) years.
3. Consultant fees may be financed as part of the larger project but may not be financed on a stand-alone basis.
4. Commercial Loan Policy underwriting criteria will be considered.
5. If there are not a sufficient number of jobs created within the first four (4) years of the infrastructure loan, the basic sector business:
   a) Will have ninety (90) additional days to create those jobs, or
   b) Will have to pay down the infrastructure loan to a level which the current number of jobs supports the outstanding loan balance as specified Section E.
6. The business will reimburse the Board for all legal fees and closing costs associated with the

preparation of the loan documents.

I. Job Creation Interest Rate Reduction

1. Business creating jobs as a result of an infrastructure loan are entitled to an interest rate reduction of one-half percent (0.05%) for each job created up to a maximum of two and a half percent (2.50%). The reduction will be reflected in the user fee rate charged the business.
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. Job credit interest rate reductions are not available for jobs paying less than the State of Montana minimum wage provided for in Section 39-3-409, MCA.
7. The business must provide evidence of the creation of jobs prior to the reduction and annually thereafter.
8. Interest rate reductions provided in this part will be effective on the next scheduled payment date.
9. The business seeking an interest rate reduction must provide payroll records as evidence of the creation of jobs.
10. The Board may increase the interest rate commensurate with the number of jobs eliminated if the borrower eliminates qualifying jobs. The basic sector business must notify the Board if they eliminate qualifying jobs.
11. The beginning date for counting jobs created is the date of the first written contact from the borrower or the business pertaining to the project.

J. 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.
   a) "Substantially equal qualifications" means the qualifications of two 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.
2. If the Board participates in construction financing, the general contractor and all subcontractors shall be subject to Montana's prevailing wage law specified in Section 18-2-4, MCA.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.740

EFFECTIVE DATE:

TITLE: Value Added Loan Program

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Value Added Loan Program General Parameters for the Value-Added Loan Program

1. The Board participates only with approved lenders in making loans to Montana businesses.
2. Approved Lenders originate all loans and submit loan applications.
3. Appropriate representatives of the Lender must sign the application.
4. The Montana business must be a “value-added’ business as defined in the attached policy.
5. The Montana business must create or retain at least ten (10) jobs.
6. The term “jobs” as it relates to program eligibility is defined in the attached policy.
7. The term "Applicant" means a Lender approved by the Board.
8. The term "Borrower" means the business applying for a loan through the Approved Lender.
9. The Board may participate in construction financing at the request of the Lender.
10. Borrowers must provide preference to Montana labor when constructing projects.
11. Project construction contractors may be subject to prevailing wages as per policy.
12. Board loan participation is seventy-five percent (75%) - Lender participation is twenty-five percent (25%).
13. Lender service fee limited to one-half percent (.5%) on the participated portion.
14. Board interest rates and maximum loan term are set by law.
15. Reservation fees or interest rate “lock” fees are not required.
16. Loan prepayments penalties are not permitted.
17. Minimum loan size is $250,000, of which the Board would purchase seventy-five percent (75%).
18. Maximum loan size (the 75% Board’s Share) limited to one percent (1%) of the Coal Tax Trust.
19. Maximum outstanding loan amount for all loans limited to $70.0 million.
20. Interest rate reductions for job credit and small business loans are not available.
21. Board shares proportionately in all security or guarantees obtained by the Lender.
22. No bonuses or dividends can be paid to investors if the loan is outstanding, except as provided by Section 17-6-317(5)(b) MCA.

Adopted
Revised
Reviewed

B. General Loan Provisions

1. Fees to reserve funds or lock interest rates are not required. Reservation considered effective upon receipt of application.
2. Borrower must operate a value-added business, examples of which are listed in Section E.
3. Loan term limited to fifteen (15) years from date of note, including any construction financing, if the Board participates in the construction loan.
4. Board's share of the total loan is seventy-five percent (75%) - Lender's share is twenty-five percent (25%).
5. Minimum loan size is $250,000, of which the Board purchases seventy-five percent (75%).
6. Maximum loan size (Board's 75.0% Share) is one percent (1%) of the Permanent Coal Tax Trust.
7. Borrower must provide equity of at least twenty-five percent (25%) of the total loan amount.
8. Borrower's creating or retaining ten (10) to fourteen (14) full-time jobs are entitled to a four percent (4%) initial interest rate on participated loan amount.
9. Borrower's creating or retaining fifteen (15) full-time jobs are entitled to a two percent (2%) initial interest rate on participated loan amount.
10. If at any time during the term of the loan, the business and all the required jobs are moved out of state, the Board may request the lender to repurchase the participated loan amount.
11. Except as provided in section 13, a business receiving a value-added loan may not pay bonuses or dividends to investors until the loan has been repaid. Incentives may be paid to employees for achieving performance standard or goals.
12. A public utility regulated by the Public Service Commission in accordance with Title 69 of the MCA, or a business enterprise for the production of alcohol to be used as provided in Section 15-70-5, MCA, may pay dividends to investors and bonuses to employees if the business enterprise is current on its loan payments and has available funds equal to at least fifteen percent (15%) of the outstanding principal balance of the loan.
    a) For purposes of this policy, available funds are considered to be cash and cash equivalents plus trade receivables minus total current liabilities, and such funds shall be calculated using Generally Accepted Accounting Principles.
    b) The borrower shall furnish annual audited financial statements satisfactory to the Approved Lender and the Board within one hundred and twenty (120) days after the end of the period covered.

C. Job Creation/Retention Requirements

1. A "Job" equates to a dollar value equal to the state's Private Annual Wage (base).
2. The state's Private Annual Wage is posted on the Board's web page on the Commercial Loan Rate Sheet.
3. If jobs pay less than the base, more jobs must be created or retained to meet the jobs eligibility threshold.
4. If jobs pay more than the base, fewer jobs may be created or retained to meet the jobs eligibility threshold.
5. A job paying less than the State of Montana minimum wage does not count towards the jobs' eligibility threshold.
6. The table below illustrates jobs eligibility calculations using the fiscal year 2013 "Private Annual Wage" as a base.

This table is for illustration purposes only as the base salary is revised annually on July 1.

Jobs Created/Retained	Average SalaryPaid *	Aggregate SalariesPaid		Interest Rate First 5 Years
15	36,289	544,335	Aggregate Salaries Required For=>	2.00%
13	41,872	544,335	Aggregate Salaries Required For=>	2.00%
10	54,434	544,335	Aggregate Salaries Required For=>	2.00%
8	65,498	523,980	Aggregate Salaries Required For=>	2.00%
10	34,932	349,320	Aggregate Salaries Required For=>	4.00%
8	43,665	349,320	Aggregate Salaries Required For=>	4.00%
7	49,903	349,320	Aggregate Salaries Required For=>	4.00%

7. During the terms of reduced interest rates, the borrower must annually submit appropriate payroll documents to the Board to certify the number of jobs maintained or retained.
8. Borrowers applying for a loan under the "retention" provision must submit all financial statements and business plans required by the Board to assist the Board in determining if a Value-added loan will prevent the elimination of jobs.

D. Interest Rate Setting Procedures

1. During construction financing or permanent loan funding, prior to the borrower's meeting the minimum job_requirements, the interest rate will be set at the Commercial Loan Program's posted rate (The Commercial Loan Rate Sheet posted on the Board's Web Page).
2. Once the ten (10) or fifteen (15) jobs eligibility requirement is met and certified to the Board, the interest rate will be reduced to the level appropriate to the number of jobs created/retained.
3. Rates for the program are:
   a) Two percent (2%) for the first five (5) years if fifteen (15) or more jobs are created or retained.
   b) Four percent (4%) for the first five (5) years if ten to fourteen (10 -14) jobs are created or retained.
   c) Six percent (6%) for the second five (5) years.

d) The Board's posted rate for the third five (5) years, but not to exceed ten percent (10%) per year.

4. The table below illustrates how the interest rates would be set for the fifteen (15) year term of a loan when the jobs are created/retained at some point in time after the loan is funded. ***This table is for illustration purposes only.*** **The posted rate changes weekly. The timing of the job creation is estimated to be one-year (12 months).**

Key Dates	Start Date	End Date	10-14 Jobs	15 Jobs	Terms
Loan Funded *	07/01/01	06/30/02	7.25%	7.25%	12 Months
Jobs Created	07/01/02	06/30/07	4.00%	2.00%	60 Months
2nd Graduation	07/01/07	06/30/11	6.00%	6.00%	60 Months
Final Graduation	07/01/12	06/30/16	7.25%	7.25%	48 Months
Maximum Term					**180 Months**
*The Board's posted rate when a complete value-added loan application is received by Board staff for consideration.					

5. During the sixty (60) month period the interest rate is set at two percent (2%) or four percent (4%), the Board may:

   a) Increase the interest rate if five (5) of the required ten (10) to fifteen (15) jobs are eliminated.

   b) Increase the interest rate to the Board's posted commercial loan interest rate if more than five (5) of the required jobs are eliminated.

6. All rate changes are effective on the payment date following approval.

E. Value-Added Business Examples

1. Although businesses may be reviewed on a case-by-cases basis, the following are examples of specific businesses that would or would not qualify for the Value-Added Loan Program.

Wood Products	**Loan Eligibility**	
Logging		NO
Timber Tracts		NO
Christmas Tree Farm		NO
Tree Nurseries		NO
Log Home Crafters	YES	
Modular Home Manufacturers	YES	
Sawmills	YES	
Wood Components (Trusses, Beams, Wall Panels)	YES	
Chip Mill	YES	
Pulp Mills	YES	
Manufacturing	**Loan Eligibility**	
Businesses engaged in the mechanical, physical, or chemical transformation of materials, substances or components into new products that meets the North American Industry Classification System (NAICS) classification of manufacturing	YES	
Agriculture	**Loan Eligibility**	
Farming		NO

Ranching		NO
Orchards		NO
Crop Harvesting		NO
Landscaping		NO
Retail Plant Nurseries		NO
Wholesale Plant Nurseries	YES	
Retail Bakeries		NO
Wholesale Bakeries	YES	
Sugar Refinery	YES	
Cattle Feed Lots	YES	
Dairies	YES	
Winery	YES	
Meat Processing Plants	YES	
Grain Milling and Processing	YES	
Information Technology	**Loan Eligibility**	
Printing/Publishing		NO
Internet Service Provider (ISP)		NO
Call Centers		NO
Data Transmission Lines		NO
Computer Consultant Services		NO
Software Production & Licensing	YES	
Computer Hardware Manufacturing	YES	
Construction	**Loan Eligibility**	
Businesses meeting the NAICS definition of a heavy medium or light construction enterprise.		NO

F. Collateral and Other Underwriting Requirements

1. First mortgage/lien position shared proportionately with Lender.
2. Collateral must have sufficient economic life to support the term of the loan.
3. Loan-To-Value is based on lessor of reasonable project costs (including architecture, engineering, and capitalized interest) or market value appraisal.
4. Personal guaranties as required by Lender to be shared proportionally with the Board.
5. Loans for projects on leased land will be considered if the lease does not expire prior to loan maturity.
6. Collateral documents must contain due-on-sale clauses, requiring lender's consent prior to loan transfer.
7. Environmental risk assessment as required by Lender.
8. If Lender requires, an attorney opinion on authority of borrower to borrow and all collateral documents.
9. Other collateral as required by Lender or Board.
10. Escrow impounds may be required for taxes & hazard insurance when Loan-To-Value exceeds fifty percent (50%).
11. Commercial Loan Policy underwriting criteria will also be considered.
12. The Board may require additional due diligence and research on loans at its sole discretion.

G. Lender Requirements

1. A participating private financial institution may charge interest in an amount equal to the national prime interest rate, adjusted on January 1 of each year, but the interest rate may not be less than six percent (6%) or greater than twelve percent (12%).
2. At the borrower's discretion, the borrower may request the lead lender to change this prime rate to an adjustable or fixed rate on terms acceptable to the borrower and lender. However, the interest rate may not be less than six percent (6%) and no greater than twelve percent (12%).
3. Lenders may require Borrower to provide guarantees.
4. Any federal guarantees provided are shared seventy-five percent (75%) to the Board and twenty-five percent (25%) to the Lender.
5. A participating private financial institution or lead private financial institution if more than one is participating, may charge a one-half percent (0.5%) annual service fee on the participated loan amount.
6. The loan agreement must contain provisions providing for pro rata lien priority and pro rata liquidation provisions based upon the loan percentage of the board and each participating private lender.
7. If a portion of a loan made pursuant to this section is for construction, disbursement of that portion of the loan must be made based upon the percentage of completion to ensure that the construction portion of the loan is advanced prior to completion of the project.
8. A private financial institution shall participate in a loan made pursuant to this section to the extent of eighty-five percent (85%) of its lending limit or twenty-five percent (25%) of the loan,

whichever is less. However, the board's participation in the loan must be seventy-five percent (75%) of the loan amount.

9. Lender will have an initial one-year (365 days) from the date the application is received by the Board to close, fund, and participate the value-added loan with the Board.
10. If the project for which the loan proceeds will be utilized is not completed within the initial one-year (365 days) period, up to two additional one-year (365 days) increments may be granted upon written request from the lender for each requested extension.
11. The loan must be closed prior to the expiration of the commitment letter.
12. Funding documents required in the commitment letter must be received within ninety (90) days after the first principal and interest payment date of the project term note or the commitment date expiration, whichever comes first.

H. Appraisals

1. Licensed Montana appraisers are preferred unless a specialized property collateral requires an out of state appraiser.
2. The following appraisal requirements apply to all appraisals irrespective of the lender's appraisal or loan policy appraisal requirements.
3. Real Property appraisal requirements are shown below:

Up To $500,000	As required by Lender to provide basis for value.
Over $500,000	Appraisal Report, as defined by the Uniform Standards of Professional Appraisal Practice.

4. Appraisal requirements are based on the total loan amount.

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 18-2-401, in the performance of the work on the projects if their qualifications are substantially equal to those of nonresidents.
   a) "Substantially equal qualifications" means the qualifications of two 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.
2. 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.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 70.750

EFFECTIVE DATE:

TITLE: Residential Loan Program

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Residential Loan Program

A. General Parameters for the Board's Mortgage Loans

1. Interest rates, effective for a one-week period, are posted each Thursday.
2. Interest rates may be locked in for thirty (30) and sixty (60) calendar day reservation period during the one-week posting period.
3. Interest rates may be locked for a one hundred and eighty (180) and two hundred and forty (240) calendar day reservation period at the rate during the one-week posting period for take-out loans on residences under construction.
4. Conventional loans shall be submitted by means of Automated Underwriting through FHLMC or FNMA only, subject to the Board's criteria.
5. Residential loans must be secured by property owned by fee simple interest and located in Montana.
6. Maximum loan term is thirty (30) years, and each loan must be amortized monthly over the loan term.
7. FHLMC underwriting guidelines are used to evaluate all conforming conventional loans.
8. For loans requiring private mortgage insurance after July 29, 1999, the Board will consider cancellation when the Homeowners Protection Act and/or FHLMC guidelines have been met.

B. Yield Requirements

1. Interest rates, effective for a one-week period, will be posted each Thursday.
2. The posted rates reflect net yield to the Board and are exclusive of any Participant fees for servicing.
3. The net yield requirements on property that is not the primary residence of one of the borrowers will be one-quarter of one percent (25 basis points) above the residential rates.

C. Reservations

1. Participants may lock interest rates for a thirty (30) calendar day or sixty (60) calendar day reservation period at the rate last set.
2. Participants may lock interest rates for a one hundred and eighty (180) calendar day or two hundred and forty (240) calendar day reservation period at the rate last set for take-out loans on residences under construction.
3. A loan must be offered, underwritten, accepted, and closed by the Participant during the reservation period.

4. Delivery is mandatory. All documentation required for delivery under the commitment letter must be delivered to the Board as a complete package by the delivery due date. The delivery date shall be no later than sixty (60) days after expiration of the stated reservation period.
5. The Board reserves the right to take whatever action it deems appropriate to protect its interests and enforce its rights in the event of a late or non-delivery of documentation required under the commitment letter, including, but not limited to, assessing late delivery fees of up to fifty (50) basis points of the committed amount.
6. The Board will process Mortgage reservations through “Lender online” or fax a written confirmation to Participants within five (5) business days of receipt. A reservation number will be assigned for each confirmed reservation and the number will be permanently used by the Board and the Participant to identify the Reservation and the Loan.

D. Take-Out Loans for Residences Under Construction

1. The first reservation period for a construction loan may be extended in thirty (30) day increments up to a maximum of three hundred and sixty (360) days upon written request.
2. The Board will adjust to the higher of the original reservation rate or the prevailing interest at the time of the request to compensate for changes in its interest rate from the original commitment.

E. General Requirements 1 - 4 Family Residential Loans

1. The following requirements apply to all residential loans purchased by the Board:
   a) Mortgages must be secured by property owned by fee simple interest and located within the State of Montana.
   b) Only loans secured by a first mortgages on real property will be considered for purchase.
   c) The minimum size loan that the Board will purchase is $20,000.
   d) The maximum term for a loan offering is thirty (30) years. Each loan must be amortized monthly over the loan term.
   e) Mortgage offerings will be purchased on a net yield basis, with consideration given to the amount of funds available for investment and the return available on other permissible investments at the time of offering.
   f) In computing the yield to maturity, twelve (12) years average life estimate will be used for residential mortgages amortized for sixteen (16) years or more, and eight (8) years average life estimate for residential mortgages amortized for fifteen (15) years or less.
   g) Partial release of secured property will be considered. The Participant should provide a recommendation and furnish all necessary information and items in the form of a written request including the reasons for the partial release; anticipated use of the land; the legal description of the land to be released and survey, if required. The Board will not assume any costs associated with the release.
   h) The Participant must notify the Board of any transfer of ownership on a loan purchased by the Board. Transfers include, but are not limited to, sales on contract and wraparounds.
   i) The Participant must enforce the "due-on-sale" clause where it exists for all transfers and sales. The acceleration of the due date may be waived upon approval by the Board and upon written agreement on the rate of interest payable on the remaining amount.
   j) The Participant may not change the interest rate or Participant fee rate without written approval.
   k) All loans submitted for purchase to the Board from Board members or Board staff shall first be approved by the Board before the loan is committed and funded.

F. Conventional Loans – Appraisals

1. Licensed Montana appraisers are required. In submitting the appraisal, the Participant certifies that the appraiser is competent, has the appropriate experience, lacks a conflict of interest regarding the appraised property and that the appraisal report has been made in conformity with USPAP.
2. If the appraisal is not acceptable, another appraisal may be requested of the Participant.
3. Participants are responsible for the selection of appraisers and are solely accountable for the quality of the appraiser's work.
4. The following specific appraisal formats and requirements will be required for different classes of real property:
   a) Freddie Mac/Federal National Mortgage Association or Fannie Mae (Fannie Mae) Quantitative Analysis Appraisal Report Form 2055 on a previously occupied single-family owner-occupied residence.
   b) A uniform residential appraisal report is mandatory if required by the Desktop Underwriter finding report or Loan Prospector’s feedback report. All appraisals must include internal/external inspections.

G. Conventional Loans - Underwriting

1. Only conforming conventional loans offerings utilizing Automated Underwriting through FHLMC or FNMA will be accepted subject to the following:
   a) Credit approval must be at least Accept or Approve Eligible.
   b) Freddie Mac/Fannie Mae Quantitative Analysis Appraisal Report Form 2055 on a previously occupied single-family owner-occupied residence.
      (1) A uniform residential appraisal report is mandatory if required by the Desktop Underwriter finding report or Loan Prospector’s feedback report.
      (2) All appraisals must include internal/external inspections.
   c) Review and approval of qualified appraisal of the subject property by the Board.
   d) Investor-owned properties are ineligible for Automated Underwriting.
2. Freddie Mac underwriting guidelines will be used in evaluating all conforming conventional loans.
3. A manufactured home will be considered if it meets all FHA and Freddie Mac underwriting requirements, but is subject to the following limitations:
   a) No single-wide manufactured homes.
   b) Must have been built after June 15, 1976.
   c) Foundations must meet FHA requirements.
4. By submitting the loan application, the Participant warrants that the property is or will be in finished condition prior to the Board's purchase of the loan.
5. Escrow impound requirements will be based on Freddie Mac policy.

6. Unique characteristics that affect the marketability of a particular property in a particular community will be considered in determining whether the Board will require a lower loan-to-value ratio.

H. Conventional Loans - Restrictions

1. Ineligible loans include:
   a) Loans to trusts.
   b) Loans with conservation easements.
   c) A single lot (surveyed from a larger parcel) which does not abut a public road or is not in a neighborhood of like properties; determined on a case-by-case basis.
   d) Property which is in significant disrepair as determined in the appraisal or home inspection report.
2. Sweat equity will be considered in cases where the value of the work performed by the borrower is verified at the time of application by an estimate from an independent contractor experienced in the type of work performed who is not involved in the construction of the property.
   a) The borrower must verify his or her qualifications for satisfactorily completing the work. In no event will sweat equity be allowed to exceed the lesser of fifty percent (50%) of the total equity requirement, or ten percent (10%) of the appraised value.
   b) A separate inspection of work performed by the borrower may be required.
3. Second-home property will be considered at a maximum loan-to-value of sixty-five percent (65%) if approved by FHLMC or FNMA automated underwriting guidelines.
4. Condominium projects will be considered if ninety percent (90%) of the units have been sold, all phases or add-ons to the project have been completed and the homeowner's association has been controlled by the unit owners, other than the developer, for at least two (2) years.
5. Condominium projects less than two (2) years old will be considered if unit owners are in complete control of the homeowner's association, the project is one hundred percent (100%) complete, including recreational facilities and common areas and the project is not subject to further phasing or annexation. The project must also have FNMA or FHLMC approval.

I. Conventional Loans - Private Mortgage Insurance

1. For loans requiring private mortgage insurance prior to July 29, 1999, the Board will consider cancellation when the following requirements are met and a written request to cancel is submitted to the Board by the Participant:
   a) The Board must have held the loan for at least three years unless a substantial cash reduction has been applied to principal or substantial improvements have been made to the property.
   b) Submission of a current acceptable appraisal prepared by an approved appraiser. The current appraisal must be performed within one hundred and twenty (120) days of the date on which the Participant receives the Borrower’s request to cancel mortgage insurance.
   c) the loan balance as a percent of the lower of original cost or current appraised value must not exceed original approved exposure to the Board, not to exceed eighty percent (80%).
   d) The Borrower’s payment history must, as it applies to the age of the Mortgage, show:
      (1) No payment thirty (30) days or more past due in the last twelve (12) months, and
      (2) No payment sixty (60) days or more past due in the last twenty-four (24) months.
   e) Automatic Cancellation
      (1) The cancellation point shall be at the midpoint of the amortization period.

(2) All principal, interest, and escrow payments with a due date prior to the midpoint must be paid by the midpoint in order for mortgage insurance to be canceled.

(3) The requirements for the automatic cancellation of mortgage insurance are mandatory effective January 2, 2001.

f) For loans requiring private mortgage insurance after July 29, 1999, the Board will consider cancellation when the requirements of the Homeowners Protection Act and/or the Freddie Mac guidelines have been met.

J. Conventional Loans - Title Insurance

1. The following requirements apply to all residential loans purchased by the Board.

a) The title agent must have a title plant or access to a title plant.

b) The underwriter company must be registered with the State Auditor/Insurance Commissioner.

c) “Curbstoning” is not acceptable.

K. Hazard Insurance

1. The following requirements apply to all residential loans purchased by the Board.

a) The insurance company must be rated by A.M. Best as B+ or better.

b) Re-insurance companies are not acceptable.

c) On loans with loan-to-values greater than fifty percent (50%), the maximum deductible is $1,000.

d) On loans with loan to values less than fifty percent (50%), the maximum deductible is subject to Freddie Mac requirements and Board approval.

e) Guaranteed replacement cost for the loan amount or value of improvement whichever is lesser.

L. General Requirements - FHA and VA Loans

1. Maximum exposure to the Board shall not exceed sixty-five percent (65%) of VA offerings.

2. Each VA offering must include any combination of a down payment and VA guarantee, which equals at least thirty-five percent (35%) of the lower of cost or appraisal.

3. Automated Underwritten loans are acceptable for purchase.

4. Streamline refinances are eligible for purchase.

M. Conventional, FHA, and VA Loan Assumptions.

1. Conventional loans may not be assumed.

2. FHA and VA loans may be assumed without payment of a fee.

N. Participant - Loan Delinquency

1. The Participant shall service the Mortgage Loans in accordance with acceptable mortgage practices.

2. The Participant must monitor the delinquent portfolio in a prompt and efficient manner.

3. The Participant must vary collections efforts in order to accommodate hardship cases and should avoid establishment of fixed procedures, which may be ineffective in counseling borrowers who are frequently delinquent.

4. Modifications of repayment terms and conditions must be approved by the Board.
5. The Participant must establish a definite commitment with the delinquent borrower to cure the delinquency.
6. The Participant must submit, by the 25th of the month, a Loan Service Report, to be provided by the Board, for all loans in arrears sixty (60) days or more.
7. The Participant must also submit, by the 25th of each month, a Supplemental Loan Service Report until the loan is either current or liquidated
8. The Participant must also submit, by the 25th of each month, a property inspection report, to be provided by the Board, for all loans in arrears ninety (90) days or more.
9. The Participant must also submit a supplemental property inspection report every sixty (60) days until the loan is either current or liquidated
10. The Participant must comply with all requirements imposed by federal agencies or private mortgage insurers guaranteeing or insuring the loan.
11. Copies of all required notices must be furnished to the Board.

O. Participant - Loan Foreclosure

1. The Participant shall, upon the request and under the direction of the Board, assist in the foreclosure or other acquisition of the property securing the collection of any applicable mortgage insurance.
2. The Participant must manage and protect the mortgaged property from waste.
3. As directed by the Board, the Participant shall manage, operate, improve, rent and sell such real estate.
4. Upon the sale of such real estate, on terms as specified by the buyer, if payments are deferred and payable under contract or mortgage, the Participant shall service the same until completely liquidated, upon the terms provided for the servicing of mortgages.
5. The Board will reimburse the Participant for the Board's portion of reasonable out-of-pocket expenses incurred during the liquidation of the mortgaged property provided that such items are made part of the claim, and upon receipt of the Cash Disbursement Request Form, to be provided by the Board.
6. If warranty violations or deficiencies exist, the Participant may be required to repurchase the Board's interest in the loan including accrued interest.

P. Remittance and Reporting

1. The Participant shall transmit by Electronic Funds Transfer (EFT) all funds applicable to the monthly payment of principal and interest on the Mortgage Loans serviced by the Participant by the 25th of each month.
2. Remittances shall be reported and submitted to the Board of Housing on the Reconciliation Statement of Mortgage Loans and Exception Reporting Forms.
    a) These forms, prepared by the Participant, are based on an Exception Reporting system of accounting and detail all mortgage loan activity for the reporting period from the twenty-first day of the previous month to the twentieth day of the current month.
    b) The Participant shall transmit the Reconciliation Statement to the Board of Housing, subject to the warranty in the Servicing Agreement.

Q. Remedies

1. The Participant shall repurchase any Mortgage Loan purchased by the Board in accordance with the Servicing Agreement if the Board determines at any time with respect to such Mortgage Loan that:
    a) Any representation herein was untrue when made.
    b) Any warranty or term hereunder has been breached.
    c) A misstatement of a material fact by the Participant exists in any of the documents for such Mortgage Loan to include items listed in Schedule A of the Commitment Letter.
2. The Participant shall certify that the mortgage loan documents are true and accurate copies of their respective original documents.
    a) The review by the Board of all loan documents or documents required under the Commitment Letter and Schedule A does not constitute the concurrence by the Board of the accuracy, validity, or legality of the documents presented.
    b) The examination of said documents by the Board and/or legal counsel shall not constitute a waiver of any warranty, representation, or term thereof.
3. The Participant hereby waives the defense of any statute of limitation that could otherwise be raised in defense of any repurchase obligation or damage to the Board.

R. Funding

1. Funding will occur on the 15th and 25th of the month.

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 90.300

EFFECTIVE DATE:

TITLE: Executive Director Continuity

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Executive Director Continuity

A. Mr. Dan Villa is the Executive Director of the Board as of April 14, 2020.

B. Ms. Peggy MacEwen is the Deputy Director of the Board as of April 14, 2020.

C. Mr. Jon Putnam is the Chief Investment Officer (CIO) of the Board as of April 14, 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 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.

   1. 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 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 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 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.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 90.400

EFFECTIVE DATE:

TITLE: Chief Investment Officer Continuity

SUPERSEDES: Governance Manual February 2021

BOARD ADOPTION:

REVIEWED:

I. Chief Investment Officer Continuity

A. Mr. Jon Putnam is the Chief Investment Officer (CIO) of the Board as of April 14, 2020.

B. Mr. Dan Villa is the Executive Director of the Board as of April 14, 2020.

C. The Board has delegated certain critical authority and duties to its CIO that must be exercised and performed in the absence of the CIO.

D. The CIO may be incapacitated or temporarily absent from the office under circumstances that render the CIO unavailable to exercise such authority and perform such duties.

E. The Executive Director shall notify the Board Chair immediately at any time the CIO, due to incapacity, unexpected absence, or other circumstance, is unable to perform his/her duties.

II. Investment Manager Contracts

A. During the period of incapacity, absence, or inability to perform the duties by the CIO, the Executive Director is hereby designated the Acting CIO and fully empowered to perform all the duties of this position except as further described herein below for Investment Manager Contracts.

B. While serving as the Acting CIO, the Executive Director may designate, after consultation with the Board Chair, a Deputy CIO from among the Board's exempt investment staff whose role and authority would be defined at the time.

C. During the time that the Executive Director serves also as the Acting CIO, in order that appropriate checks and balances are preserved for matters specifically and only pertaining to Investment Manager Contracts, as further prescribed by the Board's Governance Policy, that the oversight responsibilities regarding Investment Management Contracts held by the CIO shall be overseen by whomever the Board's portfolio manager is responsible for the relevant asset class involving the particular Investment Management Contract issue.

III. So long as the CIO is incapacitated, absent, or otherwise unable to perform their duties, and during the period that there is an Acting CIO, the Acting CIO must specifically update the Board, at its regularly scheduled meetings or at the Board's request, regarding all relevant matters pertaining to the need for the continued implementation of this Policy's delegations.

IV. The Acting CIO shall operate only within the authority and parameters established in the Board's Governance Policy, and as otherwise provided by Board policy and statute.

Adopted
Revised
Reviewed

MONTANA
BOARD OF INVESTMENTS

TO: Board Members

FROM: Dan Villa, Executive Director

DATE: November 30, 2021

SUBJECT: Resolution 217 Update

At the November 2007 Board meeting, the Board unanimously approved Resolution No. 217.

Resolution No. 217 "designates its Executive Director as agent of the Board to deal with investment firms in connection with Board accounts with such firms; and that the investment firms are hereby authorized to deal with the Executive Director or the Executive Director's designated staff as agents of the Board; to accept all orders for purchases and sales and all instructions given by any of them on behalf of the Board as and for the action of the Board without further inquiry as to their authority; to receive any funds, securities or property for the account of the Board; to sell, assign, transfer or deliver either in bearer form, in street certificates or in such names as said persons or any of them shall direct, any funds, securities or other property held for the account of the Board, to said persons or any of them or as they or any of them shall in writing, or verbally with subsequent confirmation in writing, order; and to send or communicate all confirmation, notices, demands and other communications to them or any of them and to the Attention of the Board of Investments, P.O. Box 200126, Helena, MT 59620-0126."

When Resolution 217 was passed, the Agent/Account Authorization Signatory List was created to show all vendors authorized to conduct financial transactions with the Board and all staff authorized to conduct financial transactions with the vendors.

The Board authorized its Executive Director to close any of the accounts listed in the original Agent/Account Authorization Signatory List, to open new accounts, to designate additional staff members to act on behalf of the Board for the purpose of dealing with investment firms regarding any account, and to remove the authority of any of the named staff members or other staff members designated by him/her to act on behalf of the Board for purposes of dealing with investment firms regarding any account.

The Executive Director shall annually, on or around the regularly scheduled November Board Meeting, provide a report to the Board showing the staff members and the accounts/funds added to or deleted from the Authorized Signatory List.

Attached is the Agent/Account Authorized Signatory List for each asset class for the period of November 2020 through November 2021.

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Managers added:

- Cohen & Steers Capital Management
- Payden & Rygel
- Stockbridge Niche Logistics Fund, LP
- Bell Core Fund I, LP
- Copenhagen Infrastructure IV K/S
- EQT Infrastructure V
- CapitalSpring Investment Partners VI
- Centerbridge Partners Real Estate Fund II, LP
- Sterling Consumer Logistics Properties I, LP
- BuildersVC Fund II
- Foundation Capital X
- Foundation Capital Leadership Fund III
- Centerbridge Special Credit Partners IV
- GoldenTree Distressed Fund IV
- Crescent Asia Consumer and Deep Value Fund II
- Kinderhook Capital Fund VII
- OCP Asia Opportunities Fund (US), LP

Managers removed:

- Jacobs Levy Equity Management
- Vaughan Nelson Investment Management
- T. Rowe Price Associates, Inc.
- J.P. Morgan Investment Management Inc.

MONTANA
BOARD OF INVESTMENTS

MONTANA BOARD OF INVESTMENTS AGENT/ACCOUNT AUTHORIZATION SIGNATORY LIST

As of August 27, 2021, the Board staff members listed below on Resolution 217 - Appendix A, **External Fixed Income Managers,** are authorized to act as agents of the Board in dealings with approved investment firms, and any successor corporations or firms in connection with said account. These staff members may act for the Board until receipt of written notice by the investment firm that the authority of the designated staff member to act as the agent of the Board has been terminated.

RESOLUTION 217 - APPENDIX A - UPDATED 8/27/2021				
External Fixed Income Managers				
Designated/Authorized MBOI Staff				
	Name & Title		Email	Phone
MBOI	Dan Villa, Executive Director	Oct-18	dvilla@mt.gov	406.444.1285
MBOI	Peggy MacEwen, Deputy Director	Feb-20	peggy.macewen@mt.gov	406.444.1365
MBOI	Jon Putnam, Chief Investment Officer	Nov-07	jputnam@mt.gov	406.444.0058
MBOI	Jason Brent, Investment Officer Public Markets	Feb-17	jbrent@mt.gov	406.444.1500
MBOI	Steve Strong, Investment Analyst	Oct-16	sstrong@mt.gov	406.444.0258

DocuSigned by:
21DF48F786AE4F4...
Dan Villa, Executive Director

DocuSigned by:
Peggy MacEwen
82E9B86DD20D422...
Peggy MacEwen, Deputy Director

DocuSigned by:
Jon Putnam
CFBA590C385F473...
Jon Putnam, Chief Investment Officer

DocuSigned by:
Jason Brent
DBB18E491A80479...
Jason Brent, Investment Officer
Public Markets

DocuSigned by:
Steven M. Strong
8F4E3881FCC0474...
Steve Strong, Investment Analyst

MONTANA
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As of May 26, 2021, the Board staff members listed below on Resolution 217 - Appendix A, **Fixed Income Brokers,** are authorized to act as agents of the Board in dealings with approved investment firms, and any successor corporations or firms in connection with said account. These staff members may act for the Board until receipt of written notice by the investment firm that the authority of the designated staff member to act as the agent of the Board has been terminated.

RESOLUTION 217 - APPENDIX A - UPDATED 5/26/21				
Fixed Income Brokers				
Designated/Authorized MBOI Staff - Fixed Income Brokers				
	Name & Title		***Email***	***Phone***
MBOI	Dan Villa, Executive Director	Oct-18	dvilla@mt.gov	406.444.1285
MBOI	Peggy MacEwen, Deputy Director	Feb-20	peggy.macewen@mt.gov	406.444.1365
MBOI	Jon Putnam, Chief Investment Officer	Nov-07	jputnam@mt.gov	406.444.0058
MBOI	John Romasko, Director of Fixed Income	Nov-07	jromasko@mt.gov	406.444.0258
MBOI	Kirsten Haswell, Investment Analyst	Feb-17	khaswell@mt.gov	406.444.1213
MBOI	John Carpenter	May - 21	john.carpenter@mt.gov	406.444.0568
MBOI	Kelsey Gauthier	Sept-21	kgauthier@mt.gov	406.444.0787

Dan Villa, Executive Director

Peggy MacEwen

Peggy MacEwen, Deputy Director

Jon Putnam, Chief Investment Officer

John Romasko, Director of Fixed Income

Kirsten Haswell, Investment Analyst

John Carpenter, Investment Analyst

Kelsey Gauthier

Kelsey Gauthier, Investment Analyst

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As of September 3, 2021, 2021, the Board staff members listed below on Resolution 217 - Appendix A, **Money Market Managers,** are authorized to act as agents of the Board in dealings with approved investment firms, and any successor corporations or firms in connection with said account. These staff members may act for the Board until receipt of written notice by the investment firm that the authority of the designated staff member to act as the agent of the Board has been terminated.

RESOLUTION 217 - APPENDIX A - UPDATED 9/3/21				
Money Market Managers				
Designated/Authorized MBOI Staff				
	Name & Title		***Email***	***Phone***
MBOI	Dan Villa, Executive Director	Oct-18	dvilla@mt.gov	406.444.1285
MBOI	Peggy MacEwen, Deputy Director	Feb-20	peggy.macewen@mt.gov	406.444.1365
MBOI	Jon Putnam, Chief Investment Officer	Nov-07	jputnam@mt.gov	406.444.0058
MBOI	John Romasko, Director of Fixed Income	Nov-07	jromasko@mt.gov	406.444.0258
MBOI	Kirsten Haswell, Investment Analyst	Feb-17	khaswell@mt.gov	406.444.1213
MBOI	John Carpenter, Investment Analyst	May-21	john.carpenter@mt.gov	406.444.0568
MBOI	Kelsey Gauthier, Investment Analyst	Sept-21	kgauthier@mt.gov	406.444.0787

Dan Villa, Executive Director

Peggy MacEwen
Peggy MacEwen, Deputy Director

Jon Putnam, Chief Investment Officer

John Romasko, Director of Fixed Income

Kirsten Haswell, Investment Analyst

John Carpenter, Investment Analyst

Kelsey Gauthier
Kelsey Gauthier, Investment Analyst

MONTANA
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MONTANA BOARD OF INVESTMENTS
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As of November 1, 2021, the Board staff members listed below on Resolution 217 - Appendix A, **Private Real Estate Managers,** are authorized to act as agents of the Board in dealings with approved investment firms, and any successor corporations or firms in connection with said account. These staff members may act for the Board until receipt of written notice by the investment firm that the authority of the designated staff member to act as the agent of the Board has been terminated.

RESOLUTION 217 - APPENDIX A - UPDATED 11/1/2021				
Private Real Estate Managers				
Designated/Authorized MBOI Staff				
	Name & Title		***Email***	***Phone***
MBOI	Dan Villa, Executive Director	Oct-18	dvilla@mt.gov	406/444-1285
MBOI	Peggy MacEwen, Deputy Director	Feb-20	peggy.macewen@mt.gov	406/444-1365
MBOI	Jon Putnam, Chief Investment Officer	Nov-07	jputnam@mt.gov	406/444-0058
MBOI	Ethan Hurley, Director Real Estate/Real Assets	Oct-11	ehurley@mt.gov	406/444-0250
MBOI	Michael Nguyen, Director of Private Equity	Feb-19	mnguyen@mt.gov	406.444.1218
MBOI	Thomas Winkler, Investment Officer	Nov-21	thomas.winkler@mt.gov	406.444.0523

Dan Villa, Executive Director

Peggy MacEwen, Deputy Director

Jon Putnam, Chief Investment Officer

Ethan Hurley, Director of Real Estate/Real Assets

Michael Nguyen, Director of Private Equity

Thomas Winkler, Investment Officer

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As of November 1, 2021, the Board staff members listed below on Resolution 217 - Appendix A, **Private Equity Managers,** are authorized to act as agents of the Board in dealings with approved investment firms, and any successor corporations or firms in connection with said account. These staff members may act for the Board until receipt of written notice by the investment firm that the authority of the designated staff member to act as the agent of the Board has been terminated.

RESOLUTION 217 - APPENDIX A - UPDATED 11/1/2021				
Private Equity Managers				
Designated/Authorized MBOI Staff				
	Name & Title		***Email***	***Phone***
MBOI	Dan Villa, Executive Director	Oct-18	dvilla@mt.gov	406.444.1285
MBOI	Peggy MacEwen, Deputy Director	Feb-20	peggy.macewen@mt.gov	406.444.1365
MBOI	Jon Putnam, Chief Investment Officer	Nov-07	jputnam@mt.gov	406.444.0058
MBOI	Michael Nguyen, Director of Private Equity	Feb-19	mnguyen@mt.gov	406.444.1218
MBOI	Ethan Hurley, Director Real Estate/Real Assets	Nov-21	ehurley@mt.gov	406.444.0250
MBOI	Thomas Winkler, Investment Officer	Nov-21	thomas.winkler@mt.gov	406.444.0523

Dan Villa, Executive Director

Peggy MacEwen, Deputy Director

Jon Putnam, Chief Investment Officer

Michael Nguyen, Director of Private Equity

Ethan Hurley, Director of Real Estate/Real Assets

Thomas Winkler, Investment Officer

MONTANA
BOARD OF INVESTMENTS

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As of August 27, 2021, the Board staff members listed below on Resolution 217 - Appendix A, **Broker/Dealer, Public Equities,** are authorized to act as agents of the Board in dealings with an approved investment firm and any successor corporations or firms in connection with said account. These staff members may act for the Board until receipt of written notice by the investment firm that the authority of the designated staff member to act as the agent of the Board has been terminated.

RESOLUTION 217 - APPENDIX A - UPDATED 8/27/2021				
Public Equity Brokers				
Designated/Authorized MBOI Staff - Public Equity				
	Name & Title		***Email***	***Phone***
MBOI	Dan Villa, Executive Director	Oct-18	dvilla@mt.gov	406.444.1285
MBOI	Peggy MacEwen, Deputy Director	Feb-20	peggy.macewen@mt.gov	406.444.1365
MBOI	Jon Putnam, Chief Investment Officer	Nov-07	jputnam@mt.gov	406.444.0058
MBOI	Jason Brent, Investment Officer, Public Markets	Jun-08	jbrent@mt.gov	406.444.1500

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Dan Villa, Executive Director

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Peggy MacEwen, Deputy Director

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Jon Putnam
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Jon Putnam, Chief Investment Officer

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Jason Brent
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Jason Brent, Investment Officer
Public Markets

MONTANA
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AGENT/ACCOUNT AUTHORIZATION
SIGNATORY LIST

As of August 27, 2021, the Board staff members listed below on Resolution 217 - Appendix A, **Public Equity Managers**, are authorized to act as agents of the Board in dealings with an approved investment firms, and any successor corporations or firms in connection with said accounts. These staff members may act for the Board until receipt of written notice by the investment firm that the authority of the designated staff member to act as the agent of the Board has been terminated.

RESOLUTION 217 - APPENDIX A - UPDATED 8/27/2021				
Public Equity Managers				
Designated/Authorized MBOI Staff				
	Name & Title		***Email***	***Phone***
MBOI	Dan Villa, Executive Director	Oct-18	dvilla@mt.gov	406.444.1285
MBOI	Peggy MacEwen, Deputy Director	Feb-20	peggy.macewen@mt.gov	406.444.1365
MBOI	Jon Putnam, Chief Investment Officer	Nov-07	jputnam@mt.gov	406.444.0058
MBOI	Jason Brent, Investment Officer Public Markets	Feb-17	jbrent@mt.gov	406.444.1500

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Dan Villa, Executive Director

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Peggy MacEwen, Deputy Director

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Jon Putnam
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Jon Putnam, Chief Investment Officer

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Jason Brent
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Jason Brent, Investment Officer
Public Markets

MONTANA
BOARD OF INVESTMENTS

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AGENT/ACCOUNT AUTHORIZATION
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As of November 1, 2021, the Board staff members listed below on Resolution 217 - Appendix A, **Real Assets Managers,** are authorized to act as agents of the Board in dealings with approved investment firms, and any successor corporations or firms in connection with said account. These staff members may act for the Board until receipt of written notice by the investment firm that the authority of the designated staff member to act as the agent of the Board has been terminated.

RESOLUTION 217 - APPENDIX A - UPDATED 11/1/2021				
Real Assets Managers				
Designated/Authorized MBOI Staff				
	Name & Title		***Email***	***Phone***
MBOI	Dan Villa, Executive Director	Oct-18	dvilla@mt.gov	406/444-1285
MBOI	Peggy MacEwen, Deputy Director	Feb-20	peggy.macewen@mt.gov	406/444-1365
MBOI	Jon Putnam, Chief Investment Officer	Nov-07	jputnam@mt.gov	406/444-0058
MBOI	Ethan Hurley, Director of Real Estate/Real Assets	Oct-11	ehurley@mt.gov	406-444-0250
MBOI	Michael Nguyen, Director of Private Equity	Feb-19	mnguyen@mt.gov	406.444.1218
MBOI	Thomas Winkler, Investment Officer	Nov-21	thomas.winkler@mt.gov	406.444.0523

Dan Villa, Executive Director

Peggy MacEwen
Peggy MacEwen, Deputy Director

Jon Putnam, Chief Investment Officer

Ethan Hurley, Director of Real Estate/Real Assets

Michael Nguyen, Director of Private Equity

Thomas Winkler, Investment Officer

MONTANA
BOARD OF INVESTMENTS

TO: Members of the Board
FROM: Dan Villa, Executive Director
DATE: November 10, 2021
RE: Annual LPAC Travel Report

We completed the annual review of staff travel paid for by Limited Partner Advisory Committees (LPAC) for the past twelve months. The results of the annual review are below.

This report complies with requirements set forth in the Board's Governance Manual Appendix B - Code of Ethics, Section IV.2. concerning travel.

Traveler	Destination	Travel Date	LPAC	Amount
Ethan Hurley	San Francisco	11/15/2021	Stockbridge	$939.91
Ethan Hurley	Charleston, SC	10/5/2021	Stockbridge Niche Logistics	$1,400.00
Thomas Winkler	Chicago	10/4/2021	Riverglade	$1,000.00
Total				$3,339.91

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MONTANA
BOARD OF INVESTMENTS

TO: Member of the Board of Directors
FROM: Eron Krpan, Director of Investment Operations
DATE: November 30, 2021
RE: Securities Litigation Review

The Board has policies specific to securities litigation, Appendix F of the Governance Manual. (Note: this will change to Policy 10.250 if the Board Policy Manual is adopted). In general, the Executive Director is responsible for overseeing the ***process*** involving securities litigation matters, which generally fall into three possible subsets: class actions, antitrust litigation, ***or*** other actions where the Board takes a lead. The Board directs how its staff, attorneys and other agents are to operate depending on class action or other action such as in a lead plaintiff status.

Board policy states, in part: "The Board will delegate to qualified service providers the responsibility to take steps to identify, analyze, pursue and collect upon securities law claims. The duties of each service provider shall be clearly articulated as a matter of contract and the Board shall adopt prudent, documented procedures to monitor the implementation of its policies."

In meeting this requirement, the Board's contract with State Street Bank requires: "Contractor will track all necessary Board transaction data that will permit the Board to participate in class action litigation and will file as appropriate on behalf of the Board to participate in class action litigation. Contractor will also be required to feed such data to the Board's litigation monitoring providers."

State Street Bank files the necessary documentation, on the Board's behalf, to join a U.S. securities class action lawsuit. It provides litigation information updated daily through its web portal. A sample of a partial litigation status report is attached (the full report is many pages).

For larger claims, and as a cross check on securities litigation matters, the Board has two securities class action monitoring firms (as Board policy describes these law firms) to identify and evaluate potential claims that may merit commencing separate litigation, filing motions as lead or co-lead plaintiff, or opting out of a class action settlement. The Board has selected two such "Monitoring Firms," Barrack, Rodos & Bacine and Bernstein, Litowitz, Berger & Grossmann LLP.

The Board requires that "The Executive Director, the Chief Investment Officer, the Board's General Legal Counsel, and the Board's Investment Consultant shall receive reports from the Monitoring Legal Firm, regarding the status of all securities class action litigation matters in which the Board is or could be a member. The Executive Director shall receive such reports at least quarterly and upon each filing of proofs of claim."

Both law firms provide reports to the Executive Director monthly and will recommend higher involvement than just joining in a blanket class action in certain cases.

Amounts Received

Settlement amounts from securities litigation are sporadic and, in some years, nominal.

	FY2021	FY2020	FY2019	FY2018	FY2017	FY2016	FY2015
Pensions Total	**$496,428.97**	**$270,559.79**	**$420,476.04**	**$216,051.88**	**$166,246.01**	**$433,935.80**	**$467,439.09**
Domestic Equity	$ 105,641.50	$ 212,781.02	$ 419,280.19	$ 213,582.53	$ 144,367.24	$ 427,504.68	$ 462,541.64
International Equity	$ 383,421.55	$ 4,117.35	$ 902.92	$ 882.93	$ 21,878.77	$ 6,431.12	$ 4,719.02
Fixed Income	$ 360.00	$ 53,661.42	$ 292.93	$ 1,586.42	$ -	$ -	$ 178.43
Private Investments	$ 4,135.07						
Real Estate	$ 2,780.85						
Treasurer's Fund	$ 90.00						
Trust Fund Investment Pool	**$ 180.00**	**$ 55.47**	**$ 343.77**	**$ 1,136.75**	**$ -**	**$ -**	**$ 4,465.95**
State Fund	**$ 180.00**	**$ 186.74**	**$ 1,374.90**	**$ -**	**$ 8,217.23**	**$ -**	**$ 348.50**
Total Settlements	**$496,788.97**	**$270,802.00**	**$422,194.71**	**$217,188.63**	**$174,463.24**	**$433,935.80**	**$472,253.54**

Antitrust and Non-U.S. Securities Litigation

Historically, most institutional investors exclusively filed U.S. securities class actions settlements. In recent years U.S. antitrust class actions have become more prominent and non-U.S. securities class actions in select countries have evolved beyond requiring investors to be named as parties in active litigation. In 2018, staff engaged Financial Recovery Technologies (FRT), a firm specializing in the U.S., non-U.S., and antitrust class actions space. FRT was initially retained to participate in upcoming antitrust filings and was later contracted to monitor non-U.S. actions. In cases where non-U.S. actions mirror the passive U.S. system, FRT files automatically for the Board. In more active jurisdictions, participation is decided on a case by case basis depending on the size of the claim, risk of cost shifting and requirements on staff time to prepare materials or attend hearings.

Recently Completed Antitrust, Global, and Bankruptcy Filings

Antitrust Litigation

Type	Case	Settlement Amount	Preliminary Loss Estimate	Recognized Loss	Participation Date/Deadline	$ Recovered	Estimated Pay Date	Status
Antitrust	LIBOR	$590m	NA	NA	12/20/2018		3/31/2021	Settled
Antitrust	Euroyen Based Derivatives	$236m	NA	NA	9/25/2018		6/30/2021	Settled
Antitrust	FOREX*	$2.3b	NA	NA	5/16/2018		3/31/2021	Settled
Antitrust	ISDAfix	$96m	NA	NA	12/23/2018	$2,845	7/27/2021	Settled
Antitrust	Euribor	$491.5m	NA	NA	7/31/2019		3/31/2021	Settled
Antitrust	GSE Bonds**	$386.5m	NA	NA	5/12/2020	$195,502	3/31/2022	Settled
Antitrust	E-Mini	$15m	NA	NA	8/12/2021		TBD	Settled
Antitrust	SSA Bonds	$95.5m	NA	NA	4/16/2021		TBD	Settled

*FOREX payments have begun

Non-U.S. Litigation

Type	Case	Settlement Amount	Preliminary Loss Estimate	Recognized Loss	Participation Date	Estimated Pay Date	Status
Global Active	Novo Nordisk - Denmark	Not Established	$871,988		8/5/2019	Not Available	Under Investigation
Global Passive	Fortis**	$1.5b	$9,234	$3,927	7/28/2019	3/31/2021	Settled
Global Passive	AMP Ltd.	Not Established	$112,331		11/20/2020	Not Available	Settled
Global Passive	Brambles Ltd.	Not Established			10/22/2021	Not Available	Settled
ADR/Global	BONY Mellon ADR**	$72.5m	Not Available	Not Available	8/15/2019	11/30/2020	Settled
ADR/Global	Citibank ADR	$14.75m	Not Available	Not Available	8/12/2019	12/27/2020	Settled
ADR/Global	JP Morgan ADR	$9.5m	Not Available	Not Available	9/19/2019	12/31/2020	Settled

**Pending payment

Bankruptcy

Type	Case	Settlement Amount	Preliminary Loss Estimate	Recognized Loss	Participation Date	Estimated Pay Date	Status
Bankruptcy	PG&E Corporation	Not Established	Not Available	Not Available	4/16/2020	TBD	Reorganizing

Class Action Status

Date: *Funds: All Funds Selected* *View Date: November 12, 2021*

STATE STREET.

Docket # / Claims Administrator	Event Name	Class Period Start Date	Class Period End Date	Event Status	Expiration Date
6:03-MD-1512 EPIQ	ELECTRONIC DATA SYS CORP	02/07/2001	09/18/2002	PROOF OF CLAIM	04/19/2006
01-cv-1451-REB-CBS GILARDI AND CO LLC	QWEST COMMUNICATIONS INTERNATI	05/24/1999	07/28/2002	PROOF OF CLAIM	05/02/2006
00-1990 (SRC) GARDEN CITY GROUP INC	BRISTOL MYERS SQUIBB CO	10/19/1999	03/20/2002	PROOF OF CLAIM	06/30/2006
02 Civ. 6801(GEL) BERDON CLAIMS ADMINISTRATION LLC	AT&T CORP (SALOMON ANALYST)	11/29/1999	06/14/2002	PROOF OF CLAIM	09/12/2006
2001-CV-1855(RMB) GARDEN CITY GROUP INC	NORTEL NETWORKS CORP (I)	10/24/2000	02/15/2001	PROOF OF CLAIM	11/20/2006
C-00-4263 VRW BERDON CLAIMS ADMINISTRATION LLC	QUINTUS CORP	11/15/1999	11/15/2000	PROOF OF CLAIM	11/22/2006
MDL-1584 GARDEN CITY GROUP INC	Federal Home Loan Mortgage Cor	07/15/1999	11/20/2003	PROOF OF CLAIM	12/07/2006
2:05-CV-05868-AB STRATEGIC CLAIMS SERVICES	PEGASUS COMMUNICATIONS CORP	11/08/2000	06/02/2004	PROOF OF CLAIM	12/13/2006
C-01-20418-JW(PVT) GILARDI AND CO LLC	CISCO SYSTEMS INC	11/10/1999	02/06/2001	PROOF OF CLAIM	12/21/2006
02 C 07527 GARDEN CITY GROUP INC	SEARS ROEBUCK + CO	10/24/2001	10/17/2002	PROOF OF CLAIM	01/05/2007
02-CV-72-SPF (FHM) GARDEN CITY GROUP INC	Williams Companies Inc	07/24/2000	07/22/2002	PROOF OF CLAIM	02/16/2007
C-02-2270-JW(PVT) GILARDI AND CO LLC	VERISIGN INC	01/25/2001	04/25/2002	PROOF OF CLAIM	04/03/2007
02-CV-271 RSM MCGLADREY	PNC FINL SVCS GROUP INC	07/19/2001	07/18/2002	PROOF OF CLAIM	05/11/2007
02-CV-3692 (JES) GARDEN CITY GROUP INC	EDISON SCHS INC	11/10/1999	05/14/2002	PROOF OF CLAIM	07/20/2007

MONTANA
BOARD OF INVESTMENTS

TO: Members of the Board
FROM: Jon Putnam, Chief Investment Officer
DATE: October 20, 2021
RE: Proposed Asset Allocation – November Vote

After discussion with staff and RVK, I am proposing changes to MBOI's asset allocation as shown in the table below. The redline of the proposed Montana Public Retirement Plans Investment Policy follows this memo.

Asset Class	Current Range	Proposed Range	Current Midpoint	Proposed Midpoint	Midpoint Difference
Domestic Equity	24 - 36%	24 - 36%	30%	30%	0
International Equity	12 - 22%	12 - 22%	17%	17%	0
Private Investments	11 - 19%	11 - 19%	15%	15%	0
Real Assets	2 - 8%	2 - 8%	5%	5%	0
Real Estate	5 - 13%	6 - 14%	9%	10%	+1
Core Fixed Income	10 – 20%	9 - 19%	15%	14%	-1
Non-Core Fixed Income	4 –8%	5 - 9%	6%	7%	+1
Cash Equivalents *	0 - 6%	0 - 5%	3%	2% *	-1

* Proposing a target of 2% for Cash Equivalents which is lower than the midpoint of the proposed range

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Asset Allocation Changes

The rationale for each of the asset allocation changes are discussed below:

1. Reduce the midpoint of Core Fixed Income from 15% to 14%

We have enjoyed a multi-decade decline in interest rates which has been a tail wind to bond returns. However, an investment in the Bloomberg Aggregate Bond Index currently indicates an annual return of approximately 1.5%, assuming no change in interest rates or credit spreads.

At this time, the real rate of return is negative resulting in a loss of purchasing power for money invested in Core Fixed Income.

2. Increase the midpoint of Real Estate from 9% to 10%

Real Estate typically offers steady cash flows and is expected to generate a higher rate of return than Core Fixed Income. Similar to Core Fixed Income, Real Estate is less correlated with the equity asset classes.

3. Increase the midpoint of Non-Core Fixed Income from 6% to 7%

Non-Core Fixed Income is expected to have a higher return than Core Fixed Income over the long term. Staff has been reviewing additional strategies which will likely move our allocation to approximately 7% over the next year.

4. Decrease the target for Cash from 3% to 2%

Reduce the target for Cash to 2% given the extremely low rates available in STIP. Cash is closely monitored and a 0-5% range is adequate to meet our liquidity needs.

Additional Investment Policy Changes

1. Change to the Investment Objectives and Guidelines for the Real Estate Asset Class

Combine Core and Core plus strategies for the Policy Range. The risk/return profile for Core plus is closer to Core strategies than Non-Core strategies.

In addition, we are clarifying the language around leverage. This aligns with staff's ability to monitor leverage within our real estate investment holdings.

2. Change to the Investment Objectives and Guidelines for the Real Assets Asset Class

Change the leverage language in Timber to be consistent with Real Estate.

Additional Questions

1. What is the difference between Core and Core plus strategies in Real Estate?

Core Real Estate strategies invest in class A real estate located in high-quality, primary/gateway markets. Properties are fully leased with strong tenants. Properties are generally purchased with less than 50% debt. Steady cash flow from rents/leases is the primary source of return.

Core plus Real Estate strategies also invest in class A real estate positioned in high-quality markets with strong tenants and steady cash flows. The primary differences with Core are:

- *a) the ability to use slightly higher debt (generally less than 60%)*
- *b) the ability to accept development risk by building Core assets from the ground up (generally 10-20% of the fund)*
- *c) the ability to invest in high quality secondary markets (Nashville vs. New York)*

2. Does the proposed asset allocation have sufficient liquidity?

We believe the portfolio has enough liquidity to meet all capital calls and to fund benefit payments. The portfolio is designed to have cash and liquid securities in addition to steady cash flow from owned assets.

3. When would these changes take effect?

The board will vote on the proposal at the November board meeting.

If the board approves the proposal at the November meeting, the asset allocation changes would take effect at that time.

MONTANA PUBLIC RETIREMENT PLANS
INVESTMENT POLICY

Approved April 5, 2017
Last Revised November ~~19, 2020~~30, 2021

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1. Introduction:

Montana Public Retirement Plan assets are commingled for investment purposes into a Consolidated Asset Pension Pool (CAPP) created by the Board. The use of a commingled pool allows for simplified investing and accounting, broader diversification and thus less risk than would otherwise be available for the smaller Plans and provides additional opportunities for fee savings. The Consolidated Asset Pension Pool invests directly in the underlying Asset Classes. Each Asset Class has an underlying set of investment objectives and investment guidelines. Each of the nine Plans, CAPP, and each of the Asset Classes are separately identified for accounting and record keeping purposes.

This policy is effective upon adoption and supersedes all previous Investment Policy Statement (IPS) related to the investment management of the Montana Public Retirement Plans.

2. Purpose:

The purpose of this policy statement is to provide a broad strategic framework for the Montana Public Retirement Plans' investments under the guidance of the Montana Board of Investments.

3. Legal and Constitutional Authority:

Article VIII, Section 13, of the Montana Constitution requires that the Legislature provide for a Unified Investment Program for public funds. Section 17-6-201, Montana Code Annotated (MCA), established the Unified Investment Program, created the Montana Board of Investments (the "Board") and gave the Board sole authority to invest state funds, including the public retirement plans (Plans) in accordance with state law and the state constitution.

Section 17-6-201(1), MCA, requires the Board to operate under the "prudent expert principle," define 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
3) discharging its duties solely in the interest of and for the beneficiaries of the funds managed."

Section 17-6-201 (2) (a), MCA states… "Retirement funds may be invested in common stocks of any corporation."

Section 17-6-201 (3) (b), MCA states… "The Board is urged under the prudent expert principle to invest up to three percent (3%) of retirement funds in Venture Capital companies. Whenever possible, preferences should be given to investments in those Venture Capital companies which demonstrate an interest in making investments in Montana."

Section 17-6-201 (3) (c), MCA states… "In discharging its duties, the board shall consider the preservation of purchasing power of capital during periods of high monetary inflation."

The Board, as the investment fiduciary of the Plans, is responsible for establishing the investment parameters for the Plans. The Board has the authority to allocate portfolios to any previously board-approved asset class in the proportions it considers prudent, under the prudent expert rule. There are currently no statutory or constitutional restrictions on the investment of the Plans. Asset allocation decisions made by the Board must be made in a public meeting.

4. Strategic Investment Objectives

The Board's overall objective is to achieve the highest level of investment performance that is compatible with its risk tolerance and prudent investment practices. Because of the long-term nature of the state's various pension liabilities, the Board maintains a long-term perspective in formulating and implementing its investment policies, and in evaluating its investment performance.

5. Time Horizon

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.

6. Performance Measurement

Investment performance is measured by three integrated long-term return objectives:

a) The ***actuarial target rate of return*** is the key actuarial assumption affecting future funding rates and liabilities. Investment performance that exceeds or underperforms the target rate may materially impact future funding rates and liabilities. The Board seeks to generate long-term investment performance that will exceed the maximum actuarial annual target rate of return of 7.65%, as determined by the governing boards of the public retirement systems, net of all investment and administrative expenses. There may be years, or a period of years, when the Plans do not achieve this goal followed by years when the goal is exceeded. But over a long period, the Board seeks to achieve an average net rate of return of 7.65%, as determined by the governing boards of the public retirement systems, at risk levels (measured by expected volatility) broadly consistent with other public fund peers.

b) The ***investment policy benchmark*** for the Retirement Plans is calculated by applying the investment performance of the benchmarks to any of the underlying asset classes to the Plans' actual allocation to these investments during the measurement period. The investment policy benchmark represents the return that would be achieved if the Plan implemented a passively managed portfolio. Deviations from the policy benchmark measure the contribution of active management, rebalancing policy and its execution, and investment implementation generally.

c) The Board also compares each Plan's total performance, before all fees, to appropriate ***public plan sponsor universes***. This process permits the Board to compare its total performance to other public pension plans. While the Board seeks to rank consistently in the top half of comparable public pension plans, the Board recognizes that other plans may have investment objectives and risk tolerances that differ substantially from the Board's.

7. Roles and Responsibilities

a) **Board of Investments** – The Board is responsible for approving the Investment Policy Statement (IPS) for the Montana Public Retirement Plans and has the authority to allocate portfolios to any asset class in the proportions it considers prudent, subject to such limitations as contained in law and the Constitution. The Board reviews this document periodically and, as needed, approves any changes to the policy.

As described in the Board of Investments Governance Manual, the Board delegates authority to the Executive Director, Chief Investment Officer (CIO), and other Staff to execute the day to day duties required to carry out the Board's mission.

b) **Executive Director –** The Executive Director is empowered by the Board to sign all documents required to conduct Board business, unless there are specific written policies or instructions from the Board to the contrary. The Executive Director and the CIO are authorized jointly to contract for investment manager services and if deemed appropriate, terminate them.

c) **Chief Investment Officer –** 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. The CIO, with the support of other staff, is responsible for recommending IPS changes for Board approval.

d) **Staff –** The staff is responsible for:

I. Managing day-to-day operations and delegating work to external resources as appropriate;
II. Monitoring allocations and overseeing all investment manager due diligence activities and recommending changes to the CIO;
III. Monitoring and reporting to the Board the performance of each asset class and the individual managers' performance;
IV. Informing the Board of any new managers or terminations; and
V. Reporting any deviations from the IPS Policy to the Board.

e) **Investment Consultant** – The investment consultant assists the CIO and staff with policy recommendations and provides advice to the Board. The investment consultant also assists staff in monitoring all external managers and reports to the Board independently.

f) **External Managers** – Managers are responsible for all aspects of portfolio management as set forth in the contract specific to each manager. Managers must communicate with staff as needed, regarding investment strategies and results. Managers must also cooperate fully with staff regarding administrative, accounting, and reconciliation issues as well as any requests from the investment consultant and the master custodian.

8. Strategic Asset Allocation

The Board finds that it is in the best interest of the state's nine retirement Plans to set out investment policies for the Plans in one comprehensive document.

<u>Nine Public Retirement Plans:</u>
Public Employees Retirement System
Teachers Retirement System
Police Officers Retirement
Firefighters Retirement
Sheriffs Retirement
Highway Patrol Retirement
Game Wardens Retirement
Judges Retirement
Volunteer Firefighters Retirement

The current asset allocation ranges for the Plans are in **Appendix I**. The asset allocation ranges are subject to change as modifications are adopted by the Board, at which time **Appendix I** will be revised to reflect these changes. The Board will formally affirm or revise the asset allocation ranges for the Plans at least annually.

9. Rebalancing

The actual asset allocation mix may deviate from time to time from the approved asset allocation ranges due to financial market performance, cash flows, and manager performance. Material deviations from the asset allocation ranges can alter the expected return and risk of the Plans. Rebalancing the Plans' assets to remain within the Board-approved allocation ranges is delegated to the CIO, in consultation with the Executive Director. Any necessary rebalancing will be made in a timely manner and will take into consideration associated costs and current market conditions. In addition to maintaining actual allocations within the ranges, the CIO will also consider contractual investment commitments to private investments, the liquidity necessary to meet benefit payments and administrative costs for the Plans, and current market conditions. This may prompt asset rebalancing when asset allocations fall within the established ranges. The CIO shall inform the Board of rebalancing activity at the Board's next regularly scheduled quarterly meeting.

10. Risk Management

a) **Evaluation of Investment Managers**
The Investment Manager Evaluation Policy is a distinct policy that is regularly reviewed and updated separate from the Retirement Plans Investment Policy because staff utilizes the Investment Manager Evaluation Policy to oversee and manage other assets in addition to the retirement plan assets.

b) **Liquidity**

Based on the percentage of total plan assets necessary for ongoing benefit payments and other plan expenses, the liquidity needs for the Retirement Plans are generally low and participant capital is not expected to change dramatically on short notice. However, 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 the Retirement Plans.

A significant percentage of the investments in the Real Estate, Real Assets and Private Investments Asset Classes are considered illiquid. Due to the limited liquidity of these assets, it will typically be impractical to fund plan cash needs or correct deviations from policy ranges through the purchase or sale of these assets.

The investments held in the Domestic Equity, International Equity, Core Fixed Income, and Non-Core Fixed Income Asset Classes are categorized as publicly traded securities. In "normal market" conditions many of the underlying assets from these Asset Classes can be liquidated in a relatively short period to accommodate both expected and unexpected withdrawals as well as any repositioning of the asset allocation to stay within approved ranges.

To improve liquidity and manage both the expected and unexpected Retirement Plans need for cash, this Investment Policy specifies a strategic allocation to the Cash Asset Class, which invests in approved investments including the Short-Term Investment Pool (STIP).

c) **Monitoring/Reporting – Transparency**

Managers shall submit periodic reports to facilitate Staff's monitoring of the Managers' conformance to investment restrictions and performance objectives.

Staff shall provide regular reporting to the Board regarding the asset allocation and performance of the pension plans as well as the characteristics and performance of the Asset Classes to confirm these items are known and adhere to all IPS requirements and expectations.

Staff will discuss and communicate any key information discovered due to the ongoing Manager monitoring process that might assist the Board in understanding the underlying investment manager structure or risks embedded in the investment characteristics of the Retirement Plan asset allocations.

d) **Leverage**

Leverage is a significant risk factor. Investment managers may utilize leverage only when permitted in the manager's investment guidelines approved by Staff. Staff shall monitor the use of leverage and its impact on risk and return.

The use of derivative securities can generate additional leverage even if the derivative is being used to reduce the risk in other investments. Investment managers may only use derivatives when permitted in the manager's investment guidelines approved by Staff.

e) **Cash Investments**

Cash investments held at the Retirement Plan, CAPP level, or any managed account within it, entail an element of credit risk. Thus, only approved cash investment vehicles are permitted. These include: any cash vehicle at the Custodial Bank; STIP; or any SEC-registered money market fund 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.

11. Securities Lending

Section 17-1-113, MCA, authorizes the Board to lend securities held by the state. The Board may lend its publicly traded securities through an agent, to other market participants in return for compensation. Currently, through an explicit contract, the state's Custodial Bank, manages the state's securities lending program. The Board seeks to assess counterparty and reinvestment risk, associated with each aspect of its securities lending program. The Board requires borrowers to maintain collateral at 102 percent for domestic securities and 105 percent for international securities. To ensure that the collateral ratio is maintained, securities on loan are marked to market daily and the borrower must provide additional collateral if the value of the collateral falls below the agreed-upon ratio of over-collateralization. In addition to the strict collateral requirements imposed by the Board, the credit quality of approved borrowers is monitored continuously by the contractor. From time to time, Staff or the investment manager may restrict a security from the loan program upon notification to the Custodial Bank. Staff will monitor the securities lending program, and will periodically report to the Board on the status of the program. The Board's participation in securities lending may change over time given Plan activity, market conditions and the agent agreement.

12. Exercise of Shareholder Rights

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. 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 adopting and implementing a proxy voting policy and undertaking productive, cost-effective action to exercise its rights as shareholders or claimants in litigation.

a) **Proxy Voting**

Active voting of proxies is an important part of the Board's investment program. Under the contractual arrangements between the Board and its investment managers, the responsibility for voting proxies on the investments is delegated to the managers. Managers are contractually required to establish a proxy voting program in coordination with Board Staff and are required to vote proxies, excluding shares on loan under the Board's securities lending program, in the interest of the Plans' beneficiaries. Records of proxy votes shall be maintained by the Managers, and/or its third-party designee, and submitted to Staff and/or an external service provider annually.

Staff will monitor the proxy voting practices of the Board's external investment managers. External service providers may be retained by either the Board or the Managers to assist in monitoring efforts. This monitoring will be coordinated with each manager to reasonably assure the Staff that Managers are fulfilling their fiduciary responsibilities with respect to proxy voting.

b) **Class Action Litigation**

Claims under state and federal securities laws arising out of losses on securities under the Board's management are assets subject to the Board's fiduciary duty of prudent management. The Board shall take reasonable, cost effective steps to identify, pursue and collect upon claims under securities laws for losses suffered by the Board on its investment. Accordingly, the Board maintains a detailed litigation policy, including process steps, outlined in the Board's Governance Manual, Appendix F.

13. Investment Policy Statement Review

Per Board's 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, 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 web site for review by the public."

Appendix I: Montana Public Retirement Plans Asset Allocation Ranges

<u>Permitted Ranges</u>:

Approved November 19, 2020

Asset Class Allocations		
Asset Class	**Range Low**	**Range High**
Domestic Equities	**24**	**36**
International Equities	**12**	**22**
Private Investments	**11**	**19**
Real Assets	**2**	**8**
Real Estate	**~~5~~6**	**~~13~~14**
Core Fixed Income	**~~10~~9**	**~~20~~19**
Non-Core Fixed Income	**~~4~~5**	**~~8~~9**
Cash[1]	**0**	**~~6~~5**
Total		

[1] The combined cash at the plan level and the CAPP level is subject to the range.

[2] Montana Public Retirement Plans shall have no greater than 5% of the Net Asset Value managed by any one external manager using an active investment strategy.

Appendix II: Investment Objectives and Guidelines

Schedule II-A:
Investment Objectives and Guidelines
Domestic Equities Asset Class

Effective Date of Schedule: June 9, 2020

This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Domestic Equities.

Statement of Purpose:
The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Asset Class; and
2. Provide diversified exposure to the domestic equity market in a prudent and cost-effective manner.

Investment Objective:

<u>Strategic:</u>
The objective of the Domestic Equities Asset Class is to attain the highest possible total return within the parameters of the Investment Guidelines set forth below.

<u>Performance:</u>
Success in achieving this objective will be measured by comparing the risk and after-fee return of the Domestic Equity Asset Class to the **MSCI USA Investable Market Index** (the "Benchmark"). Performance results will be monitored and evaluated quarterly. However, the success in achieving the objective will be measured on a three-year, five-year, and ten-year annualized basis.

Investment Guidelines:

Staff will have full discretion to manage this 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.

Most of the Domestic Equity investments will be managed by external investment managers.

The Domestic Equities Asset Class may utilize public long-only and long/short strategies.

It is expected that Domestic Equities Asset Class shall invest in public market investments that provide liquidity and meaningful transparency to portfolio characteristics and risk exposures.

Permitted Investments:

The Domestic Equities Asset Class may invest only in the following:

1. Domestic equity securities and derivatives held in separate accounts, commingled funds, limited partnerships, or limited liability companies managed by external investment managers and governed by their respective investment management contracts and investment guidelines;
2. Exchange-Traded Funds (ETFs) based on a domestic equity index that is approved by the CIO and purchased and monitored by Staff; and
3. Cash – either an investment in the Short-Term Investment Pool (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.

Other Restrictions:

1. The Domestic Equities Asset Class percentage of Net Asset Value invested in "small-cap" equities shall not exceed +10% above the Benchmark weight in "small cap";
2. The Domestic Equities Asset Class percentage of Net Asset Value invested in passive/index strategies shall be greater than 45%.

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 Domestic Equity Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Domestic Equities Asset Class back within guidelines or a plan to do so.

Schedule II-B:
Investment Objectives and Guidelines
International Equities Asset Class

Effective Date of Schedule: June 9, 2020

This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for International Equities.

Statement of Purpose:
The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Asset Class; and
2. Provide diversified exposure to the international and global equity markets in a prudent and cost-effective manner.

Investment Objective:

Strategic:
The objective of the International Equities Asset Class is to attain the highest possible total return within the parameters of the Investment Guidelines set forth below.

Performance:
Success in achieving this objective will be measured by comparing the risk and after-fee return of the International Equities Asset Class to the **MSCI All Country World ex-US Investable Market Index** (the "Benchmark"). Performance results will be monitored and evaluated quarterly. However, the success in achieving the objective will be measured on a three-year, five-year, and ten-year annualized basis.

Investment Guidelines:

Staff will have full discretion to manage the International Equities 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.

Most of the International Equities Asset Class investments will be managed by external investment managers.

The International Equities Asset Class may utilize public long-only and long/short strategies.

It is expected that the International Equities Asset Class shall invest in public market investments that provide liquidity and meaningful transparency to portfolio characteristics and risk exposures.

Permitted Investments:

The International Equities Asset Class may invest only in the following:

1. International equity securities and derivatives held in separate accounts, commingled funds, limited partnerships, or limited liability companies managed by external investment managers and governed by their respective investment management contracts and investment guidelines;
2. Exchange-Traded Funds (ETFs) based on an international equity index that is approved by the CIO and purchased and monitored by Staff; and
3. Cash – either an investment in the Short-Term Investment Pool (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.

Other Restrictions:

1. The International Equities Asset Class percentage of Net Asset Value invested in "small-cap" equities shall not exceed +10% above the Benchmark weight in "small cap";
2. The International Equities Asset Class percentage of Net Asset Value invested in passive/index strategies shall be greater than 42%;
3. The International Equities Asset Class percentage of Net Asset Value invested in Emerging Market securities shall not exceed + or - 10% above the Benchmark weight in Emerging Market securities.

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, 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 International Equities Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the International Equities Asset Class back within guidelines or a plan to do so.

Schedule II-C:
Investment Objectives and Guidelines
Private Investments Asset Class

Approved Date of Schedule: November 19, 2020

This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Private Investments.

Statement of Purpose:
The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Asset Class; and
2. Provide diversified exposure to the Private Investment markets in a prudent and cost-effective manner.

Investment Objective:

Strategic:
The objective of the Private Investments Asset Class is to attain the highest possible return within the parameters of the Investment Guidelines set forth below.

Performance:
There is no generally accepted benchmark index for private investment performance comparisons. Characteristically, private partnership investments are impacted by the "J-curve" effect, in which fees and transaction costs create negative returns during the initial investment years before distributions are realized. Private investments require a long-time horizon to realize the value provided by the creation or restructuring of private companies.

The performance objective for the Private Investments Asset Class is the achievement of long-term net returns (after management fees and general partner's carried interest) above a benchmark reflecting public equity market returns.

Success in achieving this objective will be measured by comparing the net return of the Private Investments Asset Class to the weighted average of the **MSCI USA Small Cap Index (Private Equity) and the S&P Leveraged Loan Index (Private Credit)** (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-year and ten-year annualized basis.

Investment Guidelines:

Staff will have full discretion to manage the Private Investments 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.

Most of the Private Investments Asset Class investments will be managed by external investment managers via a partnership structure in which the MBOI will have a limited partnership interest.

Permitted Investments:

The Private Investments Asset Class may invest only in the following:

1. 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;
2. Investments held in separate accounts or commingled funds managed by external investment managers and governed by their respective investment management contracts and investment guidelines;
3. The Private Investments Asset Class may co-invest with private investment managers in transactions that are suitable for inclusion into a private investment partnership;
4. Individual public or private securities received as distributions from funds;
5. Exchange-Traded Funds (ETFs) based on a public equity index that is approved by the CIO and purchased and monitored by Staff; and
6. Cash – either an investment in the Short-Term Investment Pool (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.

Other Restrictions

1. The Montana Public Retirement Plan assets as a percentage of Net Asset Value invested in a single Direct Limited Partnership shall be no greater than 2.0%;
2. No more than 30% of the aggregate of the Private Investments Asset Class net asset value plus uncalled committed capital should be considered "Non-U.S." exposure based on the primary objective of the Fund, Partnership, Separate Account, or Index;
3. No more than 10% of the aggregate of the Private Investments 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.

The following table provides a guideline range with respect to Private Investments strategy diversification. It is important to note that these ranges reference the sum of the Private Investments Asset Class net asset value and uncalled commitments.

Strategy	Policy Range
Buyout and all other private equity related strategies not related to Venture Capital or Private Credit	50% - 100%
Venture Capital	0% - 25%
Private Credit	0% - 50%

For the purpose of the ranges provided above, funds will be classified in the category that is most reflective of the underlying investments in the funds.

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 Private Investments Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Private Investments Asset Class back within guidelines or a plan to do so.

Schedule II-D:
Investment Objectives and Guidelines
Real Assets Asset Class

Effective Date of Schedule: November 19, 2020

This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Real Assets.

Statement of Purpose:
The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Real Assets Asset Class; and
2. Provide diversified exposure to the Real Assets markets in a prudent and cost-effective manner.

Investment Objective:

Strategic:
The objective of the Real Assets Asset Class is to attain the highest possible return within the parameters of the Investment Guidelines set forth below.

Performance:
There is no generally accepted performance comparisons benchmark index for private partnership investments in Real Assets. Characteristically, private partnership investments are impacted by the "j-curve" effect, in which fees and transaction costs create negative returns during the initial investment years before distributions are realized. Private partnership investments usually require a long-time horizon to realize the value provided by the creation or enhancement of private companies.

The long-term performance objective for the Real Assets Asset Class is the achievement of net returns (after management fees and general partner's carried interest) above a benchmark reflecting public equity Real Assets market returns.

Success in achieving this objective will be measured by comparing the long-term net return of the Real Assets Asset Class to **1/3 MSCI ACWI Commodity Producers Index, 1/3 US TIPS Index, 1/3 MSCI ACWI Infrastructure 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-year and ten-year annualized basis.

Investment Guidelines:

Staff will have full discretion to manage the Real Assets 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.

Most of the Real Assets Asset Class investments will be managed by external investment managers via private investment partnerships in which the MBOI will have a limited partnership interest; however, the Real Assets Asset Class may also utilize public long-only and long/short strategies.

<u>Permitted Investments</u>:

The Real Assets Asset Class (for the purpose of these guidelines, "Real Assets" includes investments in inflation linked bonds, infrastructure, timber, energy, agriculture, and other commodities) may invest only in the following:

1. Private investment partnership interests in Real Assets. These private investment partnerships may be direct limited partnerships, limited liability companies, or vehicles that primarily invest in partnerships, including fund-of-funds and secondary funds;
2. The Real Assets Asset Class may co-invest with private investment managers in transactions that are suitable for inclusion into a Real Assets private investment partnership;
3. Individual public or private securities received as distributions from funds;
4. Separately managed accounts, open-ended funds, closed-ended funds, or exchange-traded funds (ETFs), managing publicly traded Real Assets related investments, where the investments are approved by the CIO and purchased and monitored by Staff;
5. Inflation Linked Bonds; and
6. Cash – either an investment in the Short-Term Investment Pool (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.

<u>Other Restrictions</u>

1. The Montana Public Retirement Plan assets as a percentage of Net Asset Value invested in a single investment within Real Assets Asset Class shall be no greater than 2.0%;
2. No more than 30% of the aggregate of the Real Assets Asset Class Net Asset Value plus uncalled committed capital should be considered "Non-U.S." exposure based on the primary objective of the fund, partnership, separately managed account, or index;
3. No more than 10% of the aggregate of the Real Assets Asset Class Net Asset Value shall be invested in direct co-investments; and
4. Individual public securities received as distributions will be liquidated over a reasonable time- period dependent on market conditions.

The following table provides a guideline range with respect to the Real Assets Asset Class strategy diversification. It is important to note that these ranges reference the sum of the Real Assets Asset Class Net Asset Value and uncalled commitments.

Strategy	Policy Range
Commodities Related	25% - 75%
Infrastructure Related	0% - 50%
Inflation Linked Bonds	0% - 50%

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.

Timber Fund Leverage

Leverage is a significant risk factor. On an individual fund basis, the leverage level can range up to 30.0%. Individual fund leverage may occasionally exceed 30% and will be monitored by staff to determine the cause and whether it is a temporary or persistent issue. ~~It is important to note; however, that in aggregate, leverage consists of the combined borrowing at the property level and the fund level. On a select basis, the leverage may exceed 30.0% at the combined property and fund investment level, if it is determined to be reasonable to do so, particularly in the early stages of the fund investment cycle when a fund level credit facility is utilized to finance early fund investments on a short-term basis prior to committed capital being drawn. While Staff will monitor leverage on this combined basis, the leverage statistic Staff will focus on most for purposes of compliance with this policy is the stabilized long-term leverage at the overall fund investment level once it has completed its acquisition phase, paid down outstanding short-term credit facility balances used to fund capital calls and the investment period has ended.~~ Leverage shall be monitored on an individual fund level and n~~N~~ew investments shall be made with the intention that the total timber fund investment leverage shall not exceed 30%.

Strategy	*Leverage Policy Range*
Timber	*0% - 30%*

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.

Schedule II-E:
Investment Objectives and Guidelines
Real Estate Asset Class

Effective Date of Schedule: June 9, 2020

This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Real Estate.

Statement of Purpose:
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.

Investment Objective:

Strategic:
The objective of the Real Estate Asset Class is to attain the highest possible return within the parameters of the Investment Guidelines set forth below.

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 **1 QTR 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-year, and ten-year annualized basis.

Investment Guidelines:

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.

Most of the Real Estate Asset Class investments will be managed by external investment managers via private investment partnerships in which the MBOI will have a limited partnership interest; however, the Real Estate Asset Class may also utilize public long-only and long/short strategies.

Permitted Investments:

The Real Estate Asset Class may invest only in the following:

1. Separate accounts, open-ended funds, closed-ended funds, exchange-traded funds (ETFs), or real Estate investment trusts (REITs) managing publicly traded real estate, where the investments are approved by the CIO and purchased and monitored by Staff;

2. 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;
3. 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;
4. Separate accounts investing in private real estate direct investments;
5. Individual public or private securities received as distributions from funds are also permitted to be held in the Real Estate Asset Class; and
6. Cash – either an investment in the Short-Term Investment Pool (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.

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 2.0%;
2. No more than 30% of the aggregate of the Real Estate Asset Class Net Asset Value plus uncalled committed capital 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 10% of the aggregate of the Real Estate Asset Class Net Asset Value shall be invested in direct co-investments; and
4. Individual public securities received as distributions will be liquidated over a reasonable time-period dependent on market conditions.

The following table provides a guideline range with respect to the Real Estate Asset Class strategy diversification. It is important to note that these ranges reference the sum of the Real Estate Asset Class Net Asset Value and uncalled commitments.

Strategy	Policy Range
Core and Core plus Real Estate	20% - 50%
~~Core-plus/~~Non-Core Real Estate	25% - 65%
Real Estate Debt	10% - 40%
Public Real Estate Securities	0% - 40%

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.

Leverage

Leverage is a significant risk factor. On an individual fund basis, the leverage level can range up to 75.0%. Individual fund leverage may occasionally exceed 75% and will be monitored by staff to determine the cause and whether it is a temporary or persistent issue. ~~It is important to note; however, that in aggregate, leverage consists of the combined borrowing at the property level and the fund level.~~ 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.~~On a select basis, the leverage may exceed 75.0% at the combined property and fund investment level, if it is determined to be reasonable to do so, particularly in the early stages of the~~

~~fund investment cycle when a fund level credit facility is utilized to finance early fund investments on a short-term basis prior to committed capital being drawn. While Staff will monitor leverage on this combined basis at the fund investment level, the leverage statistic Staff will focus on most for purposes of compliance with this policy is the stabilized long-term leverage at the overall fund investment level once it has completed its acquisition phase, paid down outstanding short-term credit facility balances used to fund capital calls and the investment period has ended.~~ Leverage shall be monitored on an individual fund level and n~~N~~ew investments shall be made with the intention that the total Real Estate Asset Class leverage shall not exceed 60%.

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

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 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.

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.

Schedule II-F:
Investment Objectives and Guidelines
Core Fixed Income

Approved Date of Schedule: June 9, 2020

This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Core Fixed Income.

Statement of Purpose:
The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Core Fixed Income Asset Class; and
2. Provide diversified exposure to Core Fixed Income in a prudent and cost-effective manner.

Investment Objective:

Strategic:
The objective of the Core Fixed Income Asset Class is to attain the highest possible total return within the parameters of the Investment Guidelines set forth below.

Performance:
Success in achieving this objective will be measured by comparing the risk and after-fee return of the Core Fixed Income Asset Class to the **Bloomberg Barclays US Aggregate Bond Index** (the "Benchmark"). Performance results will be monitored and evaluated quarterly. However, the success in achieving the objective will be measured on a three-year, five-year, and ten-year annualized basis.

Investment Guidelines:

Staff will have full discretion to manage the Core Fixed Income Asset Class consistent with the investment guidelines stated below. Core Fixed Income is defined as strategies primarily invested in marketable, publicly traded, investment grade fixed income securities denominated in U.S. dollars. 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.

The Core Fixed Income Asset Class may invest only in the following:

Internally Managed Permitted Investments:

1. Dollar denominated debt obligations of the U.S. Government, including its agencies and instrumentalities;
2. Dollar denominated debt obligations of Quasi and Foreign Government entities;
3. Dollar denominated debt obligations of domestic and foreign corporations;

4. Dollar denominated securitized assets, including U.S. Agency mortgage backed and commercial mortgage backed securities (MBS/CMBS), U.S. Agency collateralized mortgage obligations (CMO's) and asset backed securities (ABS);
5. Dollar denominated Non-agency mortgage backed securities (RMBS) and Non-agency commercial mortgage backed securities (CMBS);
6. Cash – either an investment in the Short-Term Investment Pool (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.

Other Internally Managed Restrictions

1. The average duration of any internally managed portfolio will be maintained in a range of + or – 20% of the Benchmark duration;
2. A minimum of 20% of the Net Asset Value of any internally managed portfolio will be held in U.S. Government securities, including U.S. Treasuries, TIPS and Agency securities;
3. Securities must be rated investment grade by at least two nationally recognized statistical rating organizations (NRSRO), with the exception of securities issued or guaranteed by agencies or instrumentalities of the U.S. Government. In the case of split-rated securities, the lower rating is used;
4. Securities that drop below investment grade as defined above may be held to maturity, however any internally managed portfolio may not hold more than 10% of its Net Asset Value in securities rated below investment grade;
5. Securitized assets must be rated a minimum of the 4th highest rating by any nationally recognized statistical rating organization (NRSRO) at the time of purchase;
    a. Securitized assets that drop below the 4th highest rating of any NRSRO may be held to maturity, however any internally managed portfolio may not hold more than 5% of its Net Asset Value in these securities;
6. A maximum of 10% of the Net Asset Value of any internally managed portfolio may be held in dollar denominated quasi and foreign government securities;
7. A maximum of two times the Benchmark weight may be held in Corporate securities in any internally managed portfolio;
8. A maximum of two times the Benchmark weight in U.S. Agency MBS may be held in U.S. Agency MBS and CMO securities in any internally managed portfolio;
    a. A maximum of 20% of the Net Asset Value of any internally managed portfolio may be held in U.S. Agency CMO's;
9. A maximum of 5% of the Net Asset Value of any internally managed portfolio may be held in asset backed securities (ABS);
10. A maximum of 10% of the Net Asset Value of any internally managed portfolio may be held in U.S. Agency and Non-Agency commercial mortgage backed securities (CMBS);
11. A maximum of 10% of the Net Asset Value of any internally managed portfolio may be held in non-agency mortgage backed securities (RMBS);
12. A maximum of 3% of the Net Asset Value of any internally managed portfolio may be held in a single corporate parent issuer, foreign/quasi government issuer or securitized specific pool at the time of purchase;
    a. A maximum of 4% of the Net Asset Value of any internally managed portfolio may be held in a single corporate parent issuer, foreign/quasi government issuer or securitized specific pool at any time;

13. A maximum of 5% of the Net Asset Value of any internally managed portfolio may be invested in Cash;
14. The use of leverage is prohibited.

Externally Managed Permitted Investments:

1. Securities and derivatives held in separate accounts, commingled funds, limited partnerships, or limited liability companies managed by external investment managers and governed by their respective investment management contracts and investment guidelines;
2. Cash – either an investment in the Short-Term Investment Pool (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.

Other Externally Managed Restrictions

1. The average duration of any externally managed portfolio will be maintained in a range of + or – 25% of the index duration;
2. A maximum of 20% of the Net Asset Value of any externally managed portfolio will be invested in securities rated below investment grade as defined by any nationally recognized statistical rating organizations (NRSRO). In the case of split-rated securities, the lower rating is used;
3. A maximum of 10% of the Net Asset Value of any externally managed portfolio will be invested in Non-dollar debt; either hedged or unhedged;
4. A maximum of 5% of any externally managed portfolio will be invested in Cash.

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 Core Fixed Income Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Core Fixed Income Asset Class back within guidelines or a plan to do so.

Schedule II-G:
Investment Objectives and Guidelines
Non-Core Fixed Income Asset Class

Approved Date of Schedule: June 9, 2020

This Schedule is effective upon adoption by the Board and supersedes all previous Investment Objectives and Guidelines for Non-Core Fixed Income.

Statement of Purpose:
The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Non-Core Fixed Income Asset Class; and
2. Provide diversified exposure to the Non-Core Fixed Income markets in a prudent and cost-effective manner.

Investment Objective:

Strategic:
The objective of the Non-Core Fixed Income Asset Class is to attain the highest possible total return within the parameters of the Investment Guidelines set forth below.

Performance:
Success in achieving this objective will be measured by comparing the risk and after-fee return of the Non-Core Fixed Income Asset Class to the **Bloomberg Barclays US High Yield - 2% Issuer Cap Index** (the "Benchmark"). Performance results will be monitored and evaluated quarterly. However, the success in achieving the objective will be measured on a three-year, five-year, and ten-year annualized basis.

Investment Guidelines:

Staff will have full discretion to manage the Non-Core Fixed Income Asset Class consistent with the investment guidelines stated below. Non-Core Fixed Income is defined as strategies primarily invested in High Yield Corporate Debt, Emerging Market Debt, Convertible Debt and Preferred Securities. 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.

Permitted Investments:

The Non-Core Fixed Income Asset Class may invest only in the following:

1. Securities and derivatives held in separate accounts, commingled funds, limited partnerships, or limited liability companies managed by external investment managers and governed by their respective investment management contracts and investment guidelines;
2. Cash – either an investment in the Short-Term Investment Pool (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.

Other Restrictions

1. A maximum of 10% of the Net Asset Value of the Non-Core Fixed Income Asset Class shall be held in Non-U.S. securities if they are denominated in a foreign currency;
2. The average duration of the Non-Core Fixed Income Asset Class will be maintained in a range of + or – 25% of the index duration.

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 Non-Core Fixed Income Asset Class allocations were outside of the limits and either inform the Board of the actions that were taken to return the Non-Core Fixed Income Asset Class back within guidelines or a plan to do so.

Schedule II-H:
Investment Objectives and Guidelines
Cash Asset Class

Approved Date of Schedule: June 9, 2020

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.

Statement of Purpose:
The purpose of these objectives and guidelines is to:

1. Establish the investment objectives and performance standards of the Cash Asset Class; and
2. Provide exposure to the cash-equivalent markets in a prudent and cost-effective manner.

Investment Objective:

Strategic:
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.

Performance:
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 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-year, five-year, and ten-year annualized basis.

Investment Guidelines:
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.

Permitted Investments:

The Cash Asset Class may invest only in the following:

1. Cash and Cash Equivalents – either an investment in the Short-Term Investment Pool (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.

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.

RVK

Quarterly Investment Performance Analysis

Montana Board of Investments

Period Ended: September 30, 2021

Montana Board of Investments
Comparative Performance
Retirement Plans

As of September 30, 2021

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Public Employees' Retirement - Net	**1.25**	**12.20**	**22.94**	**10.95**	**10.62**	**9.02**	**10.44**	**7.55**	**11.94**	**16.77**	**-2.63**	**14.80**	**7.32**	**8.13**	**07/01/1994**
Public Employees' Benchmark	-0.33	9.27	23.05	9.88	10.14	8.83	10.49	N/A	11.58	20.45	-5.57	15.35	9.12	N/A	
Difference	1.58	2.93	-0.11	1.07	0.48	0.19	-0.05	N/A	0.36	-3.68	2.94	-0.55	-1.80	N/A	
Public Employees' Retirement - Gross	**1.34**	**12.51**	**23.47**	**11.53**	**11.20**	**9.56**	**10.99**	**7.98**	**12.53**	**17.44**	**-2.03**	**15.34**	**7.78**	**8.45**	**07/01/1994**
All Public Plans > $3B Total Fund Median	1.04	11.26	22.11	11.00	10.65	8.74	9.87	7.85	12.03	17.25	-2.79	16.08	7.94	8.42	
Rank	41	26	34	36	32	17	14	46	39	43	42	64	57	49	
Teachers' Retirement - Net	**1.25**	**12.20**	**22.93**	**10.95**	**10.62**	**9.02**	**10.44**	**7.55**	**11.93**	**16.78**	**-2.64**	**14.76**	**7.33**	**8.14**	**07/01/1994**
Teachers' Benchmark	-0.33	9.26	23.02	9.86	10.12	8.82	10.48	N/A	11.55	20.42	-5.57	15.32	9.11	N/A	
Difference	1.58	2.94	-0.09	1.09	0.50	0.20	-0.04	N/A	0.38	-3.64	2.93	-0.56	-1.78	N/A	
Teachers' Retirement - Gross	**1.34**	**12.52**	**23.46**	**11.53**	**11.19**	**9.56**	**10.99**	**7.98**	**12.52**	**17.45**	**-2.03**	**15.31**	**7.80**	**8.46**	**07/01/1994**
All Public Plans > $3B Total Fund Median	1.04	11.26	22.11	11.00	10.65	8.74	9.87	7.85	12.03	17.25	-2.79	16.08	7.94	8.42	
Rank	41	26	34	36	32	17	14	46	39	43	42	65	56	48	
Police Retirement - Net	**1.21**	**12.16**	**22.90**	**10.95**	**10.62**	**9.02**	**10.44**	**7.51**	**11.95**	**16.80**	**-2.63**	**14.79**	**7.32**	**8.00**	**07/01/1994**
Police Benchmark	-0.40	9.20	23.00	9.85	10.13	8.82	10.47	N/A	11.60	20.44	-5.57	15.33	9.11	N/A	
Difference	1.61	2.96	-0.10	1.10	0.49	0.20	-0.03	N/A	0.35	-3.64	2.94	-0.54	-1.79	N/A	
Police Retirement - Gross	**1.30**	**12.48**	**23.43**	**11.52**	**11.20**	**9.56**	**10.99**	**7.94**	**12.54**	**17.47**	**-2.02**	**15.33**	**7.78**	**8.32**	**07/01/1994**
All Public Plans > $3B Total Fund Median	1.04	11.26	22.11	11.00	10.65	8.74	9.87	7.85	12.03	17.25	-2.79	16.08	7.94	8.42	
Rank	43	26	34	36	32	17	14	46	39	41	42	64	57	53	

Net performance shown is net of all manager fees and expenses (Net-All). All Public Plans > $3B 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. Retirement plan benchmarks' inception dates were updated to 1/1/2011.

RVK

Montana Board of Investments
Comparative Performance
Retirement Plans

As of September 30, 2021

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Firefighters' Retirement - Net	**1.21**	**12.16**	**22.90**	**10.95**	**10.63**	**9.02**	**10.44**	**7.52**	**11.95**	**16.79**	**-2.62**	**14.79**	**7.32**	**7.99**	**07/01/1994**
Firefighters' Benchmark	-0.40	9.20	22.98	9.85	10.13	8.82	10.47	N/A	11.59	20.44	-5.57	15.33	9.12	N/A	
Difference	1.61	2.96	-0.08	1.10	0.50	0.20	-0.03	N/A	0.36	-3.65	2.95	-0.54	-1.80	N/A	
Firefighters' Retirement - Gross	**1.30**	**12.48**	**23.43**	**11.52**	**11.20**	**9.56**	**10.99**	**7.96**	**12.53**	**17.46**	**-2.01**	**15.34**	**7.78**	**8.31**	**07/01/1994**
All Public Plans > $3B Total Fund Median	1.04	11.26	22.11	11.00	10.65	8.74	9.87	7.85	12.03	17.25	-2.79	16.08	7.94	8.42	
Rank	43	26	34	36	32	17	14	46	39	42	42	64	57	54	
Sheriffs' Retirement - Net	**1.25**	**12.20**	**22.94**	**10.95**	**10.63**	**9.02**	**10.43**	**7.54**	**11.94**	**16.75**	**-2.62**	**14.80**	**7.33**	**8.03**	**07/01/1994**
Sheriffs' Benchmark	-0.33	9.27	23.05	9.87	10.14	8.83	10.48	N/A	11.58	20.43	-5.56	15.35	9.13	N/A	
Difference	1.58	2.93	-0.11	1.08	0.49	0.19	-0.05	N/A	0.36	-3.68	2.94	-0.55	-1.80	N/A	
Sheriffs' Retirement - Gross	**1.35**	**12.52**	**23.47**	**11.53**	**11.20**	**9.56**	**10.98**	**7.98**	**12.53**	**17.42**	**-2.02**	**15.34**	**7.79**	**8.35**	**07/01/1994**
All Public Plans > $3B Total Fund Median	1.04	11.26	22.11	11.00	10.65	8.74	9.87	7.85	12.03	17.25	-2.79	16.08	7.94	8.42	
Rank	41	26	34	36	31	17	14	46	39	43	42	64	57	52	
Highway Patrol Retirement - Net	**1.25**	**12.21**	**22.94**	**10.96**	**10.63**	**9.02**	**10.44**	**7.55**	**11.94**	**16.78**	**-2.62**	**14.79**	**7.30**	**8.02**	**07/01/1994**
Highway Patrol Benchmark	-0.33	9.27	23.06	9.88	10.14	8.84	10.49	N/A	11.60	20.45	-5.56	15.34	9.11	N/A	
Difference	1.58	2.94	-0.12	1.08	0.49	0.18	-0.05	N/A	0.34	-3.67	2.94	-0.55	-1.81	N/A	
Highway Patrol Retirement - Gross	**1.34**	**12.53**	**23.47**	**11.53**	**11.20**	**9.56**	**10.99**	**7.99**	**12.53**	**17.45**	**-2.01**	**15.33**	**7.77**	**8.34**	**07/01/1994**
All Public Plans > $3B Total Fund Median	1.04	11.26	22.11	11.00	10.65	8.74	9.87	7.85	12.03	17.25	-2.79	16.08	7.94	8.42	
Rank	41	26	34	36	31	17	14	45	39	43	42	64	57	52	

Net performance shown is net of all manager fees and expenses (Net-All). All Public Plans > $3B 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. Retirement plan benchmarks' inception dates were updated to 1/1/2011.

RVK

Montana Board of Investments
Comparative Performance
Retirement Plans

As of September 30, 2021

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Game Wardens' Retirement - Net	**1.25**	**12.20**	**22.93**	**10.95**	**10.62**	**9.02**	**10.42**	**7.52**	**11.91**	**16.77**	**-2.62**	**14.81**	**7.31**	**8.04**	**07/01/1994**
Game Wardens' Benchmark	-0.33	9.26	23.03	9.87	10.14	8.83	10.48	N/A	11.56	20.45	-5.56	15.36	9.14	N/A	
Difference	1.58	2.94	-0.10	1.08	0.48	0.19	-0.06	N/A	0.35	-3.68	2.94	-0.55	-1.83	N/A	
Game Wardens' Retirement - Gross	**1.34**	**12.52**	**23.46**	**11.52**	**11.20**	**9.56**	**10.98**	**7.96**	**12.50**	**17.44**	**-2.01**	**15.35**	**7.78**	**8.36**	**07/01/1994**
All Public Plans > $3B Total Fund Median	1.04	11.26	22.11	11.00	10.65	8.74	9.87	7.85	12.03	17.25	-2.79	16.08	7.94	8.42	
Rank	41	26	34	36	32	17	14	46	41	43	42	64	57	52	
Judges' Retirement - Net	**1.25**	**12.21**	**22.95**	**10.96**	**10.63**	**9.03**	**10.43**	**7.55**	**11.94**	**16.78**	**-2.64**	**14.82**	**7.32**	**8.03**	**07/01/1994**
Judges' Benchmark	-0.33	9.27	23.06	9.88	10.15	8.84	10.48	N/A	11.59	20.47	-5.57	15.37	9.13	N/A	
Difference	1.58	2.94	-0.11	1.08	0.48	0.19	-0.05	N/A	0.35	-3.69	2.93	-0.55	-1.81	N/A	
Judges' Retirement - Gross	**1.34**	**12.53**	**23.48**	**11.53**	**11.21**	**9.57**	**10.99**	**7.99**	**12.53**	**17.45**	**-2.03**	**15.36**	**7.79**	**8.35**	**07/01/1994**
All Public Plans > $3B Total Fund Median	1.04	11.26	22.11	11.00	10.65	8.74	9.87	7.85	12.03	17.25	-2.79	16.08	7.94	8.42	
Rank	41	26	34	36	31	17	14	45	39	42	42	63	57	52	
Volunteer Firefighters' Retirement - Net	**1.23**	**12.19**	**22.94**	**10.95**	**10.63**	**9.01**	**10.43**	**7.65**	**11.94**	**16.79**	**-2.64**	**14.79**	**7.16**	**7.84**	**07/01/1994**
Volunteer Firefighters' Benchmark	-0.28	9.33	23.15	9.90	10.15	8.84	10.49	N/A	11.59	20.47	-5.59	15.33	9.11	N/A	
Difference	1.51	2.86	-0.21	1.05	0.48	0.17	-0.06	N/A	0.35	-3.68	2.95	-0.54	-1.95	N/A	
Volunteer Firefighters' Retirement - Gross	**1.32**	**12.51**	**23.47**	**11.52**	**11.20**	**9.55**	**10.98**	**8.08**	**12.53**	**17.46**	**-2.04**	**15.34**	**7.63**	**8.16**	**07/01/1994**
All Public Plans > $3B Total Fund Median	1.04	11.26	22.11	11.00	10.65	8.74	9.87	7.85	12.03	17.25	-2.79	16.08	7.94	8.42	
Rank	42	26	34	36	32	17	14	36	39	42	42	64	64	67	

Net performance shown is net of all manager fees and expenses (Net-All). All Public Plans > $3B 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. Retirement plan benchmarks' inception dates were updated to 1/1/2011.

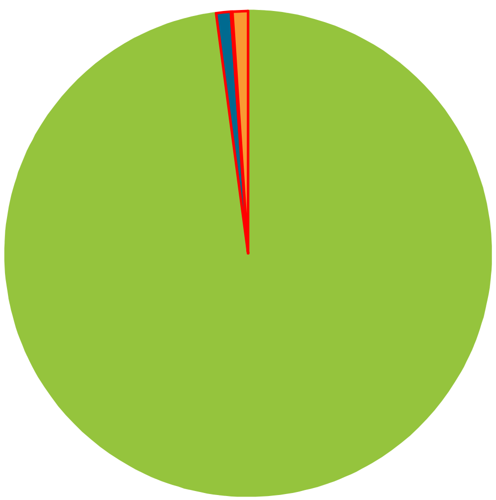
RVK

Montana Board of Investments
Asset Allocation by Segment
Retirement Plans

As of September 30, 2021

	Consolidated Asset Pension Pool (CAPP)		Short Term Investment Pool (STIP)		Total Fund	
	($)	%	($)	%	($)	%
Public Employees' Retirement	7,151,549,640	49.28	74,763,347	49.57	7,226,312,987	49.29
Teachers' Retirement	5,062,337,055	34.89	51,812,958	34.36	5,114,150,013	34.88
Firefighters' Retirement	607,805,717	4.19	6,427,082	4.26	614,232,799	4.19
Police Retirement	563,203,938	3.88	5,968,183	3.96	569,172,121	3.88
Sheriffs' Retirement	483,811,849	3.33	5,277,435	3.50	489,089,284	3.34
Game Wardens' Retirement	272,954,454	1.88	2,786,283	1.85	275,740,738	1.88
Highway Patrol Retirement	187,556,274	1.29	1,919,615	1.27	189,475,889	1.29
Judges' Retirement	132,773,444	0.92	1,358,896	0.90	134,132,340	0.91
Volunteer Firefighters' Retirement	48,725,442	0.34	498,703	0.33	49,224,145	0.34
Retirement Plans Total Fund Composite	**14,510,717,813**	**98.97**	**150,812,502**	**1.03**	**14,661,530,315**	**100.00**

September 30, 2021 : $14,661,530,315

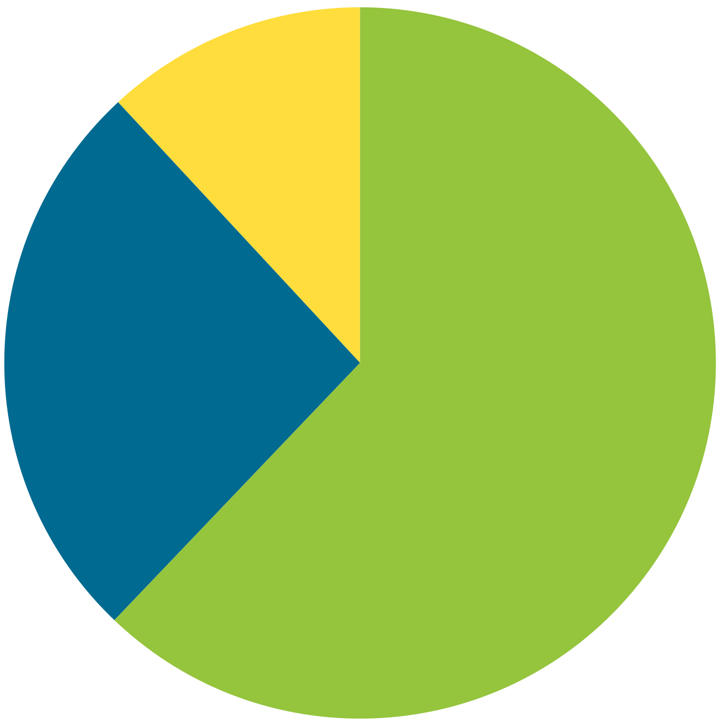


Segments	Market Value ($)	Allocation (%)
CAPP Ex Cash	14,351,717,058	97.89
CAPP Cash Pension	143,864,242	0.98
CAPP Asset Class Cash	15,136,513	0.10
Short Term Investment Pool (STIP)	150,812,502	1.03
Total Cash	309,813,257	2.11

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.

RVK

September 30, 2021 : $23,353,860,373



	Market Value ($)	Allocation (%)
Consolidated Asset Pension Pool (CAPP)	14,510,717,797	62.13
Short Term Investment Pool	6,062,920,983	25.96
Trust Funds Investment Pool	2,780,221,593	11.90

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

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Consolidated Asset Pension Pool (CAPP)	**1.26**	**12.34**	**23.21**	**11.10**	**N/A**	**N/A**	**N/A**	**12.10**	**17.12**	**-2.74**	**N/A**	**N/A**	**10.78**	**04/01/2017**
CAPP Custom Benchmark	-0.34	9.37	23.33	10.00	N/A	N/A	N/A	11.73	20.88	-5.73	N/A	N/A	10.11	
Difference	1.60	2.97	-0.12	1.10	N/A	N/A	N/A	0.37	-3.76	2.99	N/A	N/A	0.67	
Trust Funds Investment Pool	**0.58**	**0.34**	**1.18**	**5.91**	**3.66**	**4.08**	**4.18**	**7.23**	**8.98**	**0.45**	**4.01**	**4.02**	**5.98**	**10/01/1995**
Bloomberg US Agg Bond Index	0.05	-1.56	-0.90	5.35	2.94	3.26	3.01	7.51	8.72	0.01	3.54	2.65	5.06	
Difference	0.53	1.90	2.08	0.56	0.72	0.82	1.17	-0.28	0.26	0.44	0.47	1.37	0.92	
Short Term Investment Pool	**0.03**	**0.08**	**0.14**	**1.22**	**1.27**	**1.00**	**0.76**	**0.73**	**2.28**	**1.98**	**1.11**	**0.61**	**2.31**	**04/01/1997**
Short Term Custom Index	0.01	0.03	0.05	1.03	1.16	0.91	0.70	0.36	2.14	1.95	1.15	0.52	2.22	
Difference	0.02	0.05	0.09	0.19	0.11	0.09	0.06	0.37	0.14	0.03	-0.04	0.09	0.09	
iMoneynet Money Fund (Gross) Median	0.04	0.13	0.17	1.31	1.37	1.08	0.83	0.73	2.45	2.15	1.21	0.61	2.30	
Difference	-0.01	-0.05	-0.03	-0.09	-0.10	-0.08	-0.07	0.00	-0.17	-0.17	-0.10	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.

RVK

September 30, 2021 : $14,510,717,936

	Market Value ($)	Allocation (%)
Domestic Equity	4,505,393,920	31.05
International Equity	2,497,941,264	17.21
Private Investments	2,210,040,465	15.23
Core Fixed Income	2,114,391,838	14.57
Real Estate	1,455,372,144	10.03
Non-Core Fixed Income	899,066,143	6.20
Real Assets*	684,647,921	4.72
Cash Pension	143,864,242	0.99

Allocations shown may not sum up to 100% due to rounding.
*Formerly the Natural Resources pension asset class.

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

As of September 30, 2021

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Domestic Equity	**0.14**	**16.39**	**34.53**	**15.56**	**16.37**	**13.47**	**16.26**	**20.09**	**30.75**	**-7.09**	**20.79**	**11.46**	**10.51**	**05/01/2003**
Domestic Equity Custom Index	0.04	15.33	32.29	16.21	17.00	14.14	16.72	21.10	31.14	-5.20	21.05	13.03	11.24	
Difference	0.10	1.06	2.24	-0.65	-0.63	-0.67	-0.46	-1.01	-0.39	-1.89	-0.26	-1.57	-0.73	
International Equity	**-2.88**	**5.99**	**24.09**	**9.01**	**9.61**	**6.58**	**8.17**	**13.35**	**22.86**	**-14.99**	**28.67**	**3.87**	**5.35**	**04/01/1997**
International Equity Custom Index	-2.56	6.77	25.16	8.34	9.13	6.02	7.72	11.12	21.63	-14.76	27.81	4.41	5.57	
Difference	-0.32	-0.78	-1.07	0.67	0.48	0.56	0.45	2.23	1.23	-0.23	0.86	-0.54	-0.22	
Core Fixed Income	**-0.01**	**-1.55**	**-1.13**	**4.99**	**2.66**	**3.21**	**3.31**	**8.25**	**6.90**	**0.95**	**2.29**	**3.19**	**5.82**	**04/01/1995**
Core Fixed Income Custom Index	0.05	-1.55	-0.90	4.56	2.44	2.90	2.76	7.51	6.39	0.68	2.57	2.65	5.18	
Difference	-0.06	0.00	-0.23	0.43	0.22	0.31	0.55	0.74	0.51	0.27	-0.28	0.54	0.64	
Non-Core Fixed Income	**0.46**	**2.98**	**8.92**	**6.19**	**5.49**	**5.05**	**6.95**	**6.40**	**13.98**	**-2.27**	**5.99**	**12.47**	**7.91**	**06/01/2009**
Bloomberg US HY 2% Issuer Cap Index	0.89	4.54	11.27	6.89	6.50	5.89	7.42	7.05	14.32	-2.08	7.50	17.13	9.00	
Difference	-0.43	-1.56	-2.35	-0.70	-1.01	-0.84	-0.47	-0.65	-0.34	-0.19	-1.51	-4.66	-1.09	
Real Assets	**2.35**	**18.94**	**26.58**	**0.10**	**N/A**	**N/A**	**N/A**	**-13.43**	**-2.18**	**5.55**	**N/A**	**N/A**	**2.71**	**04/01/2017**
Real Assets Custom Index	-0.46	8.76	35.71	-3.70	2.97	-1.29	0.52	-12.32	13.06	-11.75	13.70	32.44	2.12	
Difference	2.81	10.18	-9.13	3.80	N/A	N/A	N/A	-1.11	-15.24	17.30	N/A	N/A	0.59	
Real Estate	**5.42**	**12.19**	**14.54**	**6.81**	**7.70**	**8.94**	**9.41**	**-0.35**	**6.97**	**9.19**	**9.17**	**8.82**	**4.41**	**06/01/2006**
Real Estate Custom Index	3.68	6.80	7.09	0.24	2.15	4.89	6.80	-19.66	25.84	-4.57	5.99	9.08	4.57	
Difference	1.74	5.39	7.45	6.57	5.55	4.05	2.61	19.31	-18.87	13.76	3.18	-0.26	-0.16	
Cash Pension	**0.01**	**0.10**	**0.16**	**1.26**	**N/A**	**N/A**	**N/A**	**0.84**	**2.28**	**2.00**	**N/A**	**N/A**	**1.33**	**05/01/2017**
Short Term Custom Index	0.01	0.03	0.05	1.03	1.16	0.91	0.70	0.36	2.14	1.95	1.15	0.52	1.20	
Difference	0.00	0.07	0.11	0.23	N/A	N/A	N/A	0.48	0.14	0.05	N/A	N/A	0.13	
Private Investments*	**7.55**	**31.70**	**42.00**	**19.02**	**16.99**	**13.80**	**13.71**	**10.91**	**12.95**	**11.55**	**15.20**	**7.37**	**13.29**	**05/01/2002**
Private Investments Custom Index	-2.02	13.11	45.81	11.64	14.32	12.97	15.36	18.90	27.38	-9.99	20.59	20.11	11.94	
Difference	9.57	18.59	-3.81	7.38	2.67	0.83	-1.65	-7.99	-14.43	21.54	-5.39	-12.74	1.35	

For additional information on the Private Investments Custom Index, please see the Addendum.
*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.

RVK

Montana Board of Investments
Comparative Performance
Investment Pools

As of September 30, 2021

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Domestic Equity	**0.22**	**16.63**	**34.88**	**15.88**	**16.71**	**13.80**	**16.60**	**20.37**	**31.13**	**-6.78**	**21.16**	**11.77**	**10.81**	**05/01/2003**
All Public Plans-US Equity Segment Median	-0.15	15.19	33.06	14.96	16.24	13.51	16.20	18.92	30.04	-5.83	20.31	12.78	11.14	
Rank	27	20	24	32	39	35	24	32	28	74	31	74	69	
Population	80	74	72	61	57	55	42	67	65	66	89	90	14	
International Equity	**-2.79**	**6.26**	**24.50**	**9.37**	**9.97**	**6.93**	**8.52**	**13.71**	**23.28**	**-14.72**	**29.06**	**4.24**	**5.77**	**04/01/1997**
All Public Plans-Intl. Equity Segment Median	-1.95	7.89	27.17	10.26	10.72	7.43	9.19	12.76	23.71	-13.63	28.75	4.00	N/A	
Rank	67	75	73	71	70	72	78	45	62	78	46	44	N/A	
Population	79	74	72	63	62	59	42	68	65	68	84	88	N/A	
Core Fixed Income	**0.00**	**-1.51**	**-1.07**	**5.05**	**2.71**	**3.25**	**3.35**	**8.31**	**6.94**	**1.00**	**2.34**	**3.21**	**5.95**	**04/01/1995**
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	0.10	-1.15	0.00	6.05	3.59	3.80	3.66	8.52	9.20	0.06	4.02	3.12	5.68	
Rank	81	76	91	97	97	94	76	55	98	8	100	47	24	
Population	133	133	133	129	128	126	117	150	153	159	164	171	64	
Non-Core Fixed Income	**0.58**	**3.32**	**9.38**	**6.73**	**6.04**	**5.59**	**7.50**	**6.91**	**14.60**	**-1.71**	**6.58**	**13.04**	**8.48**	**06/01/2009**
IM U.S. High Yield Bonds (SA+CF) Median	0.89	4.50	10.69	6.84	6.40	5.78	7.38	6.53	14.25	-1.64	7.49	14.07	8.88	
Rank	86	88	76	54	69	58	46	41	41	52	74	63	72	
Population	145	145	145	141	136	131	109	167	183	193	198	204	95	
Trust Funds Investment Pool	**0.61**	**0.41**	**1.27**	**5.99**	**3.74**	**4.16**	**4.28**	**7.30**	**9.06**	**0.53**	**4.10**	**4.12**	**6.04**	**10/01/1995**
All Public Plans-US Fixed Income Segment Median	0.24	-0.04	1.69	6.07	4.02	4.14	4.04	8.59	9.25	-0.25	4.59	4.61	N/A	
Rank	13	25	57	59	67	50	44	78	53	22	62	61	N/A	
Population	79	77	75	65	64	62	47	74	68	72	85	90	N/A	
Real Estate	**5.57**	**13.28**	**15.91**	**8.34**	**9.33**	**10.52**	**10.96**	**1.11**	**8.65**	**11.12**	**10.91**	**10.26**	**5.87**	**06/01/2006**
All Public Plans-Real Estate Segment Median	5.14	12.49	15.56	8.01	8.89	9.95	10.87	1.66	7.65	9.04	8.84	9.98	N/A	
Rank	33	38	46	31	33	36	43	72	39	15	26	47	N/A	
Population	48	42	41	28	24	18	13	38	35	27	32	28	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.

RVK

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Domestic Large Cap Equity - Net	**0.51**	**16.42**	**32.78**	**16.82**	**17.42**	**14.36**	**16.89**	**21.44**	**31.06**	**-4.71**	**21.66**	**11.30**	**10.12**	**12/01/2006**
S&P 500 Index (Cap Wtd)	0.58	15.92	30.00	15.99	16.90	14.01	16.63	18.40	31.49	-4.38	21.83	11.96	10.11	
Difference	-0.07	0.50	2.78	0.83	0.52	0.35	0.26	3.04	-0.43	-0.33	-0.17	-0.66	0.01	
Domestic Large Cap Equity - Gross	**0.56**	**16.60**	**33.04**	**17.04**	**17.62**	**14.55**	**17.09**	**21.66**	**31.29**	**-4.52**	**21.82**	**11.45**	**10.35**	**12/01/2006**
IM U.S. Large Cap Equity (SA+CF) Median	0.13	15.89	30.84	15.64	16.69	13.66	16.50	18.01	30.27	-5.00	21.73	11.12	10.20	
Rank	34	39	36	32	34	32	33	34	41	45	49	48	44	
Domestic Large Cap Active - Net	**0.70**	**17.86**	**36.77**	**16.72**	**17.49**	**14.30**	**16.93**	**21.48**	**31.03**	**-5.88**	**21.85**	**9.63**	**9.83**	**07/01/2007**
S&P 500 Index (Cap Wtd)	0.58	15.92	30.00	15.99	16.90	14.01	16.63	18.40	31.49	-4.38	21.83	11.96	9.92	
Difference	0.12	1.94	6.77	0.73	0.59	0.29	0.30	3.08	-0.46	-1.50	0.02	-2.33	-0.09	
Domestic Large Cap Active - Gross	**0.85**	**18.35**	**37.55**	**17.42**	**18.14**	**14.91**	**17.53**	**22.24**	**31.82**	**-5.34**	**22.40**	**10.12**	**10.36**	**07/01/2007**
IM U.S. Large Cap Equity (SA+CF) Median	0.13	15.89	30.84	15.64	16.70	13.67	16.51	18.02	30.27	-5.00	21.73	11.12	10.00	
Rank	23	25	22	30	29	28	27	33	34	55	43	58	39	
Domestic Mid Cap Equity - Net	**-1.74**	**15.50**	**43.66**	**12.00**	**13.14**	**10.47**	**14.12**	**13.53**	**28.03**	**-10.75**	**19.45**	**12.30**	**9.45**	**01/01/2005**
Russell Mid Cap Index	-0.93	15.17	38.11	14.22	14.39	12.15	15.52	17.10	30.54	-9.06	18.52	13.80	10.41	
Difference	-0.81	0.33	5.55	-2.22	-1.25	-1.68	-1.40	-3.57	-2.51	-1.69	0.93	-1.50	-0.96	
Domestic Mid Cap Equity - Gross	**-1.74**	**15.50**	**43.66**	**12.08**	**13.44**	**10.87**	**14.59**	**13.53**	**28.11**	**-10.28**	**20.18**	**12.97**	**9.90**	**01/01/2005**
IM U.S. Mid Cap Equity (SA+CF) Median	-0.13	15.18	37.77	13.62	15.13	12.52	15.78	16.08	30.18	-9.06	19.38	12.75	11.12	
Rank	74	47	30	63	59	72	80	59	65	59	48	49	90	
Domestic Small Cap Equity - Net	**-2.00**	**18.99**	**53.10**	**10.82**	**13.69**	**11.99**	**14.93**	**13.07**	**25.76**	**-10.51**	**15.65**	**19.31**	**12.36**	**03/01/2003**
Russell 2000 Index	-4.36	12.41	47.68	10.54	13.45	11.90	14.63	19.96	25.53	-11.01	14.65	21.31	11.70	
Difference	2.36	6.58	5.42	0.28	0.24	0.09	0.30	-6.89	0.23	0.50	1.00	-2.00	0.66	
Domestic Small Cap Equity - Gross	**-1.90**	**19.35**	**53.70**	**11.25**	**14.20**	**12.54**	**15.54**	**13.50**	**26.25**	**-10.09**	**16.27**	**19.97**	**12.90**	**03/01/2003**
IM U.S. Small Cap Equity (SA+CF) Median	-1.78	17.01	50.29	11.68	14.42	12.75	15.74	16.81	25.81	-10.56	15.14	20.87	13.25	
Rank	52	40	42	55	52	52	55	57	47	48	44	57	58	

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.

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
International Large Cap Passive - Net	**-3.07**	**5.86**	**23.81**	**8.15**	**9.10**	**6.01**	**7.71**	**10.81**	**21.59**	**-14.04**	**27.79**	**4.87**	**7.33**	**06/01/2009**
MSCI ACW Ex US Index (USD) (Net)	-2.99	5.90	23.92	8.03	8.94	5.68	7.48	10.65	21.51	-14.20	27.19	4.50	7.12	
Difference	-0.08	-0.04	-0.11	0.12	0.16	0.33	0.23	0.16	0.08	0.16	0.60	0.37	0.21	
International Large Cap Passive - Gross	**-3.06**	**5.91**	**23.89**	**8.21**	**9.17**	**6.09**	**7.79**	**10.88**	**21.66**	**-13.98**	**27.88**	**4.96**	**7.40**	**06/01/2009**
International Equity Active - Net	**-2.67**	**6.15**	**24.41**	**10.15**	**10.44**	**7.91**	**9.30**	**15.91**	**25.83**	**-16.18**	**30.82**	**2.63**	**4.45**	**04/01/1997**
MSCI ACW Ex US Index (USD) (Net)	-2.99	5.90	23.92	8.03	8.94	5.68	7.48	10.65	21.51	-14.20	27.19	4.50	5.60	
Difference	0.32	0.25	0.49	2.12	1.50	2.23	1.82	5.26	4.32	-1.98	3.63	-1.87	-1.15	
International Equity Active - Gross	**-2.55**	**6.54**	**25.03**	**10.72**	**11.01**	**8.46**	**9.83**	**16.50**	**26.48**	**-15.73**	**31.50**	**3.17**	**4.97**	**04/01/1997**
IM International Large Cap Core Equity (SA+CF) Median	-1.02	8.65	25.29	8.65	9.95	6.98	9.46	11.79	23.49	-14.36	26.34	1.60	7.10	
Rank	80	71	55	30	29	20	31	27	29	68	12	31	100	
International Value - Net	**-2.20**	**7.55**	**28.75**	**7.77**	**9.59**	**6.29**	**8.12**	**9.31**	**20.76**	**-13.97**	**30.72**	**5.59**	**3.37**	**11/01/2006**
MSCI ACW Ex US Val Index (USD) (Net)	-2.32	9.11	31.38	3.81	6.43	2.94	5.50	-0.77	15.72	-13.97	22.66	8.92	2.59	
Difference	0.12	-1.56	-2.63	3.96	3.16	3.35	2.62	10.08	5.04	0.00	8.06	-3.33	0.78	
International Value - Gross	**-2.08**	**7.95**	**29.39**	**8.31**	**10.15**	**6.84**	**8.69**	**9.87**	**21.37**	**-13.52**	**31.39**	**6.17**	**3.95**	**11/01/2006**
IM International Large Cap Value Equity (SA+CF) Median	-1.54	9.58	29.40	6.71	8.35	5.85	8.59	5.02	21.15	-14.51	25.78	4.29	5.00	
Rank	68	67	51	36	26	34	46	32	46	40	12	32	69	
International Growth - Net	**-4.76**	**1.50**	**17.21**	**12.51**	**10.82**	**8.54**	**9.55**	**23.08**	**31.39**	**-16.09**	**28.01**	**0.51**	**4.85**	**11/01/2006**
MSCI ACW Ex US Grth Index (USD) (Net)	-3.62	2.66	16.95	11.94	11.22	8.26	9.32	22.20	27.34	-14.43	32.01	0.12	5.54	
Difference	-1.14	-1.16	0.26	0.57	-0.40	0.28	0.23	0.88	4.05	-1.66	-4.00	0.39	-0.69	
International Growth - Gross	**-4.63**	**1.90**	**17.82**	**13.11**	**11.44**	**9.14**	**10.12**	**23.74**	**32.10**	**-15.61**	**28.74**	**1.12**	**5.40**	**11/01/2006**
IM International Large Cap Growth Equity (SA+CF) Median	-0.44	7.59	23.24	12.67	12.70	9.60	11.14	20.46	28.33	-13.90	31.26	-0.04	6.53	
Rank	95	91	80	45	65	59	72	40	18	68	67	34	82	
International Small Cap - Net	**-0.35**	**11.23**	**29.92**	**10.18**	**10.51**	**8.51**	**10.13**	**14.63**	**23.91**	**-18.90**	**33.61**	**1.84**	**5.95**	**09/01/2006**
MSCI ACWI Ex US Sm Cap Index IMI (USD) (Net)	0.00	12.23	33.06	10.33	10.28	8.15	9.44	14.24	22.42	-18.20	31.65	3.91	6.47	
Difference	-0.35	-1.00	-3.14	-0.15	0.23	0.36	0.69	0.39	1.49	-0.70	1.96	-2.07	-0.52	

Gross of fees performance is not available (N/A) for the International Small Cap composite which currently consists of DFA Intl Sm Co;I (DFISX), DFA Emg Mkts Sm Cap;I (DEMSX), BlackRock ACWI Ex-US Small Cap (CF), Templeton Investment Counsel (SA), and American Century Investment Mgmt (SA).

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.

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Domestic Large Cap Passive - Net	**0.41**	**15.33**	**30.45**	**16.76**	**17.28**	**14.20**	**16.78**	**21.33**	**30.99**	**-3.94**	**21.34**	**12.01**	**7.34**	**05/01/2000**
S&P 500 Index (Cap Wtd)	0.58	15.92	30.00	15.99	16.90	14.01	16.63	18.40	31.49	-4.38	21.83	11.96	7.26	
Difference	-0.17	-0.59	0.45	0.77	0.38	0.19	0.15	2.93	-0.50	0.44	-0.49	0.05	0.08	
Domestic Large Cap Passive - Gross	**0.41**	**15.34**	**30.46**	**16.78**	**17.29**	**14.21**	**16.79**	**21.35**	**31.00**	**-3.93**	**21.35**	**12.03**	**7.37**	**05/01/2000**
IM U.S. Large Cap Index Equity (SA+CF) Median	0.21	15.52	30.97	16.00	16.89	13.99	16.63	19.97	31.42	-4.76	21.72	12.03	7.49	
Rank	40	52	57	16	18	17	16	19	68	19	61	51	58	
Domestic Large Cap Enhanced - Net	**0.82**	**15.28**	**30.79**	**16.18**	**17.32**	**14.47**	**17.00**	**18.62**	**32.81**	**-4.20**	**24.21**	**9.73**	**10.29**	**06/01/2006**
S&P 500 Index (Cap Wtd)	0.58	15.92	30.00	15.99	16.90	14.01	16.63	18.40	31.49	-4.38	21.83	11.96	10.53	
Difference	0.24	-0.64	0.79	0.19	0.42	0.46	0.37	0.22	1.32	0.18	2.38	-2.23	-0.24	
Domestic Large Cap Enhanced - Gross	**0.87**	**15.50**	**31.13**	**16.50**	**17.63**	**14.78**	**17.33**	**18.97**	**33.17**	**-3.96**	**24.53**	**10.05**	**10.61**	**06/01/2006**
IM U.S. Large Cap Core Equity (SA+CF) Median	0.12	15.91	30.41	15.32	16.56	13.66	16.55	17.26	30.06	-5.17	21.85	10.63	10.67	
Rank	19	53	43	33	25	21	23	40	15	30	21	58	53	
Domestic Large Cap 130/30 - Net	**0.67**	**18.38**	**37.96**	**16.38**	**17.30**	**13.88**	**16.96**	**21.97**	**30.67**	**-7.10**	**20.28**	**9.54**	**11.53**	**03/01/2008**
S&P 500 Index (Cap Wtd)	0.58	15.92	30.00	15.99	16.90	14.01	16.63	18.40	31.49	-4.38	21.83	11.96	11.31	
Difference	0.09	2.46	7.96	0.39	0.40	-0.13	0.33	3.57	-0.82	-2.72	-1.55	-2.42	0.22	
Domestic Large Cap 130/30 - Gross	**0.84**	**18.93**	**38.83**	**17.17**	**18.12**	**14.65**	**17.75**	**22.79**	**31.57**	**-6.32**	**21.10**	**10.22**	**12.28**	**03/01/2008**
IM U.S. Large Cap Core Equity (SA+CF) Median	0.12	15.91	30.41	15.28	16.54	13.65	16.54	17.25	30.06	-5.17	21.85	10.63	11.38	
Rank	20	15	11	19	17	25	14	24	34	71	63	56	19	

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.

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Montana Board of Investments
Comparative Performance
Domestic Equity Managers

As of September 30, 2021

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Domestic Large Cap Equity														
BlackRock MSCI US Equity Index (SA) - Net	**0.41**	**15.33**	**30.49**	**N/A**	**N/A**	**N/A**	**N/A**	**21.33**	**N/A**	**N/A**	**N/A**	**N/A**	**21.18**	**04/01/2019**
MSCI US Index (USD) (Gross)	0.41	15.34	30.51	16.74	17.31	14.26	16.82	21.37	31.64	-4.50	21.90	11.61	21.22	
Difference	0.00	-0.01	-0.02	N/A	N/A	N/A	N/A	-0.04	N/A	N/A	N/A	N/A	-0.04	
BlackRock MSCI US Equity Index (SA) - Gross	**0.41**	**15.34**	**30.50**	**N/A**	**N/A**	**N/A**	**N/A**	**21.34**	**N/A**	**N/A**	**N/A**	**N/A**	**21.19**	**04/01/2019**
IM U.S. Large Cap Core Equity (SA+CF) Median	0.12	15.91	30.41	15.32	16.56	13.66	16.55	17.26	30.06	-5.17	21.85	10.63	19.73	
Rank	39	55	50	N/A	N/A	N/A	N/A	28	N/A	N/A	N/A	N/A	31	
SPDR S&P 500 ETF (SPY) - Net	**0.58**	**15.81**	**29.85**	**16.21**	**N/A**	**N/A**	**N/A**	**19.28**	**31.49**	**-5.30**	**N/A**	**N/A**	**16.55**	**07/01/2017**
S&P 500 Index (Cap Wtd)	0.58	15.92	30.00	15.99	16.90	14.01	16.63	18.40	31.49	-4.38	21.83	11.96	16.63	
Difference	0.00	-0.11	-0.15	0.22	N/A	N/A	N/A	0.88	0.00	-0.92	N/A	N/A	-0.08	
Northern Trust MSCI US Index (SA) - Net	**0.41**	**15.34**	**30.49**	**N/A**	**N/A**	**N/A**	**N/A**	**21.34**	**31.70**	**N/A**	**N/A**	**N/A**	**20.18**	**11/01/2018**
MSCI US Index (USD) (Gross)	0.41	15.34	30.51	16.74	17.31	14.26	16.82	21.37	31.64	-4.50	21.90	11.61	20.18	
Difference	0.00	0.00	-0.02	N/A	N/A	N/A	N/A	-0.03	0.06	N/A	N/A	N/A	0.00	
Northern Trust MSCI US Index (SA) - Gross	**0.41**	**15.34**	**30.50**	**N/A**	**N/A**	**N/A**	**N/A**	**21.36**	**31.71**	**N/A**	**N/A**	**N/A**	**20.20**	**11/01/2018**
IM U.S. Large Cap Core Equity (SA+CF) Median	0.12	15.91	30.41	15.32	16.56	13.66	16.55	17.26	30.06	-5.17	21.85	10.63	18.76	
Rank	39	55	50	N/A	N/A	N/A	N/A	28	32	N/A	N/A	N/A	31	
T. Rowe U.S. Structured Research (SA) - Net	**0.77**	**15.68**	**31.24**	**16.31**	**17.42**	**14.59**	**17.05**	**18.62**	**32.81**	**-4.20**	**23.94**	**10.68**	**11.02**	**06/01/2006**
S&P 500 Index (Cap Wtd)	0.58	15.92	30.00	15.99	16.90	14.01	16.63	18.40	31.49	-4.38	21.83	11.96	10.53	
Difference	0.19	-0.24	1.24	0.32	0.52	0.58	0.42	0.22	1.32	0.18	2.11	-1.28	0.49	
T. Rowe U.S. Structured Research (SA) - Gross	**0.83**	**15.90**	**31.58**	**16.63**	**17.73**	**14.90**	**17.37**	**18.97**	**33.17**	**-3.96**	**24.24**	**10.98**	**11.34**	**06/01/2006**
IM U.S. Large Cap Core Equity (SA+CF) Median	0.12	15.91	30.41	15.28	16.54	13.65	16.54	17.25	30.06	-5.17	21.85	10.63	10.66	
Rank	21	51	38	29	22	17	22	40	15	30	24	47	23	
Jacobs Levy 130/30 (SA) - Net	**0.75**	**20.51**	**44.95**	**15.34**	**N/A**	**N/A**	**N/A**	**17.03**	**31.63**	**N/A**	**N/A**	**N/A**	**16.81**	**04/01/2018**
MSCI US Index (USD) (Gross)	0.41	15.34	30.51	16.74	17.31	14.26	16.82	21.37	31.64	-4.50	21.90	11.61	17.74	
Difference	0.34	5.17	14.44	-1.40	N/A	N/A	N/A	-4.34	-0.01	N/A	N/A	N/A	-0.93	
Jacobs Levy 130/30 (SA) - Gross	**0.95**	**21.14**	**45.95**	**16.15**	**N/A**	**N/A**	**N/A**	**17.81**	**32.55**	**N/A**	**N/A**	**N/A**	**17.65**	**04/01/2018**
IM U.S. Large Cap Core Equity (SA+CF) Median	0.12	15.91	30.41	15.32	16.56	13.66	16.55	17.26	30.06	-5.17	21.85	10.63	16.23	
Rank	17	7	3	38	N/A	N/A	N/A	48	22	N/A	N/A	N/A	27	

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.

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	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
J.P. Morgan 130/30 (SA) - Net	**0.56**	**15.75**	**30.15**	**17.31**	**18.29**	**14.41**	**17.55**	**27.16**	**30.55**	**-6.93**	**22.86**	**10.30**	**12.52**	**03/01/2008**
JPM US Equity Custom Benchmark	0.41	15.34	30.51	16.73	17.34	14.32	16.85	21.37	31.37	-4.38	21.83	11.96	11.47	
Difference	0.15	0.41	-0.36	0.58	0.95	0.09	0.70	5.79	-0.82	-2.55	1.03	-1.66	1.05	
J.P. Morgan 130/30 (SA) - Gross	**0.71**	**16.25**	**30.90**	**18.09**	**19.13**	**15.22**	**18.39**	**28.00**	**31.42**	**-6.13**	**23.79**	**11.09**	**13.32**	**03/01/2008**
IM U.S. Large Cap Core Equity (SA+CF) Median	0.12	15.91	30.41	15.28	16.54	13.65	16.54	17.25	30.06	-5.17	21.85	10.63	11.38	
Rank	24	43	46	12	8	15	5	6	37	67	28	46	4	
Domestic Mid Cap Equity														
iShares:Core S&P Md-Cp (IJH) - Net	**-1.74**	**15.50**	**43.66**	**11.05**	**N/A**	**N/A**	**N/A**	**13.53**	**26.24**	**-13.95**	**N/A**	**N/A**	**11.09**	**07/01/2017**
S&P Mid Cap 400 Index (Cap Wtd)	-1.76	15.52	43.68	11.08	12.97	11.57	14.72	13.66	26.20	-11.08	16.24	20.74	11.95	
Difference	0.02	-0.02	-0.02	-0.03	N/A	N/A	N/A	-0.13	0.04	-2.87	N/A	N/A	-0.86	

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.

RVK

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Domestic Small Cap Equity														
Vaughan Nelson Management (SA) - Net	**-1.71**	**19.00**	**52.30**	**10.48**	**10.53**	**10.00**	**13.61**	**9.83**	**25.34**	**-13.78**	**6.83**	**20.50**	**9.98**	**03/01/2007**
Russell 2000 Val Index	-2.98	22.92	63.92	8.58	11.03	10.19	13.22	4.63	22.39	-12.86	7.84	31.74	7.07	
Difference	1.27	-3.92	-11.62	1.90	-0.50	-0.19	0.39	5.20	2.95	-0.92	-1.01	-11.24	2.91	
Vaughan Nelson Management (SA) - Gross	**-1.52**	**19.65**	**53.38**	**11.29**	**11.35**	**10.84**	**14.50**	**10.64**	**26.25**	**-13.13**	**7.66**	**21.49**	**10.88**	**03/01/2007**
IM U.S. Small Cap Value Equity (SA+CF) Median	-1.48	22.10	58.79	9.59	11.89	10.60	14.24	5.34	24.93	-14.11	11.61	26.81	9.13	
Rank	51	66	67	29	58	47	44	29	35	39	76	76	16	
BlackRock MSCI US Sm Cap Equity Index (CF) - Net	**-2.80**	**15.35**	**48.65**	**12.37**	**N/A**	**N/A**	**N/A**	**18.93**	**27.30**	**-9.96**	**N/A**	**N/A**	**13.92**	**07/01/2017**
MSCI US Sm Cap Index (USD) (Net)	-2.89	15.08	48.16	11.86	14.03	11.97	15.13	18.32	26.74	-10.40	16.75	19.15	13.41	
Difference	0.09	0.27	0.49	0.51	N/A	N/A	N/A	0.61	0.56	0.44	N/A	N/A	0.51	
BlackRock MSCI US Sm Cap Equity Index (CF) - Gross	**-2.79**	**15.38**	**48.69**	**12.40**	**N/A**	**N/A**	**N/A**	**18.96**	**27.34**	**-9.93**	**N/A**	**N/A**	**13.96**	**07/01/2017**
DFA US Sm Cap Tr (CF) - Net	**-1.78**	**21.29**	**56.71**	**9.83**	**12.57**	**11.49**	**14.79**	**11.56**	**21.66**	**-12.27**	**11.86**	**24.42**	**12.38**	**03/01/2003**
Russell 2000 Index	-4.36	12.41	47.68	10.54	13.45	11.90	14.63	19.96	25.53	-11.01	14.65	21.31	11.70	
Difference	2.58	8.88	9.03	-0.71	-0.88	-0.41	0.16	-8.40	-3.87	-1.26	-2.79	3.11	0.68	
DFA US Sm Cap Tr (CF) - Gross	**-1.71**	**21.59**	**57.22**	**10.22**	**12.96**	**11.88**	**15.19**	**11.98**	**22.07**	**-11.95**	**12.25**	**24.85**	**12.71**	**03/01/2003**
IM U.S. Small Cap Core Equity (SA+CF) Median	-1.38	18.27	51.40	11.88	14.79	13.17	15.99	18.37	25.48	-10.47	15.07	20.77	13.25	
Rank	56	29	30	71	77	73	67	73	74	65	72	21	67	
iShares:Russ 2000 ETF (IWM) - Net	**-4.33**	**12.29**	**47.42**	**10.76**	**N/A**	**N/A**	**N/A**	**20.90**	**25.52**	**N/A**	**N/A**	**N/A**	**12.67**	**05/01/2018**
Russell 2000 Index	-4.36	12.41	47.68	10.54	13.45	11.90	14.63	19.96	25.53	-11.01	14.65	21.31	12.48	
Difference	0.03	-0.12	-0.26	0.22	N/A	N/A	N/A	0.94	-0.01	N/A	N/A	N/A	0.19	

Gross of fees performance is not available (N/A) for the following funds: SPDR S&P 500 ETF (SPY), iShares:Core S&P Md-Cp (IJH), and iShares:Russ 2000 ETF (IWM).

The current annual expense ratios for the SPDR S&P 500 ETF (SPY), iShares:Core S&P Md-Cp (IJH), and iShares:Russ 2000 ETF (IWM) are 0.09%, 0.05%, and 0.19%, 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.

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
International Developed Large Cap Equity														
Acadian Asset Non-US Equity (SA) - Net	**-2.87**	**12.59**	**37.03**	**8.22**	**11.95**	**8.00**	**9.86**	**8.89**	**19.38**	**-13.44**	**34.76**	**12.40**	**4.53**	**11/01/2006**
MSCI ACW Ex US Val Index (USD) (Net)	-2.32	9.11	31.38	3.81	6.43	2.94	5.50	-0.77	15.72	-13.97	22.66	8.92	2.59	
Difference	-0.55	3.48	5.65	4.41	5.52	5.06	4.36	9.66	3.66	0.53	12.10	3.48	1.94	
Acadian Asset Non-US Equity (SA) - Gross	**-2.76**	**12.99**	**37.69**	**8.77**	**12.52**	**8.56**	**10.43**	**9.45**	**19.98**	**-12.99**	**35.45**	**13.01**	**5.10**	**11/01/2006**
IM ACWI Ex US Value (SA+CF) Median	-2.21	8.26	28.76	7.38	9.10	6.31	8.75	6.65	21.34	-14.78	26.02	4.87	4.98	
Rank	71	10	25	43	11	19	24	44	59	26	8	10	49	
Lazard Asset Management (SA) - Net	**-1.84**	**4.06**	**23.24**	**7.40**	**7.62**	**N/A**	**N/A**	**9.59**	**21.70**	**-14.32**	**27.00**	**0.22**	**5.20**	**06/01/2015**
Lazard Custom Index	-2.99	5.90	23.92	8.03	8.79	4.56	6.67	10.65	21.51	-15.55	22.66	8.92	5.05	
Difference	1.15	-1.84	-0.68	-0.63	-1.17	N/A	N/A	-1.06	0.19	1.23	4.34	-8.70	0.15	
Lazard Asset Management (SA) - Gross	**-1.72**	**4.45**	**23.84**	**7.94**	**8.17**	**N/A**	**N/A**	**10.14**	**22.31**	**-13.88**	**27.65**	**0.77**	**5.74**	**06/01/2015**
IM ACWI Ex US Value (SA+CF) Median	-2.21	8.26	28.76	7.38	9.10	6.31	8.75	6.65	21.34	-14.78	26.02	4.87	6.41	
Rank	37	89	77	49	64	N/A	N/A	42	43	35	38	86	60	
BlackRock ACW Ex US SuperFund A (CF) - Net	**-2.98**	**6.04**	**24.10**	**8.21**	**9.16**	**5.90**	**7.69**	**10.81**	**21.77**	**-13.99**	**27.49**	**4.77**	**7.33**	**06/01/2009**
MSCI ACW Ex US Index (USD) (Net)	-2.99	5.90	23.92	8.03	8.94	5.68	7.48	10.65	21.51	-14.20	27.19	4.50	7.12	
Difference	0.01	0.14	0.18	0.18	0.22	0.22	0.21	0.16	0.26	0.21	0.30	0.27	0.21	
BlackRock ACW Ex US SuperFund A (CF) - Gross	**-2.96**	**6.10**	**24.19**	**8.28**	**9.23**	**5.98**	**7.77**	**10.89**	**21.85**	**-13.93**	**27.58**	**4.86**	**7.41**	**06/01/2009**
IM All ACWI Ex US (SA+CF) Median	-1.90	7.01	25.31	10.09	10.55	7.33	9.71	14.71	24.97	-14.64	28.74	2.12	9.22	
Rank	74	67	58	62	66	73	86	61	66	43	62	25	86	
iShares:MSCI EAFE ETF (EFA) - Net	**-1.10**	**8.38**	**25.42**	**7.60**	**N/A**	**N/A**	**N/A**	**7.71**	**22.03**	**-12.88**	**N/A**	**N/A**	**7.37**	**07/01/2017**
MSCI EAFE Index (USD) (Net)	-0.45	8.35	25.73	7.62	8.81	5.80	8.10	7.82	22.01	-13.79	25.03	1.00	7.32	
Difference	-0.65	0.03	-0.31	-0.02	N/A	N/A	N/A	-0.11	0.02	0.91	N/A	N/A	0.05	
Baillie Gifford (SA) - Net	**-5.51**	**0.93**	**18.23**	**15.23**	**12.96**	**N/A**	**N/A**	**34.22**	**34.34**	**-17.35**	**31.99**	**0.73**	**10.27**	**06/01/2015**
MSCI ACW Ex US Grth Index (USD) (Net)	-3.62	2.66	16.95	11.94	11.22	8.26	9.32	22.20	27.34	-14.43	32.01	0.12	8.21	
Difference	-1.89	-1.73	1.28	3.29	1.74	N/A	N/A	12.02	7.00	-2.92	-0.02	0.61	2.06	
Baillie Gifford (SA) - Gross	**-5.40**	**1.28**	**18.77**	**15.78**	**13.52**	**N/A**	**N/A**	**34.86**	**34.99**	**-16.93**	**32.66**	**1.28**	**10.82**	**06/01/2015**
IM ACWI Ex US Growth (SA+CF) Median	-1.50	6.33	21.85	12.93	12.81	9.73	11.34	22.14	29.57	-13.78	32.56	-0.76	9.62	
Rank	97	93	76	30	36	N/A	N/A	13	9	85	49	33	27	

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.

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Invesco (SA) - Net	**-4.10**	**2.00**	**16.35**	**10.37**	**9.16**	**N/A**	**N/A**	**14.84**	**29.29**	**-15.17**	**24.92**	**0.32**	**6.32**	**06/01/2015**
MSCI ACW Ex US Grth Index (USD) (Net)	-3.62	2.66	16.95	11.94	11.22	8.26	9.32	22.20	27.34	-14.43	32.01	0.12	8.21	
Difference	-0.48	-0.66	-0.60	-1.57	-2.06	N/A	N/A	-7.36	1.95	-0.74	-7.09	0.20	-1.89	
Invesco (SA) - Gross	**-3.97**	**2.43**	**17.01**	**11.01**	**9.82**	**N/A**	**N/A**	**15.51**	**30.05**	**-14.64**	**25.70**	**1.01**	**6.98**	**06/01/2015**
IM ACWI Ex US Growth (SA+CF) Median	-1.50	6.33	21.85	12.93	12.81	9.73	11.34	22.14	29.57	-13.78	32.56	-0.76	9.62	
Rank	86	84	84	76	90	N/A	N/A	83	44	56	91	36	89	
International Developed Small Cap Equity														
American Century Investment Mgmt (SA) - Net	**2.42**	**8.32**	**26.37**	**13.68**	**14.12**	**11.57**	**N/A**	**31.60**	**29.44**	**-20.76**	**43.80**	**-5.31**	**9.51**	**03/01/2014**
MSCI ACW Ex US Sm Cap Grth Index (USD) (Net)	0.35	10.71	28.61	12.85	11.85	9.68	10.30	23.69	24.61	-18.27	33.64	-0.28	8.40	
Difference	2.07	-2.39	-2.24	0.83	2.27	1.89	N/A	7.91	4.83	-2.49	10.16	-5.03	1.11	
American Century Investment Mgmt (SA) - Gross	**2.63**	**8.98**	**27.39**	**14.61**	**15.06**	**12.50**	**N/A**	**32.68**	**30.50**	**-20.09**	**44.99**	**-4.49**	**10.43**	**03/01/2014**
IM ACWI Ex US Growth (SA+CF) Median	-1.50	6.33	21.85	12.93	12.81	9.73	11.34	22.14	29.57	-13.78	32.56	-0.76	8.83	
Rank	1	27	19	35	22	18	N/A	26	42	100	6	79	21	
BlackRock MSCI ACW Ex US Sm Cap Index (CF) - Net	**-0.04**	**12.16**	**32.87**	**10.49**	**10.49**	**8.42**	**N/A**	**14.45**	**22.68**	**-17.85**	**31.96**	**4.26**	**9.00**	**02/01/2012**
MSCI ACWI Ex US Sm Cap Index IMI (USD) (Net)	0.00	12.23	33.06	10.33	10.28	8.15	9.44	14.24	22.42	-18.20	31.65	3.91	8.78	
Difference	-0.04	-0.07	-0.19	0.16	0.21	0.27	N/A	0.21	0.26	0.35	0.31	0.35	0.22	
BlackRock MSCI ACW Ex US Sm Cap Index (CF) - Gross	**-0.01**	**12.26**	**33.03**	**10.62**	**10.63**	**8.57**	**N/A**	**14.50**	**22.90**	**-17.74**	**32.15**	**4.44**	**9.16**	**02/01/2012**
DFA Intl Sm Co;I (DFISX) - Net	**0.28**	**12.38**	**32.56**	**8.37**	**9.40**	**8.02**	**9.91**	**9.24**	**24.21**	**-19.41**	**30.24**	**5.74**	**8.28**	**11/01/2004**
MSCI Wrld Ex US Sm Cap Index (USD) (Net)	0.72	10.71	30.13	9.50	10.33	8.65	10.03	12.78	25.41	-18.07	31.04	4.32	8.04	
Difference	-0.44	1.67	2.43	-1.13	-0.93	-0.63	-0.12	-3.54	-1.20	-1.34	-0.80	1.42	0.24	
Templeton Investment Counsel (SA) - Net	**-1.73**	**11.40**	**27.72**	**9.06**	**9.70**	**7.26**	**N/A**	**9.98**	**24.17**	**-18.48**	**33.07**	**-1.13**	**6.33**	**03/01/2014**
Templeton Custom Index	0.00	12.23	33.06	10.33	10.11	7.60	9.25	14.24	22.42	-19.75	29.72	8.24	6.55	
Difference	-1.73	-0.83	-5.34	-1.27	-0.41	-0.34	N/A	-4.26	1.75	1.27	3.35	-9.37	-0.22	
Templeton Investment Counsel (SA) - Gross	**-1.52**	**12.08**	**28.77**	**9.97**	**10.63**	**8.19**	**N/A**	**10.91**	**25.20**	**-17.78**	**34.21**	**-0.23**	**7.26**	**03/01/2014**
IM ACWI Ex US Value (SA+CF) Median	-2.21	8.26	28.76	7.38	9.10	6.31	8.75	6.65	21.34	-14.78	26.02	4.87	5.39	
Rank	27	20	50	35	35	21	N/A	35	26	84	8	89	24	

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.

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
International Emerging Equity														
BlackRock MSCI Emg Mkts Index NL (CF) - Net	**-8.23**	**-1.54**	**17.65**	**8.26**	**8.95**	**5.34**	**N/A**	**17.92**	**18.12**	**-14.69**	**37.05**	**10.85**	**4.39**	**02/01/2012**
MSCI Emg Mkts Index (USD) (Net)	-8.09	-1.25	18.20	8.58	9.23	5.62	6.09	18.31	18.44	-14.58	37.28	11.19	4.66	
Difference	-0.14	-0.29	-0.55	-0.32	-0.28	-0.28	N/A	-0.39	-0.32	-0.11	-0.23	-0.34	-0.27	
BlackRock MSCI Emg Mkts Index NL (CF) - Gross	**-8.20**	**-1.45**	**17.78**	**8.37**	**9.07**	**5.49**	**N/A**	**18.04**	**18.25**	**-14.60**	**37.16**	**11.08**	**4.55**	**02/01/2012**
iShares:MSCI Em Mkts (EEM) - Net	**-8.65**	**-2.06**	**15.94**	**7.74**	**N/A**	**N/A**	**N/A**	**16.99**	**18.12**	**-16.45**	**36.86**	**N/A**	**9.63**	**01/01/2017**
MSCI Emg Mkts Index (USD) (Net)	-8.09	-1.25	18.20	8.58	9.23	5.62	6.09	18.31	18.44	-14.58	37.28	11.19	10.73	
Difference	-0.56	-0.81	-2.26	-0.84	N/A	N/A	N/A	-1.32	-0.32	-1.87	-0.42	N/A	-1.10	
DFA Emg Mkts Sm Cap;I (DEMSX) - Net	**-4.13**	**13.46**	**35.49**	**11.83**	**N/A**	**N/A**	**N/A**	**13.79**	**14.88**	**-17.56**	**N/A**	**N/A**	**10.04**	**02/01/2017**
MSCI Emg Mkts Sm Cap Index (USD) (Net)	-2.16	17.20	43.24	13.11	9.75	6.17	7.21	19.29	11.51	-18.59	33.84	2.28	10.93	
Difference	-1.97	-3.74	-7.75	-1.28	N/A	N/A	N/A	-5.50	3.37	1.03	N/A	N/A	-0.89	

Gross of fees performance is not available (N/A) for the following funds: iShares:MSCI EAFE ETF (EFA), International Equity Pool STIF, DFA Intl Sm Co;I (DFISX), iShares:MSCI Em Mkts (EEM), and DFA Emg Mkts Sm Cap;I (DEMSX).

The current annual expense ratios for the iShares:MSCI EAFE ETF (EFA), DFA Intl Sm Co;I (DFISX), iShares:MSCI Em Mkts (EEM), and DFA Emg Mkts Sm Cap;I (DEMSX) are 0.32%, 0.44%, 0.68%, and 0.60%, 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.

RVK

Montana Board of Investments
Comparative Performance
Core Fixed Income Managers

As of September 30, 2021

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
US Fixed Income Aggregate - Net	**0.00**	**-1.51**	**-1.27**	**N/A**	**N/A**	**N/A**	**N/A**	**7.65**	**N/A**	**N/A**	**N/A**	**N/A**	**3.20**	**12/01/2019**
Bloomberg US Agg Bond Index	0.05	-1.56	-0.90	5.35	2.94	3.26	3.01	7.51	8.72	0.01	3.54	2.65	3.10	
Difference	-0.05	0.05	-0.37	N/A	N/A	N/A	N/A	0.14	N/A	N/A	N/A	N/A	0.10	
Reams Asset Core Plus (SA) - Net	**-0.09**	**-1.70**	**0.09**	**8.44**	**4.81**	**4.66**	**4.53**	**17.14**	**8.08**	**1.31**	**3.21**	**4.18**	**5.90**	**10/01/2008**
Reams Custom Index	0.07	-1.07	0.20	5.55	3.19	3.48	3.41	7.58	8.72	0.01	3.83	3.91	4.49	
Difference	-0.16	-0.63	-0.11	2.89	1.62	1.18	1.12	9.56	-0.64	1.30	-0.62	0.27	1.41	
Reams Asset Core Plus (SA) - Gross	**-0.04**	**-1.56**	**0.27**	**8.64**	**4.99**	**4.85**	**4.71**	**17.35**	**8.28**	**1.49**	**3.38**	**4.35**	**6.08**	**10/01/2008**
IM U.S. Broad Market Core+ FI (SA+CF) Median	0.22	-0.21	1.94	6.58	4.13	4.20	4.38	8.96	9.88	-0.25	4.78	4.67	5.73	
Rank	93	98	86	3	17	17	32	2	93	4	95	57	33	

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.

RVK

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

As of September 30, 2021

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Neuberger Berman High Yield (SA) - Net	**0.41**	**3.91**	**9.94**	**6.42**	**5.64**	**5.17**	**6.93**	**6.30**	**13.75**	**-1.99**	**5.80**	**14.98**	**6.98**	**01/01/2010**
Bloomberg US HY 2% Issuer Cap Index	0.89	4.54	11.27	6.89	6.50	5.89	7.42	7.05	14.32	-2.08	7.50	17.13	7.42	
Difference	-0.48	-0.63	-1.33	-0.47	-0.86	-0.72	-0.49	-0.75	-0.57	0.09	-1.70	-2.15	-0.44	
Neuberger Berman High Yield (SA) - Gross	**0.44**	**4.06**	**10.20**	**6.81**	**6.07**	**5.61**	**7.39**	**6.75**	**14.26**	**-1.56**	**6.27**	**15.50**	**7.44**	**01/01/2010**
IM U.S. High Yield Bonds (SA+CF) Median	0.89	4.50	10.69	6.84	6.40	5.78	7.38	6.53	14.25	-1.63	7.49	14.07	7.48	
Rank	93	65	62	52	68	58	49	43	50	49	79	33	52	
Oaktree US High Yield (SA) (CAPP) - Net	**0.81**	**3.95**	**10.28**	**6.69**	**N/A**	**N/A**	**N/A**	**6.56**	**15.44**	**-3.99**	**N/A**	**N/A**	**5.62**	**01/01/2018**
Bloomberg US HY 2% Issuer Cap Index	0.89	4.54	11.27	6.89	6.50	5.89	7.42	7.05	14.32	-2.08	7.50	17.13	6.19	
Difference	-0.08	-0.59	-0.99	-0.20	N/A	N/A	N/A	-0.49	1.12	-1.91	N/A	N/A	-0.57	
Oaktree US High Yield (SA) (CAPP) - Gross	**0.91**	**4.27**	**10.75**	**7.19**	**N/A**	**N/A**	**N/A**	**7.07**	**16.02**	**-3.47**	**N/A**	**N/A**	**6.13**	**01/01/2018**
IM U.S. High Yield Bonds (SA+CF) Median	0.89	4.50	10.69	6.84	6.40	5.78	7.38	6.53	14.25	-1.64	7.49	14.07	6.08	
Rank	46	62	50	34	N/A	N/A	N/A	39	15	92	N/A	N/A	48	
Shenkman High Yield Fixed Income (SA) (CAPP) - Net	**0.81**	**3.74**	**9.62**	**6.50**	**N/A**	**N/A**	**N/A**	**6.32**	**13.65**	**-1.96**	**N/A**	**N/A**	**5.42**	**12/01/2017**
Bloomberg US HY 2% Issuer Cap Index	0.89	4.54	11.27	6.89	6.50	5.89	7.42	7.05	14.32	-2.08	7.50	17.13	6.14	
Difference	-0.08	-0.80	-1.65	-0.39	N/A	N/A	N/A	-0.73	-0.67	0.12	N/A	N/A	-0.72	
Shenkman High Yield Fixed Income (SA) (CAPP) - Gross	**0.91**	**4.08**	**10.10**	**7.00**	**N/A**	**N/A**	**N/A**	**6.82**	**14.18**	**-1.46**	**N/A**	**N/A**	**5.92**	**12/01/2017**
IM U.S. High Yield Bonds (SA+CF) Median	0.89	4.50	10.69	6.84	6.40	5.78	7.38	6.53	14.25	-1.64	7.49	14.07	6.06	
Rank	47	64	63	43	N/A	N/A	N/A	43	51	46	N/A	N/A	57	
Cohen & Steers Preferred Securities (SA) - Net	**1.11**	**3.84**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**8.64**	**11/01/2020**
Cohen & Steers Preferred Securities Custom Benchmark	0.60	3.00	7.20	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7.20	
Difference	0.51	0.84	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.44	
Cohen & Steers Preferred Securities (SA) - Gross	**1.20**	**4.12**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**9.00**	**11/01/2020**
Payden & Rygel EMD (SA) - Net	**-1.06**	**-2.17**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**-2.17**	**01/01/2021**
Payden & Rygel EMD Custom Benchmark	-1.42	-2.88	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-2.88	
Difference	0.36	0.71	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.71	
Payden & Rygel EMD (SA) - Gross	**-0.97**	**-1.90**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**-1.90**	**01/01/2021**
IM Emerging Markets Debt (SA+CF) Median	-0.80	-1.33	6.11	5.93	4.19	4.31	5.44	6.72	14.25	-5.33	12.44	10.93	-1.33	
Rank	56	56	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	56	

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 September 30, 2021

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Trust Funds Investment Pool Fixed Income	**0.17**	**-0.71**	**0.27**	**6.21**	**3.57**	**3.90**	**3.84**	**8.84**	**9.12**	**0.25**	**3.83**	**3.44**	**5.88**	**10/01/1995**
Bloomberg US Agg Bond Index	0.05	-1.56	-0.90	5.35	2.94	3.26	3.01	7.51	8.72	0.01	3.54	2.65	5.06	
Difference	0.12	0.85	1.17	0.86	0.63	0.64	0.83	1.33	0.40	0.24	0.29	0.79	0.82	
Trust Funds Investment Pool Fixed Income	**0.17**	**-0.71**	**0.27**	**6.21**	**3.57**	**3.90**	**3.84**	**8.84**	**9.12**	**0.25**	**3.83**	**3.44**	**5.88**	**10/01/1995**
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	0.10	-1.15	0.00	6.05	3.59	3.80	3.66	8.52	9.20	0.06	4.02	3.12	5.47	
Rank	33	35	45	35	54	45	38	37	55	31	62	43	12	
Shenkman High Yield Fixed Income (SA) (TFIP) - Net	**0.81**	**3.80**	**9.67**	**N/A**	**N/A**	**N/A**	**N/A**	**6.05**	**N/A**	**N/A**	**N/A**	**N/A**	**6.18**	**07/01/2019**
Bloomberg US HY 2% Issuer Cap Index	0.89	4.54	11.27	6.89	6.50	5.89	7.42	7.05	14.32	-2.08	7.50	17.13	6.97	
Difference	-0.08	-0.74	-1.60	N/A	N/A	N/A	N/A	-1.00	N/A	N/A	N/A	N/A	-0.79	
Shenkman High Yield Fixed Income (SA) (TFIP) - Gross	**0.90**	**4.13**	**10.16**	**N/A**	**N/A**	**N/A**	**N/A**	**6.54**	**N/A**	**N/A**	**N/A**	**N/A**	**6.66**	**07/01/2019**
IM U.S. High Yield Bonds (SA+CF) Median	0.89	4.50	10.69	6.84	6.40	5.78	7.38	6.53	14.25	-1.64	7.49	14.07	6.88	
Rank	47	64	62	N/A	N/A	N/A	N/A	50	N/A	N/A	N/A	N/A	59	
Oaktree US High Yield (SA) (TFIP) - Net	**0.81**	**4.05**	**10.42**	**N/A**	**N/A**	**N/A**	**N/A**	**6.72**	**N/A**	**N/A**	**N/A**	**N/A**	**6.95**	**08/01/2019**
Bloomberg US HY 2% Issuer Cap Index	0.89	4.54	11.27	6.89	6.50	5.89	7.42	7.05	14.32	-2.08	7.50	17.13	6.97	
Difference	-0.08	-0.49	-0.85	N/A	N/A	N/A	N/A	-0.33	N/A	N/A	N/A	N/A	-0.02	
Oaktree US High Yield (SA) (TFIP) - Gross	**0.91**	**4.36**	**10.90**	**N/A**	**N/A**	**N/A**	**N/A**	**7.25**	**N/A**	**N/A**	**N/A**	**N/A**	**7.44**	**08/01/2019**
IM U.S. High Yield Bonds (SA+CF) Median	0.89	4.50	10.69	6.84	6.40	5.78	7.38	6.53	14.25	-1.64	7.49	14.07	6.91	
Rank	47	56	47	N/A	N/A	N/A	N/A	35	N/A	N/A	N/A	N/A	29	
Neuberger Berman High Yield (SA) (TFIP) - Net	**0.41**	**3.79**	**9.96**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**15.74**	**04/01/2020**
Bloomberg US HY 2% Issuer Cap Index	0.89	4.54	11.27	6.89	6.50	5.89	7.42	7.05	14.32	-2.08	7.50	17.13	17.99	
Difference	-0.48	-0.75	-1.31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-2.25	
Neuberger Berman High Yield (SA) (TFIP) - Gross	**0.44**	**3.93**	**10.22**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**16.08**	**04/01/2020**
IM U.S. High Yield Bonds (SA+CF) Median	0.89	4.50	10.69	6.84	6.40	5.78	7.38	6.53	14.25	-1.64	7.49	14.07	17.14	
Rank	93	70	62	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	65	

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.

RVK

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Abandoned Mine Trust	0.03	0.10	0.16	1.29	1.23	1.23	1.35	0.73	2.41	1.85	1.04	1.10	3.77	12/01/1993
Barker Hughesville St Response	0.55	0.31	1.08	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.93	05/01/2020
Belt Water Treatment Plant Fund	0.53	0.30	1.08	5.60	N/A	N/A	N/A	6.80	8.56	N/A	N/A	N/A	4.90	03/01/2018
Big Sky Economic Development Fund	0.57	0.33	1.16	5.75	3.58	4.00	4.09	7.12	8.67	0.48	3.97	3.98	4.88	07/01/2005
Butte Area One Restoration	0.51	0.36	1.04	4.78	3.14	3.15	2.90	6.07	6.76	1.24	2.92	2.60	3.42	11/01/2008
Clark Fork River Restoration	0.47	0.29	0.96	4.65	3.04	3.14	3.02	5.65	7.04	0.96	2.85	2.72	3.68	11/01/2008
Coal Tax Cultural Trust Fund	0.57	0.33	1.15	5.70	3.55	3.97	4.06	6.99	8.64	0.47	3.96	3.95	5.93	12/01/1993
Coal Tax Park Acquisition	0.54	0.31	1.09	5.64	3.51	3.94	4.03	6.86	8.63	0.48	3.96	3.90	5.90	12/01/1993
East Helena Compensation Fund	0.13	0.19	0.36	3.08	2.19	2.28	N/A	2.65	5.52	1.20	2.56	2.12	2.05	01/01/2013
East Helena Greenway Trail Maintenance	0.45	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.80	03/01/2021
Endowment for Children	0.56	0.31	1.14	5.66	3.53	3.89	3.99	7.01	8.54	0.46	3.89	3.66	4.91	08/01/2007
Flying J CECRA Facilities Fund	0.54	0.31	1.09	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.98	05/01/2020
FWP License Account	0.29	0.07	0.44	1.99	1.54	1.35	1.22	1.85	3.33	1.50	1.11	0.84	2.84	11/01/1997
FWP Mitigation Trust Fund	0.41	0.24	0.83	3.51	2.26	1.96	1.85	3.84	5.46	1.14	1.15	0.67	3.82	12/01/1993
FWP Real Property Trust	0.54	0.31	1.10	5.63	3.51	3.89	3.95	6.83	8.62	0.51	3.80	3.82	5.32	12/01/1993
Group Benefits	0.19	0.32	0.52	2.40	1.74	1.66	1.52	2.05	4.01	1.37	1.30	1.16	3.76	12/01/1993
Harold Hamm Endowment	0.55	0.36	1.13	5.55	3.42	N/A	N/A	6.71	8.45	0.57	1.11	N/A	3.29	07/01/2016
Invasive Species Trust Fund	0.37	0.06	0.82	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.82	10/01/2020
Libby Asbestos Site State Cost	0.53	0.24	1.00	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.92	05/01/2020
Luttrell Pit - Operational & Maintenance	0.54	0.31	1.07	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.89	05/01/2020
Montana Pole	0.44	0.28	0.92	4.81	3.09	3.38	3.41	5.61	7.48	0.74	3.38	3.23	5.03	09/01/1996
Montana State University	0.07	0.13	0.26	1.65	1.50	1.30	1.12	1.30	2.87	1.87	1.39	0.95	1.93	08/01/2004
Montana Tech-UM Agency Funds	0.05	0.11	0.21	1.43	1.38	1.13	0.90	1.01	2.56	1.91	1.22	0.72	1.73	03/01/2003
MT BOI - Clark Fork Site	0.54	0.33	1.11	5.36	3.39	3.69	3.59	6.65	8.00	0.67	3.64	3.63	4.31	11/01/2008
MT BOI UOFM Other	0.39	0.42	0.75	3.14	2.24	2.28	2.10	3.47	4.54	1.42	2.15	2.34	2.93	08/01/2002
MUS Group Insurance	0.10	0.11	0.28	1.97	1.63	1.62	1.40	1.70	3.39	1.96	1.09	1.33	1.40	10/01/2011
MUS Workers Compensation	0.17	0.14	0.42	2.63	2.01	N/A	N/A	2.55	4.43	1.62	1.80	N/A	1.96	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.

RVK

	QTD/ FYTD	CYTD	1 Year	3 Years	5 Years	7 Years	10 Years	2020	2019	2018	2017	2016	Since Incep.	Inception Date
Older Montanans Trust	0.56	0.32	1.14	5.75	3.58	3.95	3.93	7.19	8.62	0.49	3.87	3.86	4.76	08/01/2007
Permanent Coal Trust Excl Crp	0.47	0.87	1.60	4.76	3.30	3.66	3.88	5.57	6.81	1.28	3.49	3.79	5.62	12/01/1993
PERS Defined Cont Disability	-0.75	8.01	19.72	10.72	10.25	N/A	N/A	14.06	20.77	-4.88	14.57	3.42	8.89	09/01/2015
Potter Trust Fund	0.55	0.33	1.12	5.57	3.47	N/A	N/A	6.78	8.47	0.51	3.87	N/A	3.71	06/01/2016
Resource Indemnity Trust	0.58	0.34	1.18	5.87	3.64	4.06	4.15	7.23	8.88	0.44	4.01	4.02	6.02	12/01/1993
School Facilities Fund	0.57	0.31	1.12	5.38	N/A	N/A	N/A	6.97	7.88	-0.13	N/A	N/A	3.95	01/01/2018
Smelter Hill Up Restorative	0.50	0.31	1.03	4.16	2.85	2.61	2.31	5.62	5.64	1.57	1.85	1.79	2.46	11/01/2008
State Fund Insurance	0.21	1.72	4.07	6.15	4.58	4.47	4.72	7.62	9.65	0.38	5.05	3.50	5.60	12/01/1993
Streamside Tailings Operable Unit	0.50	0.30	1.05	5.25	3.33	3.69	3.75	6.47	7.92	0.57	3.69	3.58	5.25	02/01/1999
Subsequent Injury Fund	0.03	0.10	0.16	1.23	1.27	1.00	0.79	0.73	2.28	1.98	1.11	0.61	2.91	12/01/1993
Tobacco Trust Fund	0.58	0.37	1.20	5.76	3.57	4.01	4.10	7.10	8.67	0.46	3.96	3.99	5.53	01/01/2001
Treasurers	0.03	0.09	0.15	1.19	1.24	1.01	0.78	0.63	2.28	1.97	1.07	0.68	2.75	12/01/1993
Treasure State Endowment	0.58	0.34	1.17	5.81	3.61	4.03	4.12	7.15	8.81	0.46	4.00	3.98	5.89	12/01/1993
Treasure State Reg. Water System	0.58	0.33	1.17	5.81	3.61	4.03	4.10	7.15	8.80	0.45	4.00	3.96	5.68	06/01/2000
Trust and Legacy Account	0.59	0.34	1.18	5.84	3.62	4.04	4.12	7.19	8.84	0.43	4.00	4.01	6.57	07/01/1991
UCFRB Assess/Litig Cost Rec	0.58	0.40	1.17	5.57	3.47	3.84	3.89	6.68	8.50	0.49	3.77	3.84	5.59	07/01/1999
UCFRB Restoration Fund	0.54	0.28	1.08	5.62	3.55	3.84	3.90	6.90	8.52	0.67	3.73	3.52	5.51	06/01/1999
Upper Blackfoot Response	0.15	0.21	0.33	2.26	1.74	1.78	1.56	1.55	4.24	1.49	1.90	1.74	1.58	09/01/2010
Weed Control Trust	0.58	0.34	1.18	5.87	3.64	4.06	4.13	7.23	8.88	0.44	4.01	4.02	5.21	12/01/1993
Wildlife Habitat Trust	0.55	0.33	1.10	5.59	3.47	3.85	3.93	6.75	8.54	0.51	3.78	3.79	5.33	12/01/1993
Yellowstone Pipeline Cleanup Fund	0.26	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.92	04/01/2021
Zortman/Landusky LT H20	0.03	0.10	0.16	1.23	1.24	1.30	1.62	0.73	2.28	1.98	1.01	1.36	6.07	09/01/1999
Z/L Long Term H20 Trust Fund	0.03	0.10	0.16	1.23	1.25	1.34	1.47	0.73	2.28	1.98	1.08	1.39	3.96	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.
- 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: SPDR S&P 500 ETF (SPY), Domestic Equity Pool STIF, iShares:Core S&P Md-Cp (IJH), iShares:Russ 2000 ETF (IWM), DFA Intl Sm Co;I (DFISX), iShares:MSCI EAFE ETF (EFA), International Equity Pool STIF, iShares:MSCI Em Mkts (EEM), and DFA Emg Mkts Sm Cap;I (DEMSX). The current annual expense ratios are as listed below.

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 Value Weighted (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 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 and 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 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.

Trust Accounts Comments

- Barker Hughesville St Response, Libby Asbestos Site State Cost, Flying J CECRA Facilities Fund, and Luttrell Pit - Operations and Maintenance were added in 05/2020.
- The Belt Water Treatment Plant Fund was added in 03/2018.
- The School Facilities Fund was added in 01/2018.
- The Potter Trust Fund and the Harold Hamm Endowment were added in 06/2016.
- MUS Workers Compensation was added in 04/2016.
- The Invasive Species Trust Fund was added in 10/2020.
- The East Helena Greenway Trail Maintenance Fund was added in 03/2021.
- The Yellowstone Pipeline Cleanup Fund was added in 04/2021.

Manager Transition Comments

- Neuberger Berman High Yield (SA) and TFIP Private Real Estate were funded in the Trust Fund Investment Pool during Q1 2020.
- 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.

Manager Transition Comments (cont.)

- 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.
- 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.
- INTECH Enhanced Plus was liquidated in 06/2017.
- 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.
- BlackRock Equity Index Fund A (CF) and BlackRock Mid Cap Equity Index A (CF) were liquidated in 05/2017.
- 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.
- 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.
- Nicholas Investment Partners was liquidated in 07/2016. Residual assets from liquidation were distributed in 03/2017.
- 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.
- 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.
- Cohen & Steers Preferred Securities (SA) was funded in 10/2020.
- Payden & Rygel EMD (SA) was funded in 12/2020.

Miscellaneous Comments

- Fiscal year ends on 06/30.
- During Q4 2019 Diversifying Strategies investments were liquidated and Investment Grade Credit, US Treasury & Agency, and TIPS were consolidated into the Core Fixed Income composite.
- Non-Core Fixed Income currently consists of High Yield and EMD.
- Private Investments currently consist of Private Equity, Private Credit, Venture Capital, and Passive ETFs.
- During Q1 2021 the Natural Resources PAC was renamed to the Real Assets PAC.

	Fee Schedule	Market Value As of 09/30/2021 ($)
SPDR S&P 500 ETF (SPY)	0.09 % of Assets	22,860,153
iShares:Core S&P Md-Cp (IJH)	0.05 % of Assets	38,257,481
iShares:Russ 2000 ETF (IWM)	0.19 % of Assets	1,094
iShares:MSCI EAFE ETF (EFA)	0.32 % of Assets	161,792,740
DFA Intl Sm Co;I (DFISX)	0.44 % of Assets	116,094,451
iShares:MSCI Em Mkts (EEM)	0.68 % of Assets	58,959,714
DFA Emg Mkts Sm Cap;I (DEMSX)	0.60 % of Assets	36,495,643

ETF fees are sourced from Morningstar and/or the investment manager. Mutual fund fees are provided by staff.

PORTLAND BOISE CHICAGO NEW YORK

RVK

Investment Update

Board Meeting: Nov 30 – Dec 1, 2021

Information as of: September 30, 2021

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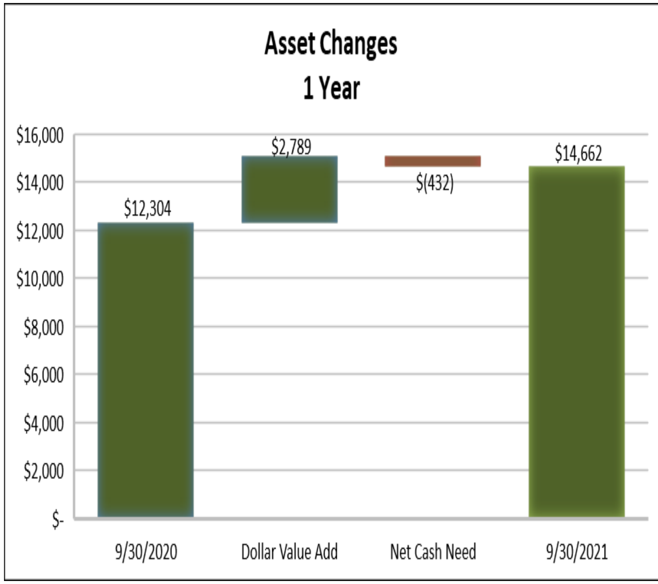
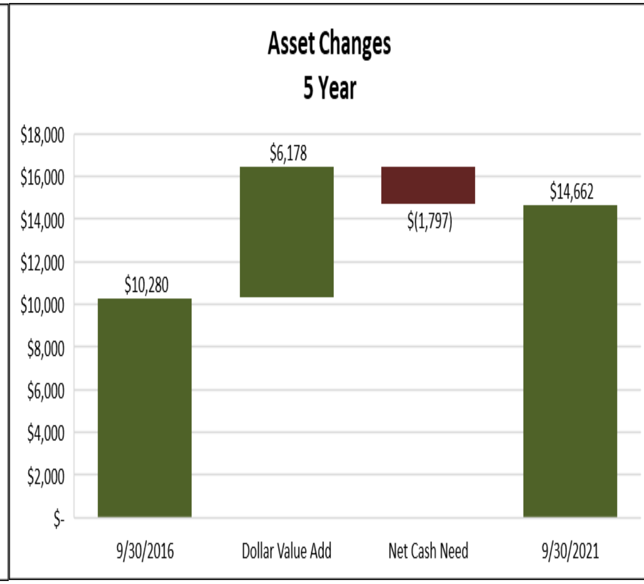
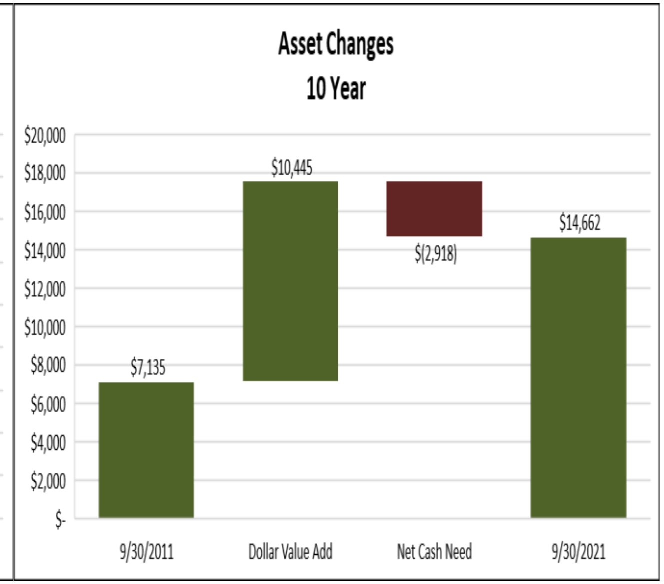
CIO Update
Retirement Plans Net Performance







* Dollar values are in $1,000,000

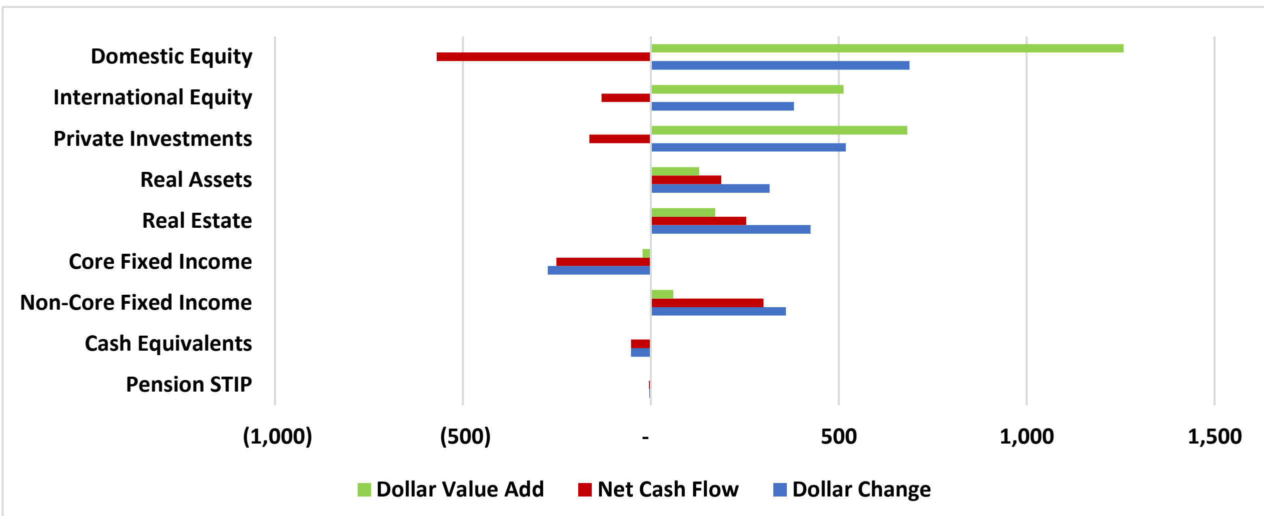
- Dollar Value Added – The total dollar return of the portfolio including income and capital gains.

- Net Cash Need - The total dollar amount distributed from portfolio assets to meet the deficit of contributions minus distributions.
  - A red 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.

CIO Update
Retirement Plans Net Performance

	9/30/2020 (NAV)	9/30/2021 (NAV)	Dollar Change	Net Cash Flow	Dollar Value Add
Domestic Equity	3,817.5	4,505.4	687.9	(569.9)	1,257.9
International Equity	2,117.1	2,497.9	380.8	(131.5)	512.3
Private Investments	1,691.7	2,210.0	518.3	(163.6)	682.0
Real Assets	368.5	684.6	316.1	187.3	128.8
Real Estate	1,030.2	1,455.4	425.1	254.2	170.9
Core Fixed Income	2,388.3	2,114.4	(273.9)	(251.5)	(22.4)
Non-Core Fixed Income	539.5	899.1	359.6	300.2	59.4
Cash Equivalents	196.3	143.9	(52.4)	(52.7)	0.3
Pension STIP	155.2	150.8	(4.4)	(4.7)	0.3
Grand Total	**12,304.4**	**14,661.5**	**2,357.1**	**(432.3)**	**2,789.4**

* Dollar values are in $1,000,000



CIO Update
Retirement Plans Net Performance

	9/30/2020 (NAV)	9/30/2021 (NAV)	Dollar Change	Net Cash Flows	Dollar Value Added
Public Employees Retirement	6,082.2	7,226.3	1,144.2	(235.7)	1,379.8
Teachers Retirement	4,321.0	5,114.2	793.1	(184.1)	977.2
Firefighters Retirement	497.4	614.2	116.8	3.9	112.9
Police Officers Retirement	468.1	569.2	101.1	(4.6)	105.7
Sheriffs Retirement	402.5	489.1	86.5	(5.6)	92.1
Game Wardens Retirement	223.8	275.7	52.0	0.5	51.5
Highway Patrol Retirement	157.7	189.5	31.8	(3.9)	35.7
Judges Retirement	110.8	134.1	23.4	(2.0)	25.3
Vol Firefighters Retirement	40.9	49.2	8.3	(0.9)	9.2
Grand Total	**12,304.4**	**14,661.5**	**2,357.1**	**(432.3)**	**2,789.4**

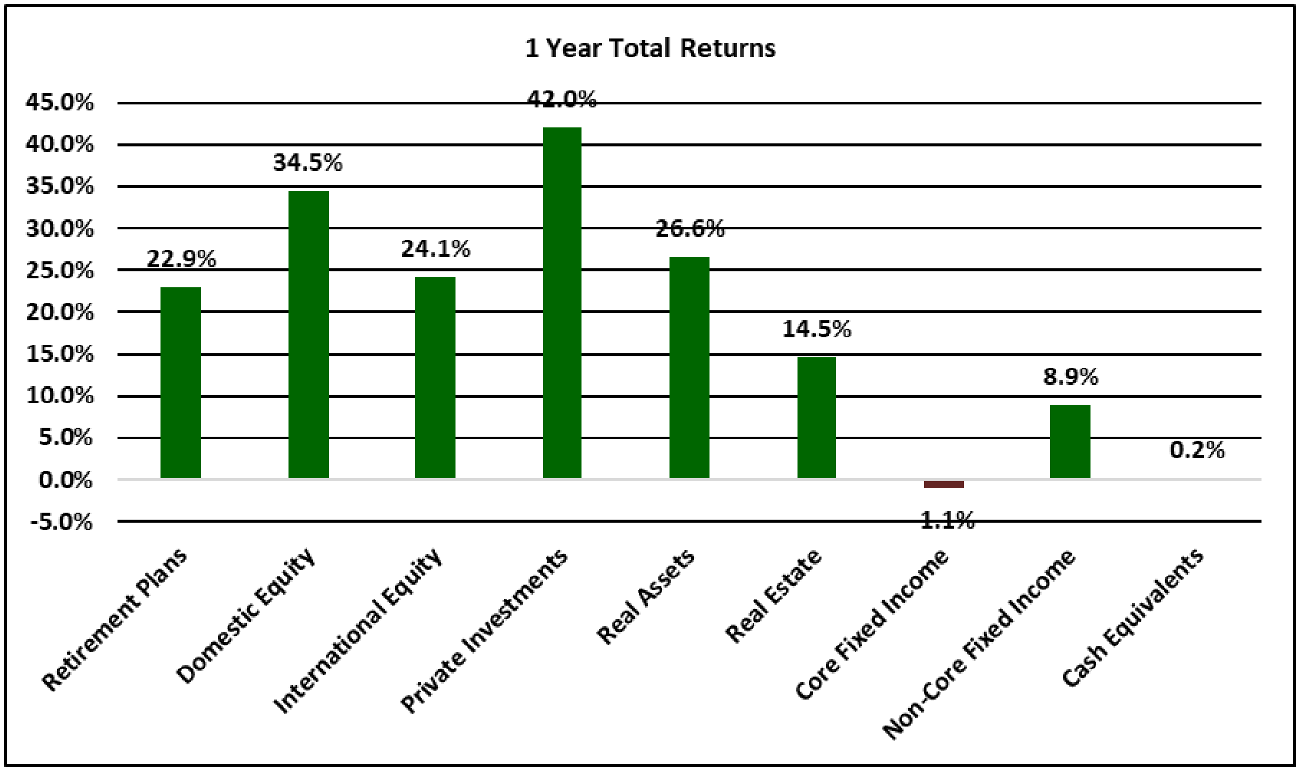
* Dollar values are in $1,000,000

CIO Update
Retirement Plans Net Performance

Name	1 Year	3 Year	5 Year	10 Year	20 Year	Since Inception
PUBLIC EMPLOYEES RETIREMENT	22.93%	10.95%	10.62%	10.44%	7.55%	8.13%
TEACHERS RETIREMENT	22.92%	10.95%	10.62%	10.44%	7.55%	8.14%
FIREFIGHTERS RETIREMENT	22.90%	10.95%	10.62%	10.44%	7.52%	7.99%
POLICE OFFICERS RETIREMENT	22.90%	10.95%	10.62%	10.44%	7.51%	8.00%
SHERIFFS RETIREMENT	22.94%	10.95%	10.63%	10.43%	7.54%	8.03%
GAME WARDENS RETIREMENT	22.92%	10.94%	10.62%	10.42%	7.52%	8.04%
HIGHWAY PATROL RETIREMENT	22.94%	10.96%	10.63%	10.44%	7.55%	8.02%
JUDGES RETIREMENT	22.94%	10.96%	10.63%	10.43%	7.55%	8.03%
VOL FIREFIGHTERS RETIREMENT	22.93%	10.95%	10.62%	10.43%	7.65%	7.84%

Inception 7/1/1994

CIO Update
Retirement Plans Asset Class Net Performance



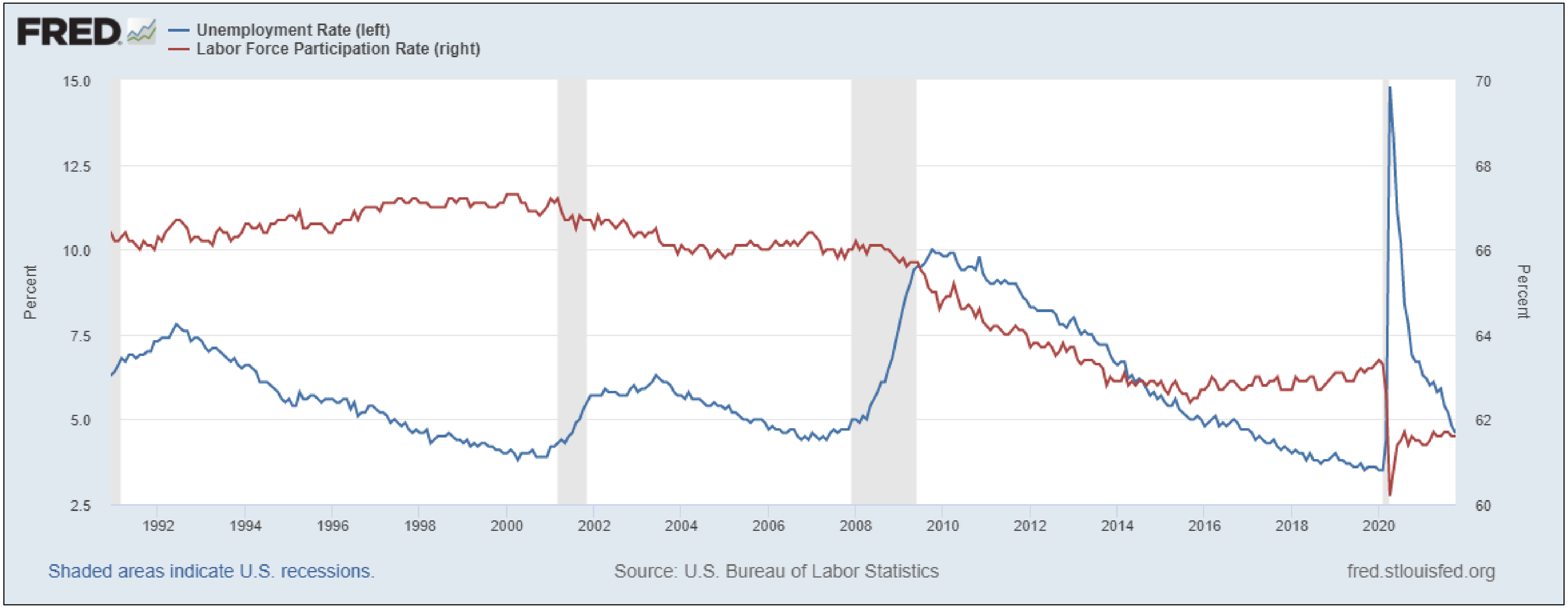
CIO Update

Retirement Plans Asset Class Allocation

	9/30/2021 (NAV)	% of Total	Mid Point	Deviation from Mid Point	Board Approved Ranges
Domestic Equity	4,505.4	30.7%	30.0%	0.7%	24% - 36%
International Equity	2,497.9	17.0%	17.0%	0.0%	12% - 22%
Private Investments	2,210.0	15.1%	15.0%	0.1%	11% - 19%
Real Assets	684.6	4.7%	5.0%	-0.3%	2% - 8%
Real Estate	1,455.4	9.9%	9.0%	0.9%	5% - 13%
Core Fixed Income	2,114.4	14.4%	15.0%	-0.6%	10% - 20%
Non-Core Fixed Income	899.1	6.1%	6.0%	0.1%	4% - 8%
Cash Equivalents + Pension STIP	294.7	2.0%	3.0%	-1.0%	0% - 6%
	14,661.5	**100.0%**	**100.0%**		

CIO Update
Economic Environment

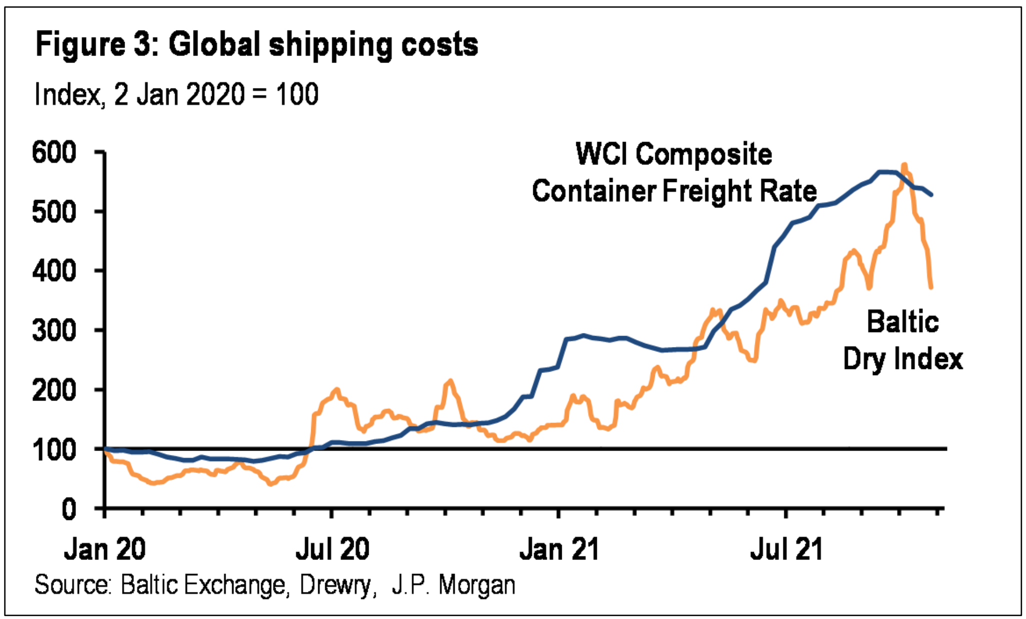
The unemployment rate is dropping but labor force participation lags pre-COVID levels.

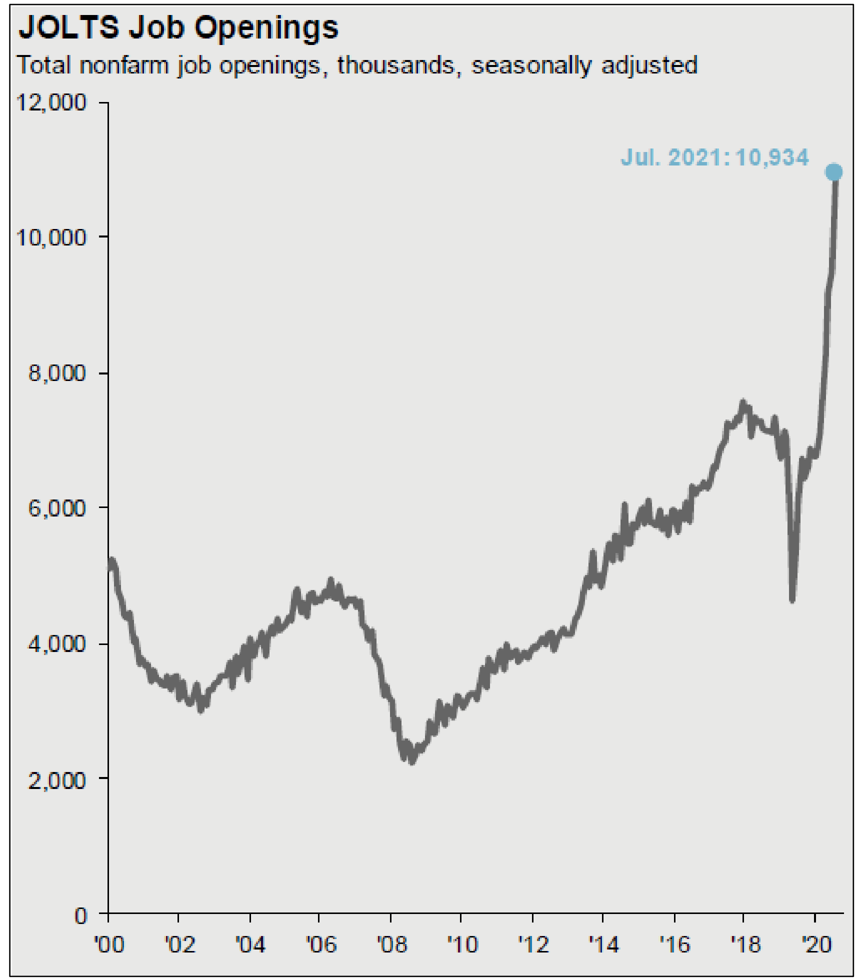


Source: Federal Reserve Economic Data

CIO Update
Economic Environment

Demand has surged with the reopening of the global economy. Job openings are at multi-decade highs.

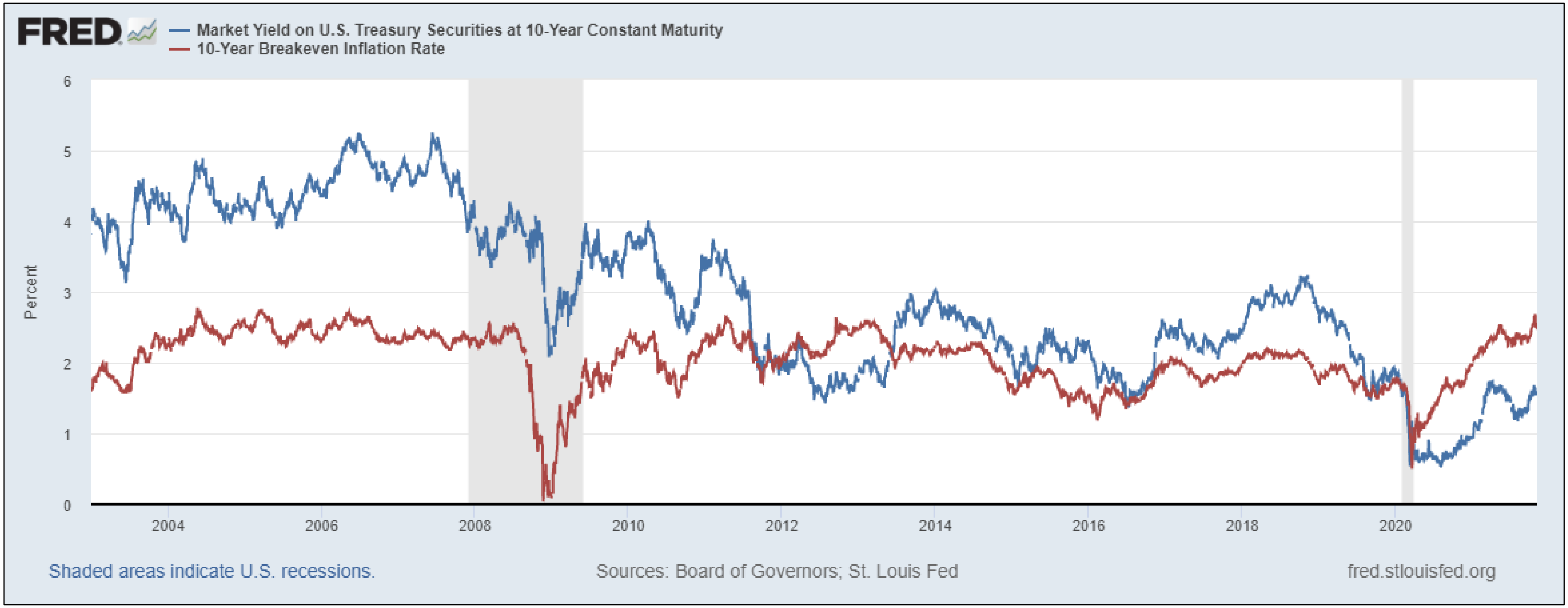




Source: J.P. Morgan Guide to the Markets 2021Q4

CIO Update
Economic Environment

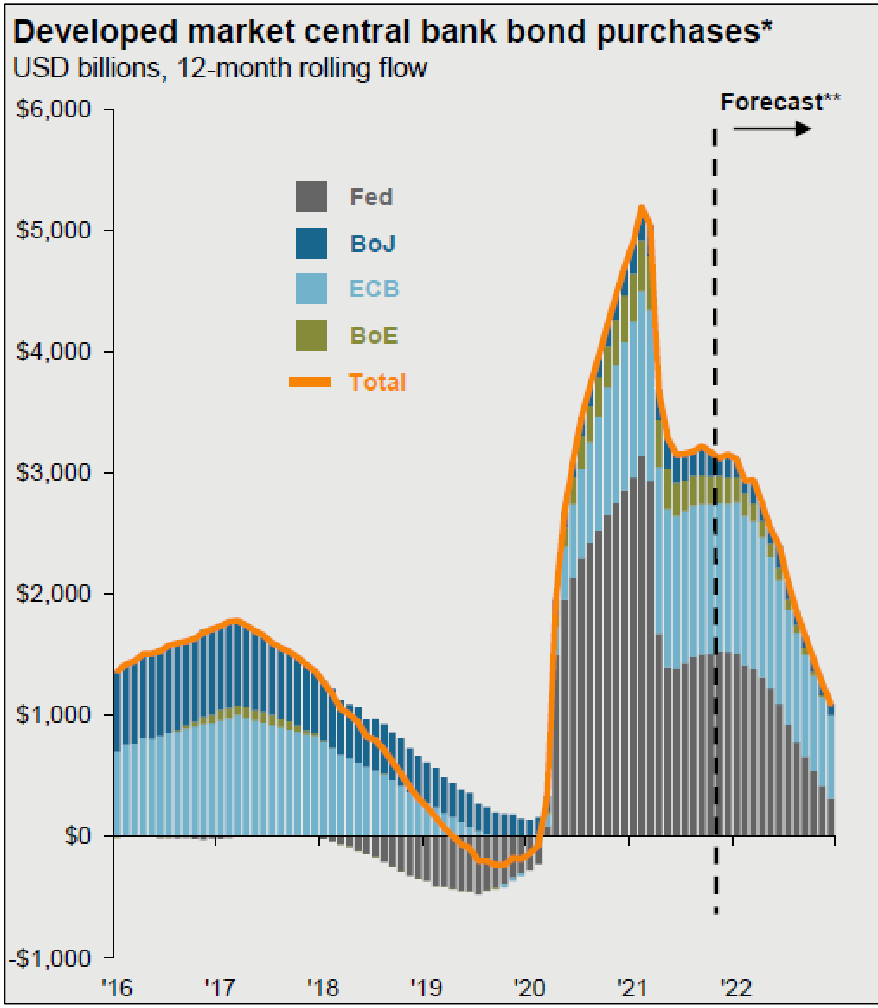
Real returns in U.S. Treasury bonds are negative.

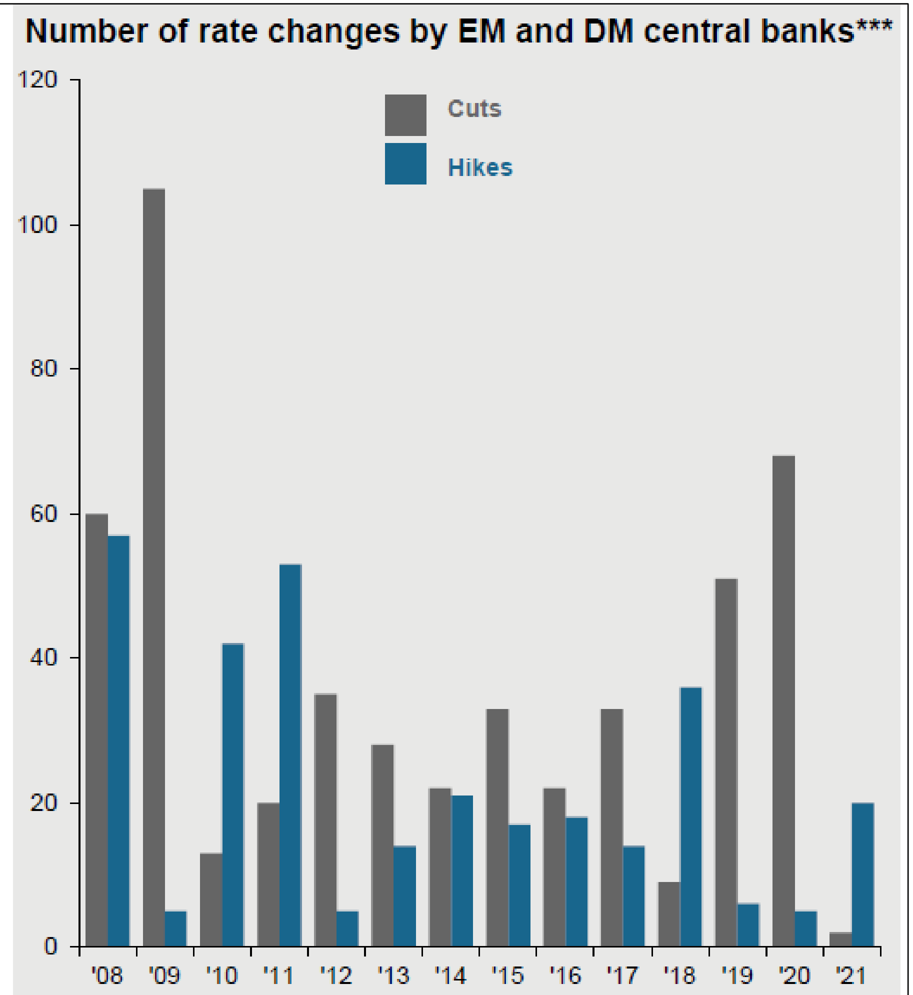


Source: Federal Reserve Economic Data

CIO Update
Economic Environment

Global monetary policy remains accommodative.



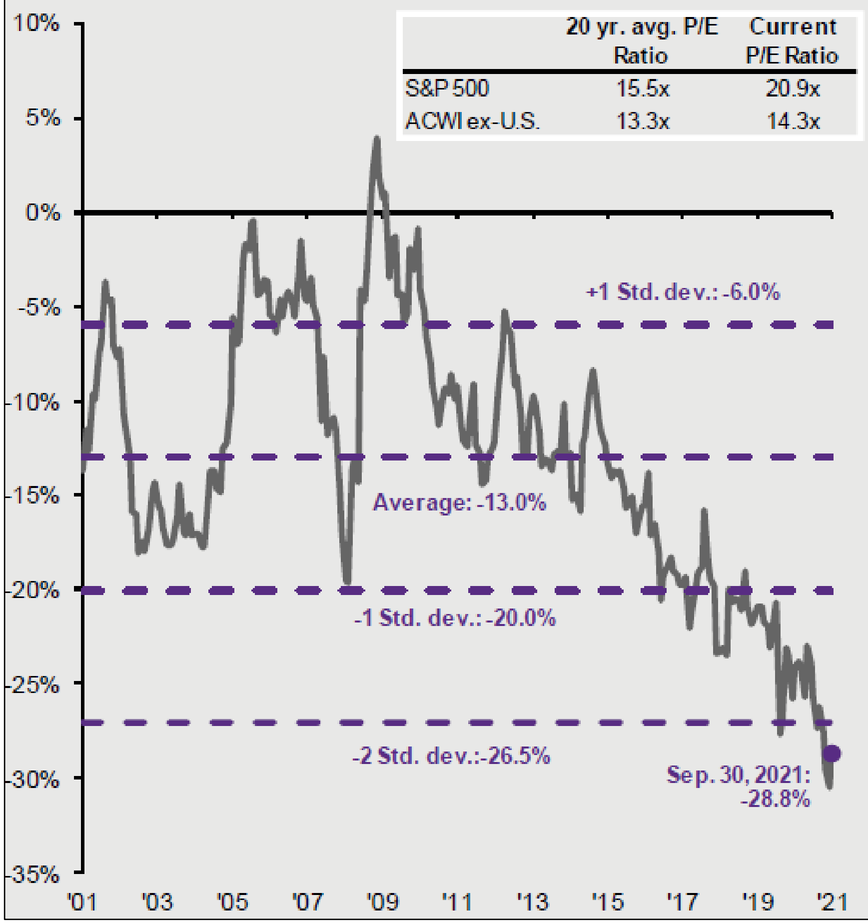


Source: J.P. Morgan Guide to the Markets 2021Q4

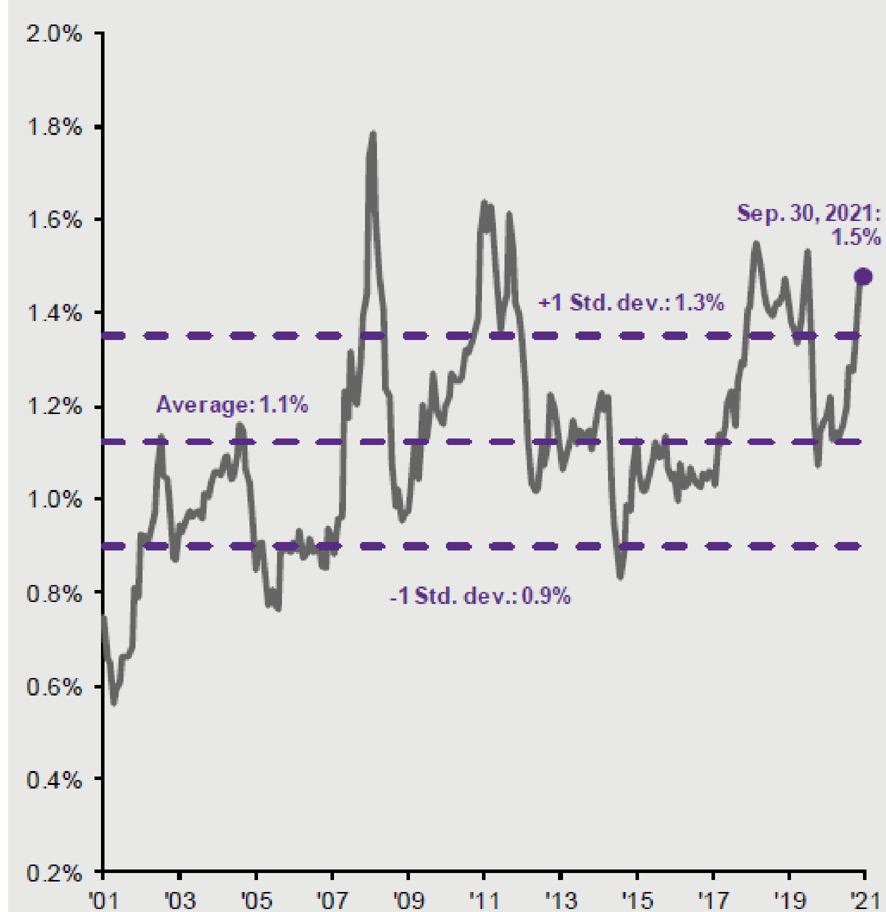
CIO Update
Economic Environment

International equities are cheaper than the U.S.

International: Price-to-earnings discount vs. U.S.
MSCI AC World ex-U.S. vs. S&P 500 Indices, next 12 months



International: Difference in dividend yields vs. U.S.
MSCI AC World ex-U.S. minus S&P 500 Indices, next 12 months



Source: J.P. Morgan Guide to the Markets 2021Q4

CIO Update

- Investment challenges in the current environment
  - Uncertainty around tax and monetary policy, fiscal stimulus and inflation expectations
  - Above average valuations/low yields in most risk assets
- Restructure of the Domestic Equity portfolio
- Continue to look at new public and private manager opportunities
- Search for new Private Investments analyst and student interns
- Process improvements/projects
  - Custodial contract/analytic tools, compliance process, operations procedure manual, improved trading capabilities

Macro Attribution
Key Takeaways – 1 Year

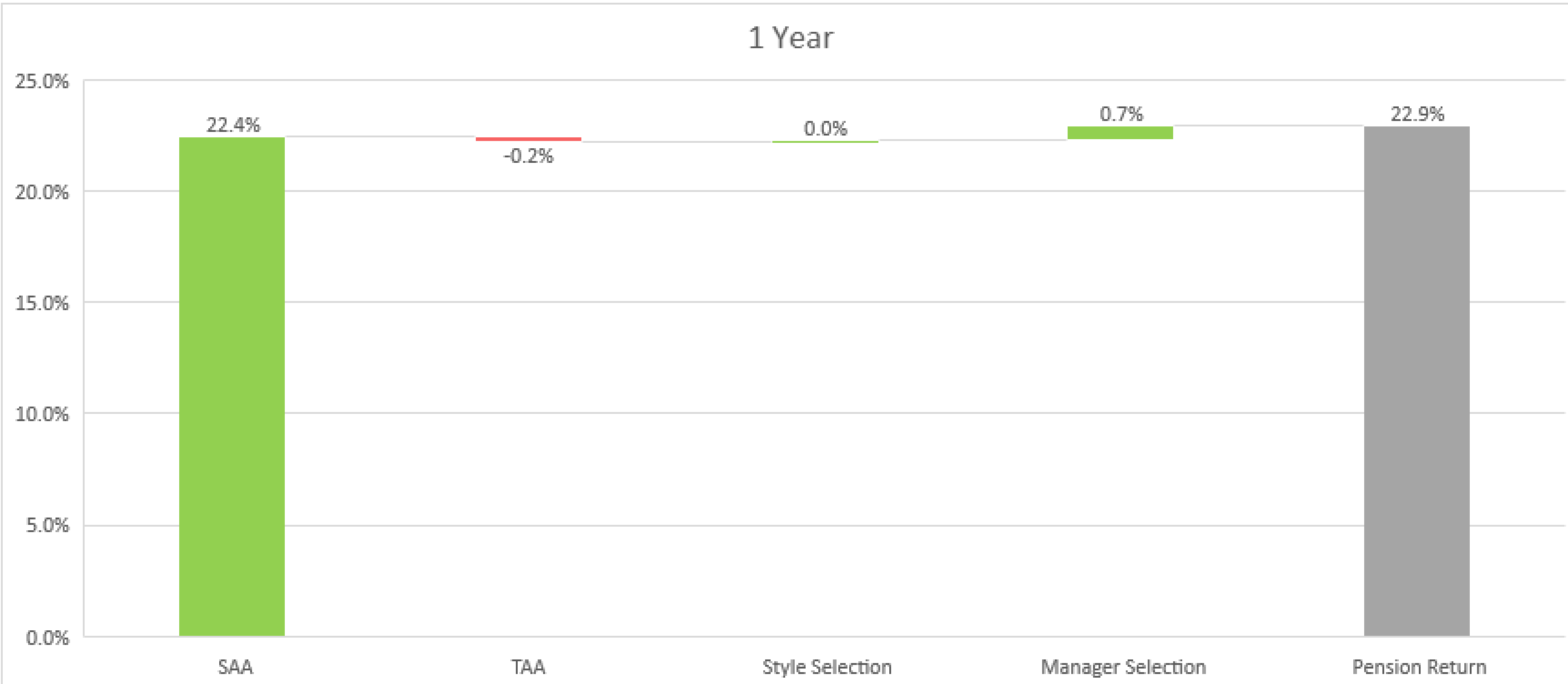
Strategic Asset Allocation - *What was the performance of our midpoint weighted benchmark portfolio?*
- Every benchmark with the exception of Core Fixed Income added positive contributions to the pension policy-neutral 22.9% return.
- The Domestic Equities asset class benchmark, the MSCI USA IMI, was the largest positive contributor.

Tactical Asset Allocation - *Did the actual asset class weights add additional return over the midpoint weighted benchmark portfolio?*
- On average, we were slightly overweight Domestic Equities, International Equities, and Core Fixed Income while being slightly underweight or at the midpoint weight for the remaining asset classes.
- About $424M of equity asset classes were sold and $9M of fixed income/cash asset classes were sold during the year to fund pension net cash need of $-432M.
- In aggregate, the overweighting/underweighting of the asset classes relative to their benchmarks decreased the pension portfolio's return by 17bps.

Style Selection - *Did the portfolio benchmarks add additional return over their asset class benchmarks?*
- Higher exposure to Small Cap and Small Cap Value benchmarks led to Domestic style outperformance of 14 bps.
- Higher exposure to developed growth benchmarks led to International style underperformance of 17 bps.
- The Real Assets portfolio has a significant overweight to commodities. The strong outperformance of the Commodity Producers Index relative to Infrastructure and TIPS was the main contributor to the style outperformance of about 20 bps.
- Exposure to EMD and Preferred benchmarks within Non-Core Fixed Income led to a slight style underperformance of 9 bps.

Manager Selection - *Did the portfolio managers add additional return over their portfolio benchmarks?*
- In Domestic Equity, a 130/30 manager and Small Cap manager were the primary contributors to manager outperformance.
- In International Equity, there were no notable outperforming or underperforming managers.
- There were not meaningful manager selection effects within Core Fixed Income.
- There were not meaningful manager selection effects within Non-Core Fixed Income.
- Real Estate was the primary contributor to manager selection outperformance in our non-publically traded investments.
- Real Assets had net negative manager selection effects of 27 bps: Infrastructure was a very strong contributor whereas Timber and Energy had larger negative effects.
- Private Investments selection effects were uncharacteristically low during this period.

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

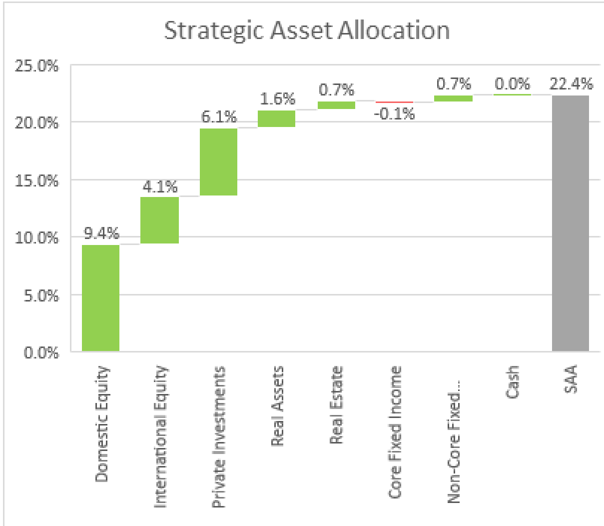
Tactical Asset Allocation (TAA) - The *additional* return earned by investing in the asset class benchmarks at our actual rather than midpoint weights.

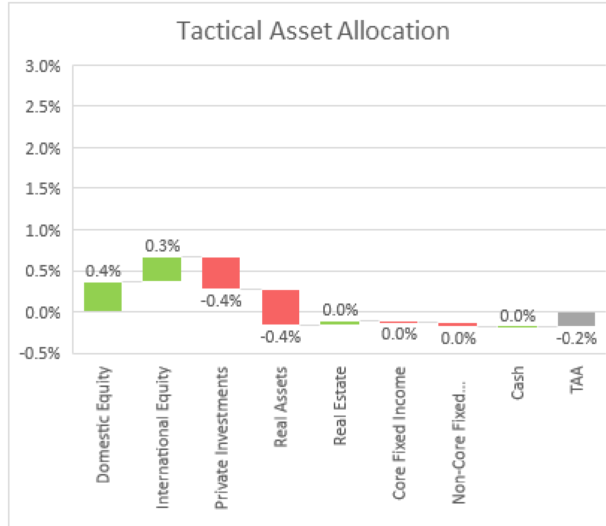
Style Selection (SS) - The *additional* return earned by investing in the underlying manager benchmarks rather than the asset class benchmarks.

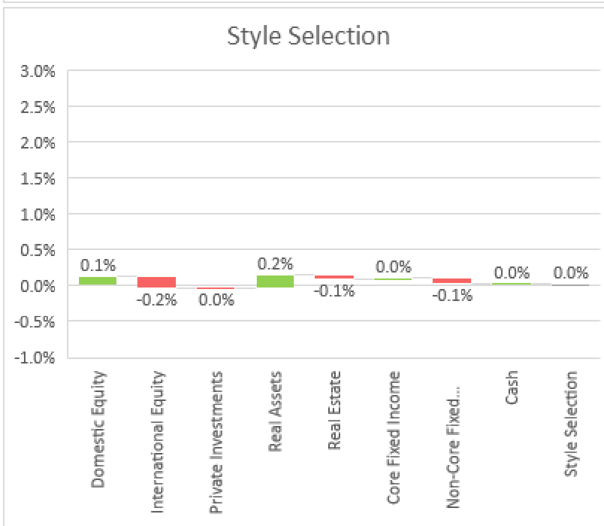
Manager Selection - The *additional* return earned by investing in the underlying managers rather than the underlying manager benchmarks.

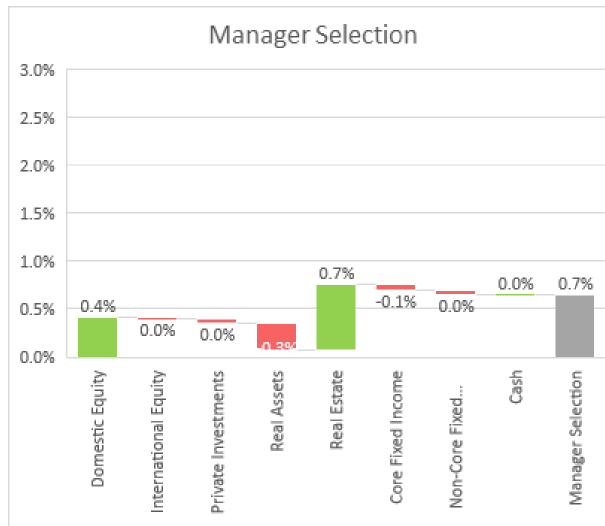
* The valuation lag observed in Private Equity, Real Estate, and Natural Resources are likely to lead to large differences in returns between these asset classes and their benchmarks in short-mid term time periods. The manager selection component is therefore likely to be large for these asset class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

Macro Attribution





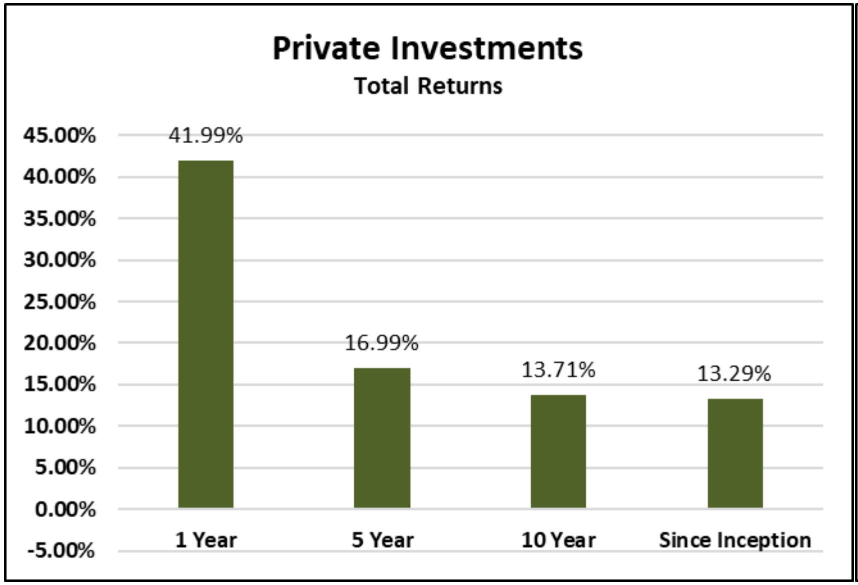


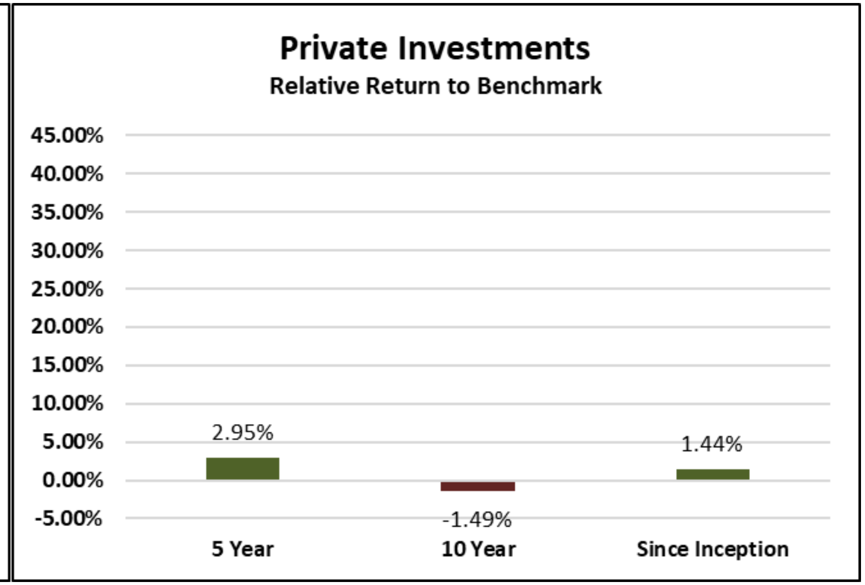


Private Investments
Environment

- Private equity deal flow continues with a strong rebound from 2020. Year-to-date, 6,004 private equity-backed buyout deals were completed for $788 billion, marking a record annual deal value through just three quarters of 2021.
- Valuations for buyouts held steady in the third quarter of 2021, coming in at a purchase price multiple of 12.8x EV/EBITDA. For comparison, the 2020 average was 12.8x EV/EBITDA and the 10-year average is 12.0x EV/EBITDA.
- Leverage or debt usage for buyouts came in at 6.5x EBITDA, compared to the 10-year average of 6.0x EBITDA.
- Accelerated capital deployment, and portfolio company realizations are allowing investment managers to return to the fundraising market more quickly than expected. The average years between funds is at the lowest level ever seen. Through Q3, private investment firms have closed 295 funds and raised a combined $238 billion.
- Key takeaways – Private equity activity continues to further bifurcate into the haves and the have nots. Valuations, debt usage, access to cheap credit and dry powder all remain at elevated levels compared to longer term historical levels.

Private Investments
Net Performance





Private Investments Pension Asset Class (PAC) Custom Blend:

- From inception to 3/31/2017: S&P 1500 + 4% Qtr Lag
- 4/1/2017 to 12/31/2020: MSCI USA Small Cap Index
- 1/1/2021 to present: The portfolio weighted average of MSCI USA Small Cap Index and S&P LSTA US Leveraged Loan 100 Index
- Inception – 5/1/2002

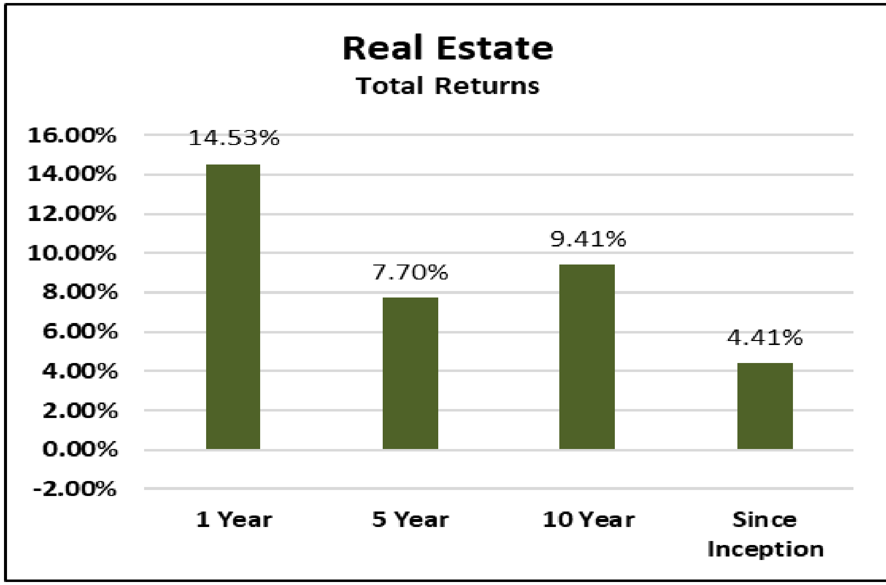
Private Investments
Characteristics and Activity

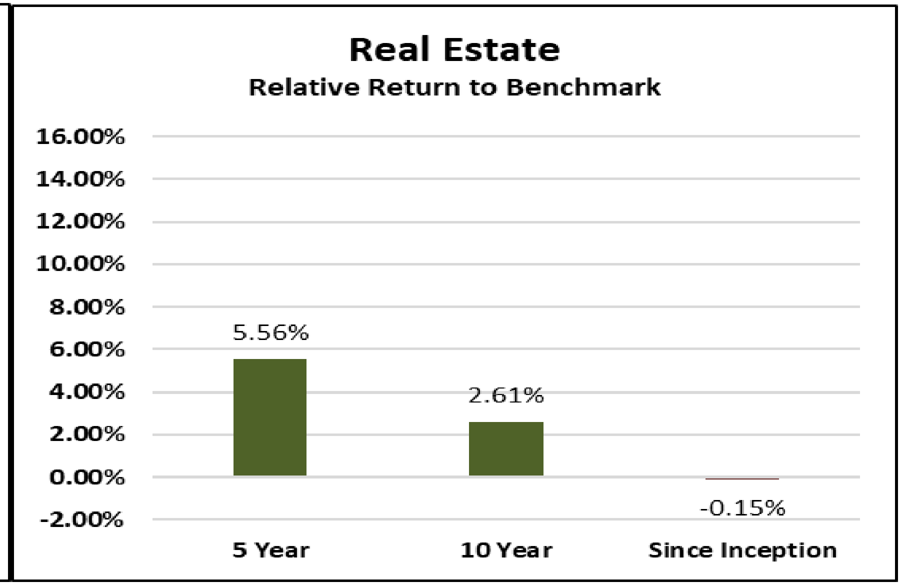
- Total Market Value of $2.21 billion as of 9/30/21
- North American-centric at ~76%, ~12% non-US developed, and ~12% emerging markets
- Direct/primary fund exposure focus at ~77% vs. Fund-of-Funds at ~23%
- Primarily focused on existing buy-out and venture capital relationships
- Selectively increasing allocation to credit strategies and sector specialists
- Net Cash Flow Profile
    - $83.46 million for quarter ending 9/30/21
- Two new commitments
    - Crescent Asia Consumer and Deep Value Fund III - $50 million
    - Kinderhook Capital Fund VII - $50 million

Real Estate
Environment

- The recovery is in full swing with rent growth and declining vacancies
- Deal volume hit $462B through 3Q21, a high watermark for commercial real estate
- Banks have stopped tightening lending standards, debt markets are open
- Cap rates have decreased, pushing valuations up across property types
- REITs continue to deliver strong performance YTD 2021, discount to NAV has narrowed
- CMBS loan delinquencies continued their steady drift lower through 3Q21
- Fundraising looking up with approx. $40B raised in 3Q21
- Dry powder remains elevated at approx. $380B through October 2021
- Rent collections across MBOI portfolio remain strong
- Summary points – Fundamentals look strong, healthy deal market, debt markets open, values increasing, REITs delivering, delinquencies dropping, fundraising steady, dry powder remains elevated

Real Estate
Net Performance





Real Estate – Pension Asset Class (PAC) Custom Blend:
- From inception to 3/31/2017: NCREIF ODCE 1 Qtr Lag (Net)
- 4/1/2017 to 6/30/2020: MSCI US REIT Index Gross
- 7/1/2020 to present: NCREIF ODCE 1 Qtr Lag (Net)
- Inception – 6/1/2006

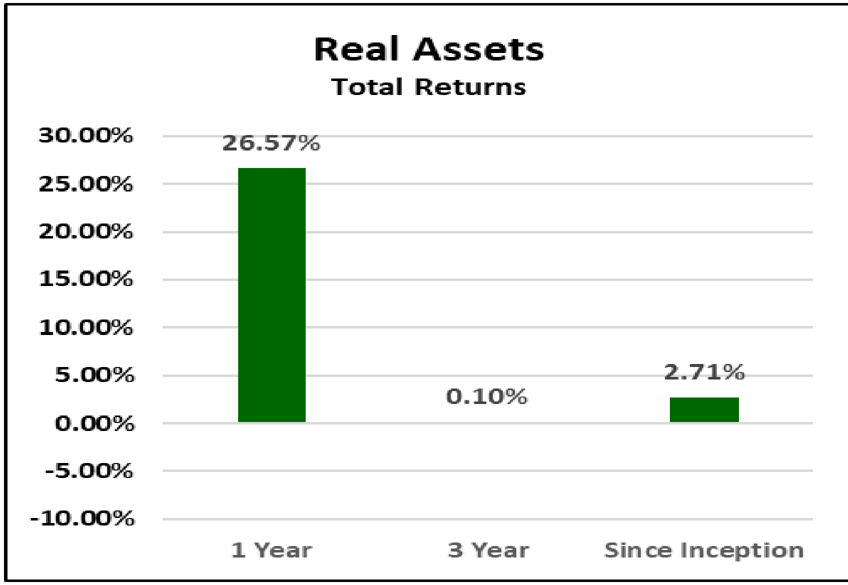
Real Estate
Characteristics and Activity

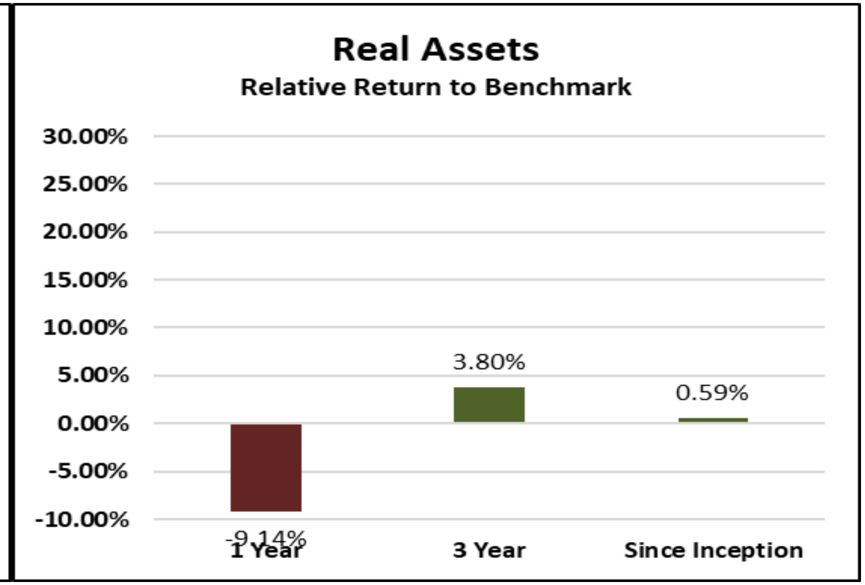
- Total Net Asset Value of approx. $1.45B as of 9/30/21
- US-centric, broadly diversified across property types, markets and geographies
- Continued focus on property type specific operators
- Looking to establish separate accounts for longer duration holds, cash flow
- Focus on existing, high conviction managers, reducing core equity exposure, may continue to opportunistically add to existing REIT and high yield CMBS exposure
- Cash Flow Profile
  - Positive cash flow of approx. $4M for the quarter ending 9/30/21
- New investment commitments/additions
  - New $100M to OCP Asia Opportunities Fund, LP
- Total Leverage – 45.8% as of 6/30/21
  - Debt – 11.2%
  - Core – 22.4%
  - Core-Plus/Non-Core – 57.7%

Real Assets
Environment

- Oil demand up, supply constrained, inventory draw downs ongoing, prices up
- US production up slightly to 11.5M barrels per day through October 2021
- Rig counts increasing, companies continue to focus on cash flow and debt reduction vs. production growth
- MLPs continue their strong performance YTD, remain strong current yield play
- Overall construction spending was up in 2Q21, aggregates demand and pricing continue to prove resilient with stable growth
- Sawlog prices up across the PNW and US South through 2Q21, demand healthy
- Lumber prices appear to have bottomed out and stabilized
- The housing market is still strong but showing nascent signs of finding a top
- Real assets dry powder stood at approx. $386B through October 2021
- Summary points – Positive outlook for oil, MLPs delivering, aggregates remain resilient, log prices/demand strong, housing market remains robust, plenty of dry powder in the system

Real Assets
Net Performance





Real Assets – Pension Asset Class (PAC) Custom Blend:

- From inception to 12/31/2020: MSCI ACWI Commodity Producers Index
- 1/1/2021 to present: 33.33% MSCI ACWI Commodity Producers Index, 33.33% MSCI ACWI Infrastructure Index, 33.34% Bloomberg Barclays US TIPS Index
- Inception – 4/1/2017

Real Assets
Characteristics and Activity

- Total Net Asset Value of approx. $685M as of 9/30/21
  - Commodities-Related Portfolio – approx. $353M as of 9/30/21
  - Infrastructure-Related Portfolio – approx. $175M as of 9/30/21
  - Inflation-linked Bonds (TIPs) Portfolio – approx. $137M as of 9/30/21
- Portfolios are primarily North American-centric, international exposure continues to grow with recent infrastructure commitments
- Exploring other types of strategies to further diversify and gain new exposures
- Cash Flow Profile
  - Positive cash flow of $16.5M for the quarter ending 9/30/21
- No new investment commitments
- Timber Portfolio Total Leverage – 6.6% as of 6/30/21

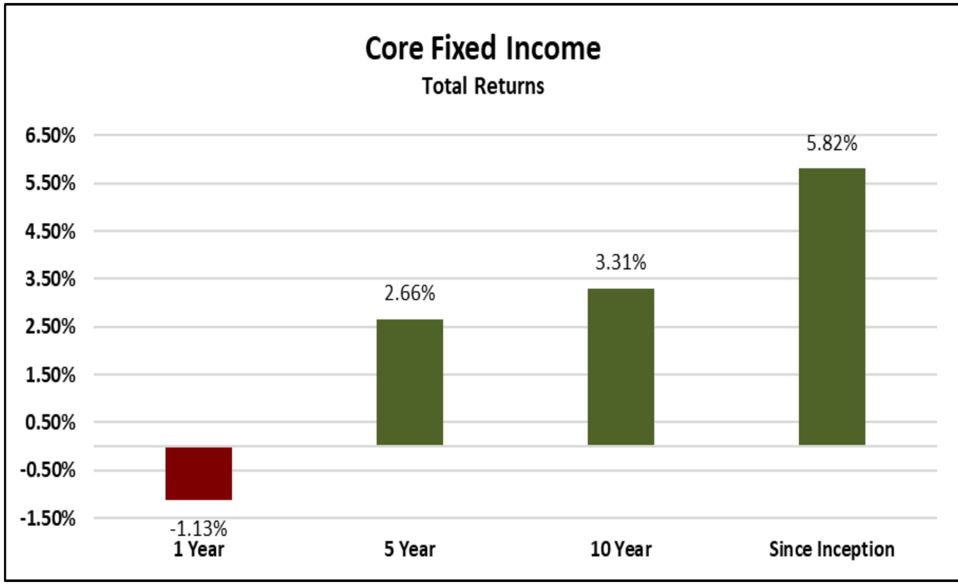
Core Fixed Income
Environment

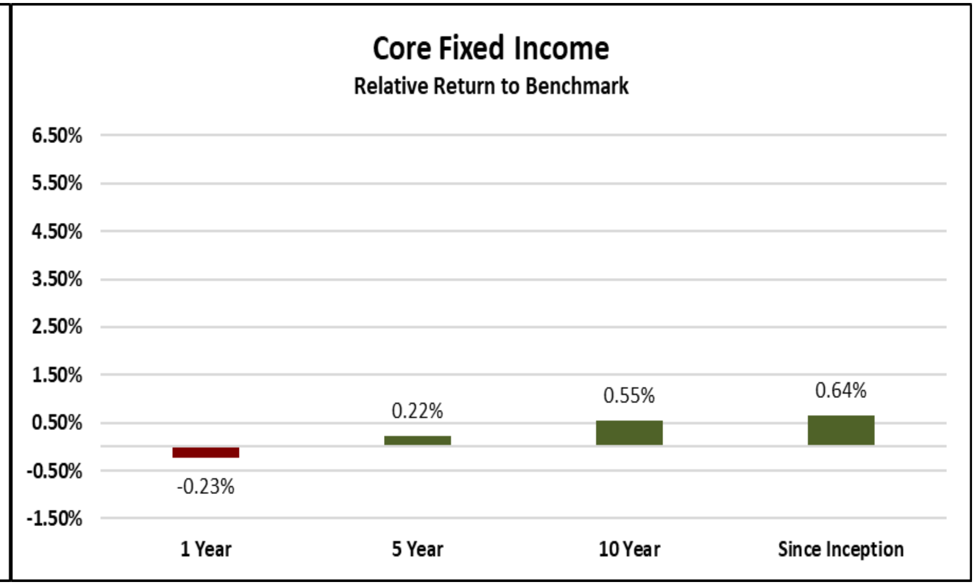
- The U.S. Treasury curve steepened over the last year. The yield on the 10-year Treasury increased 80 bps year over year. There was little change in yields for maturities less than 2 years.
- The Federal Reserve held short-term rates steady with the Effective Rate in a tight range around 5 bps.
- Headline inflation posted a dramatic increase to 5.4% year over year, at the end of the quarter, with significant variability throughout the year. Core inflation was 4.0% year over year.
- Money market yields continue to be very low. Commercial paper yields remain near record lows.
- Spreads on corporate bonds narrowed significantly throughout the year, finishing 52 bps tighter to near historical lows of 86 bps.

Core Fixed Income
Environment

- Spreads on mortgage-backed securities (MBS) ended the year at 27 bps. MBS spreads started the year at 69 bps; declined to 7bps before widening in June.
- The Barclays Aggregate returned -0.90% on the year. The loss was due to higher interest rates partially offset by reduced risk premiums.
- Bond market liquidity continued to be strong with robust corporate new issuance. Bid/ask spreads remained tight as the bond market remained confident.

Core Fixed Income
Net Performance





Core Fixed Income - Pension Asset Class (PAC) Custom Blend:

- From Inception to 04/01/2017: Bloomberg Barclays U.S. Aggregate Bond Index
- 4/1/2017 to 11/29/2019: Intermediate TIPS, Intermediate US Treasury & Agency, Intermediate Investment Grade Credit, Mortgage Backed, and Diversified Strategies PACs.
- 11/29/2019 to present: Bloomberg Barclays U.S. Aggregate Bond Index
- Inception – 4/1/1995

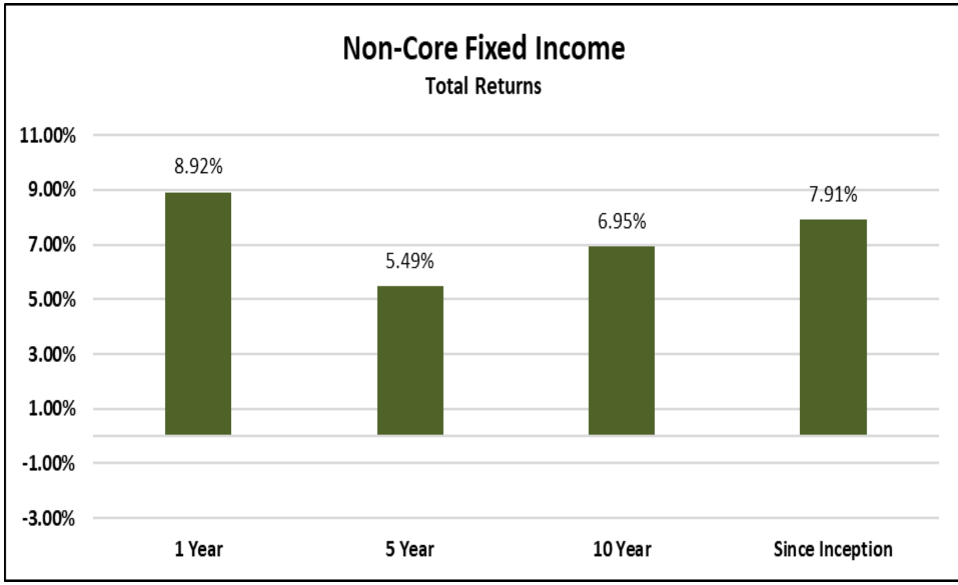
Core Fixed Income
Performance, Characteristics, and Activity

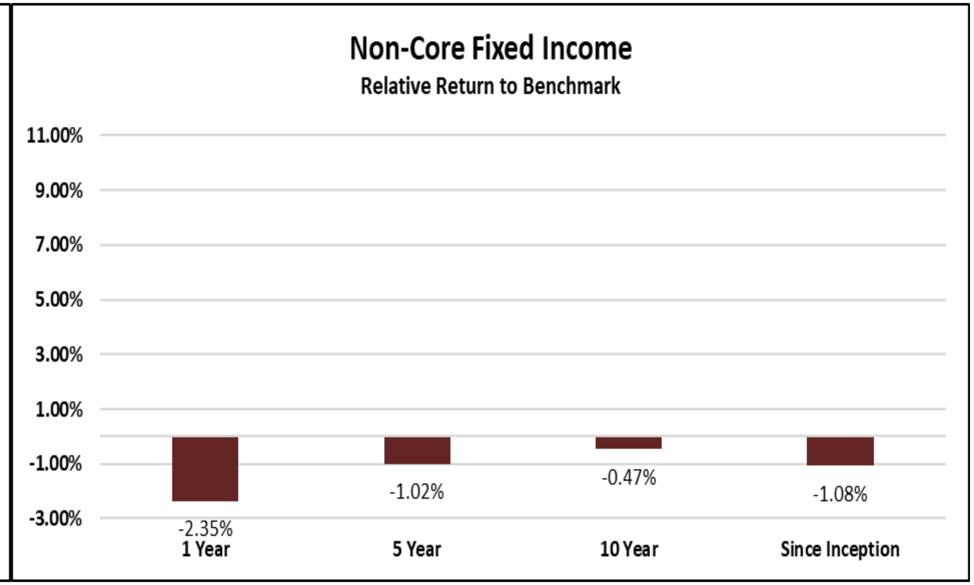
- Negative total return of -1.23% on the year. The internal portfolio underperformed the index by 37 bps. Reams underperformed by 11 bps.
- Reams underperformed due to short duration partially offset by an overweight to credit. The internal portfolio underperformed due to an underweight to credit.
- Total market value of approx. $2.11 billion at quarter end.
- Duration was approx. 90% of the benchmark at year end. Significantly underweight the long end of the curve.
- Portfolio was underweight Treasuries/Agencies and overweight spread product at the end of the year. The duration of corporate securities was significantly shorter than the index.

Non-Core Fixed Income
Environment

- US High Yield spreads widened slightly in 3Q21 but remain at historically low levels
- While yields for US High Yield bonds are near all-time lows, credit quality of the index is near an all-time high and default expectations for 2022 are exceptionally low (<1%)
- The difference in duration (i.e. interest rate sensitivity) between High Yield and Investment Grade bonds has grown over time, and US High Yield has tended to perform well in times of higher interest rates (which are normally accompanied by strong economic growth)
- Global inflation and economic concerns, along with higher US Treasury yields, a stronger US Dollar and weak Chinese markets, led to negative absolute returns for Emerging Market Debt in the period
- However, expectations are for above-trend global economic growth in 2022, which, combined with a global investor base hungry for yield, is supportive of Non-Core Fixed Income over the next year

Non-Core Fixed Income
Net Performance





Non-Core Fixed Income - Pension Asset Class (PAC) Custom Blend:
- From Inception to present Bloomberg Barclays US High Yield – 2% Issuer Cap
- High Yield Asset Class name changed to Non-Core Fixed Income 11/30/19
- Inception Date: 6/1/2009

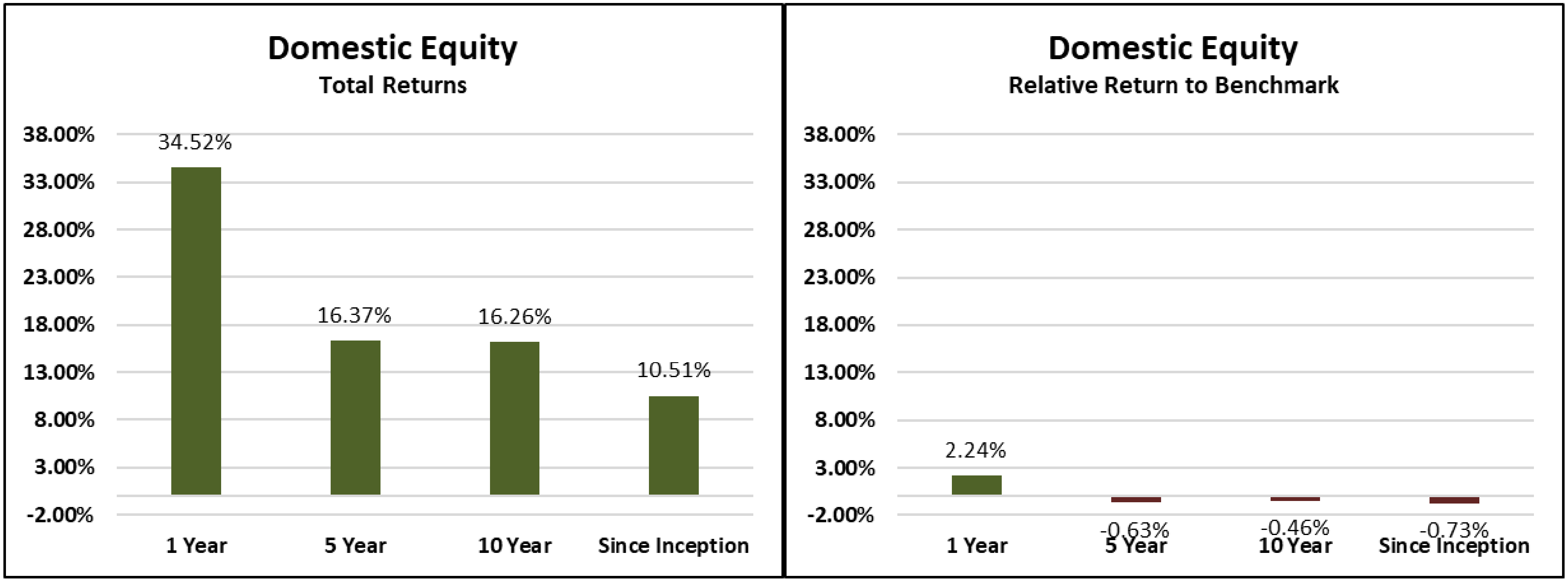
Non-Core Fixed Income
Performance, Characteristics, and Activity

- US High Yield bonds posted a positive return for the quarter (+0.89%), outpacing Investment Grade Corporate Bonds, Preferred Securities, and Emerging Market Debt.
- BOI's High Yield managers largely kept pace with the index in a quarter where dispersion of returns between high- and low-quality credits was low (a reversal of the YTD trend)
- While the Preferred and Emerging Market Debt managers outperformed their respective benchmarks, absolute returns, particularly in EMD where they were negative, lagged the asset class benchmark. This has also been the case YTD
- There were no contributions or withdrawals within the asset class for the quarter

Domestic Equity
Environment

- US equities cooled off late in 3Q21, leaving the S&P 500 index just slightly in positive territory for the period (+0.58%).
- After their strong performance in late 2020 and early 2021, Small Cap and Value stocks have underperformed Large Cap and Growth stocks.
- At the end of September, the S&P 500 Index was valued at a generous 21.7x next 12-month earnings estimates. The top 10 constituents of the S&P 500 are valued at 32.5x, compared to a long-term average of 19.8x and a 19.9x P/E for the remaining stocks in the index.
- Inflation and supply chain concerns have raised concerns about the strength of future economic growth, and this has translated into less confidence in 2022 earnings growth estimates.

Domestic Equity
Net Performance



Domestic Equity - Pension Asset Class (PAC) Custom Blend:

- From inception to 4/30/2017: S&P 1500 Super Composite
- 5/1/2017 to present: MSCI USA IMI, Gross
- Inception Date: 5/1/2003

Domestic Equity
Performance

- The domestic equities asset class outperformed its benchmark during the quarter by +0.09% and outperformed for the last twelve months by +2.23%.
- While small caps were a drag on relative returns for the quarter, manager selection within the asset class was positive. Every active manager outperformed its respective index.
- For the last twelve months, outperformance has been driven mostly by positive manager selection (Jacobs Levy, DFA US Small Cap), while the overweight to small caps also provided a slight boost to relative returns.
- The asset class has outperformed its benchmark for the 1-year period and has lagged slightly over the 5-year and 10-year periods ended September 30.

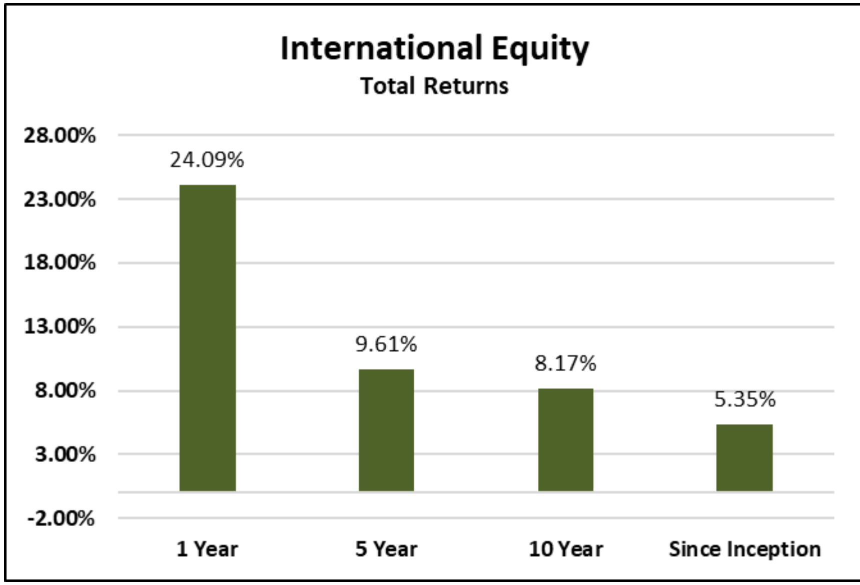
Domestic Equity
Characteristics and Activity

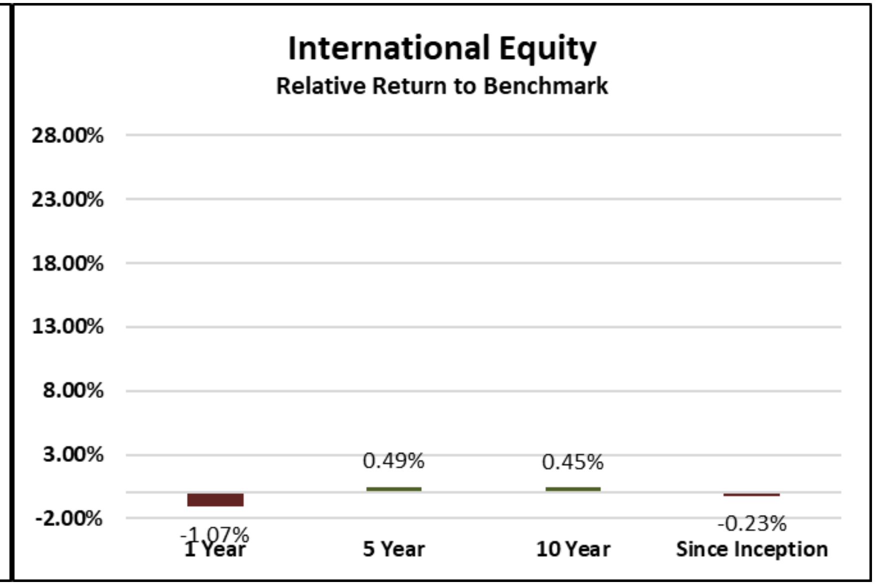
- Over half the Domestic Equity pool is allocated to index funds or index-based investments as of the end of 3Q21.
- Small cap stocks are slightly overweight to the benchmark weight.
- Cash at the asset class level is minimal per policy.
- There were no changes to the manager lineup during the quarter, but a restructuring of the Domestic Equity pool was undertaken in November.

International Equity
Environment

- International equities posted a -2.99% return for the quarter as a sell-off in Chinese stocks weighed on returns. A stronger US Dollar also had a negative impact on returns for international stocks.
- Developed market stocks were down slightly in the quarter, with the MSCI World ex-US Index posting a -0.66% return. Emerging market stocks, however, suffered from the sell-off in Chinese equities and returned -8.09% (MSCI EM).
- Chinese government regulatory actions and turmoil in the country's property sector dominated emerging markets news. The crackdown on big Chinese tech companies led to Small Caps and Value outperforming Large Caps and Growth stocks.
- At quarter end, the MSCI World ex-US Index (developed markets) was valued at 15.2x estimated next 12-month earnings, while the MSCI Emerging Markets Index was valued at 12.4x estimated next 12-month earnings. Confidence in EPS estimates for 2022 has dropped as the markets try to digest the impact of inflation, supply chain issues, and global growth concerns.

International Equity
Net Performance





International Equity – Pension Asset Class (PAC) Custom Blend:

- From inception to 10/31/2006: MSCI EAFE, Net
- 11/1/2006 to 6/30/2007: MSCI ACWI ex-US, Net
- 7/1/2007 to 2/28/2014: 92.5% ACWI ex-US + 7.5% ACWI ex-US Small Cap
- 3/1/2014 to present: MSCI ACWI ex-US IMI, Net
- Inception Date: 4/1/1997

International Equity
Performance

- The international equities asset class underperformed its benchmark during the quarter by -0.32% and underperformed for the last twelve months by -1.07%.
- Manager performance was mixed, with positive contributions from Lazard (Large Cap Value) and American Century (Small Cap Growth) more than offset by underperformance by Large Cap Growth managers Baillie Gifford and Invesco.
- For the last twelve months, the Large Cap Growth Managers were the primary drivers of underperformance.
- The asset class has underperformed its benchmark for the 1-year period and has outperformed over the 5-year and 10-year periods ended September 30.

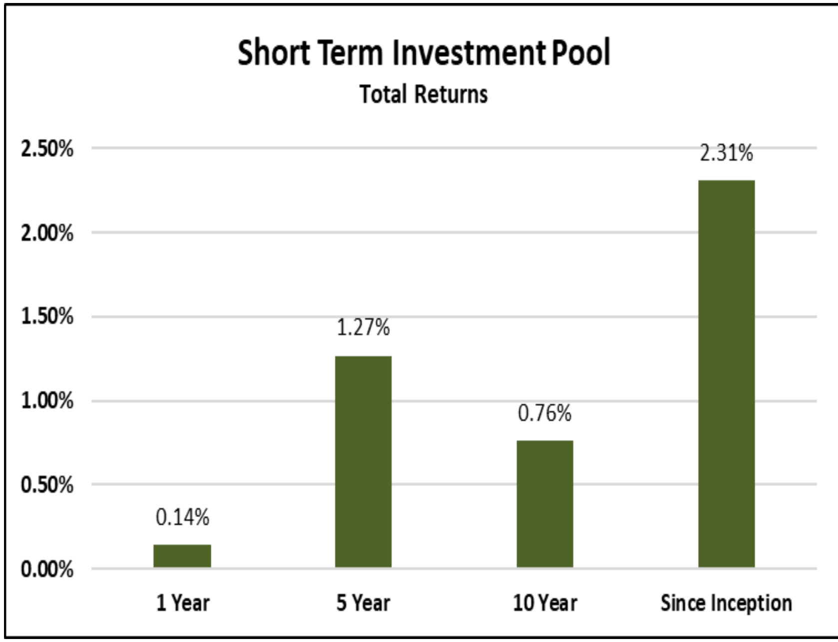
International Equity
Characteristics and Activity

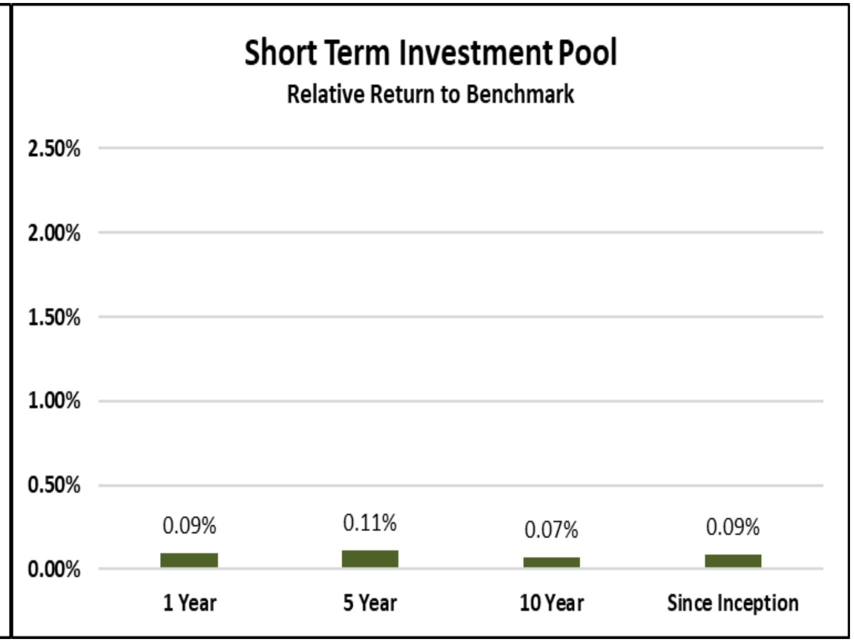
- The large cap allocation retains a significant weight to index funds.
- Small capitalization stocks are slightly overweight.
- There is a slight underweight to emerging markets.
- Cash at the asset class level is minimal per policy.
- There were no changes to the manager lineup during the quarter.

Short Term Investment Pool
Performance, Characteristics, and Activity

- The yield on STIP was 0.10% at the end of September.
- Outperformed the index by 9 bps over the year, net of fees.
- Good performance versus the index over 3, 5, & 10 years.
- Treasuries, Agencies, and Government money market funds made up just under 30% of the Pool on 09/30/21, down from 41% on 09/30/20.
- Local Government participants' percentage was 26.3% on 09/30/21, down compared to the prior year.
- The STIP assets were $6.06 billion on 09/30/21, up over $1.34 billion since 09/30/20.
- The STIP reserve was $54.73 million on 09/30/21.

Short Term Investment Pool
Net Performance



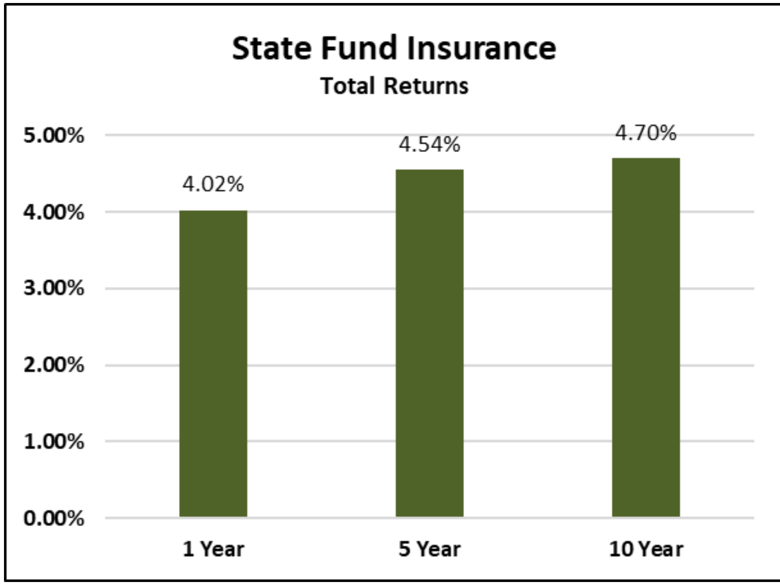


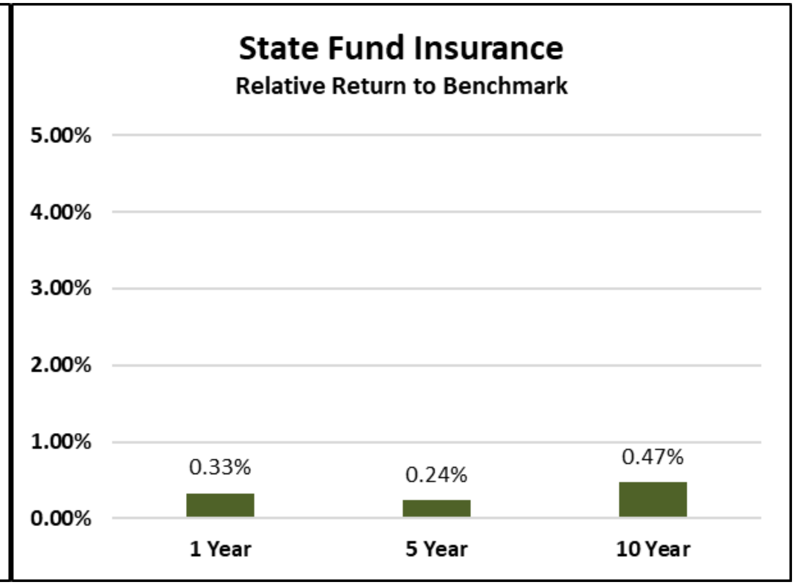
Short Term Investment Pool (STIP) Custom Blend:
- Inception to 4/30/2018 - LIBOR 1 Month
- 5/1/2018 to present: Federal Reserve US Treasury 1M Constant Maturity Index
- Inception – 4/1/1997

State Fund Investment Portfolio
Performance, Characteristics, and Activity

- Total portfolio return was 4.02% over the last year. Led by Equities at 28.31%.
- Portfolio outperformed the benchmark by 33 bps over the year.
- The Investment Grade portfolio returned 58 bps over the year, outperforming its index by 44 bps due to a credit overweight.
- Total market value of approx. $1.58B at quarter end.
- Duration was short to the benchmark at quarter end.
- Continued overweight to spread product and underweight to Treasuries. Adding to MBS over time.
- Sold $45 million of Equities during the year.

State Fund Investment Pool
Net Performance





Montana State Fund Investment Pool (SFIP) Custom Blend:

- Inception to 3/31/2020 - Bloomberg Barclays Intermediate Aggregate Bond Index
- 3/31/20 To present - State Fund Custom Benchmark: Proportionately weighted Bloomberg Barclays Intermediate Aggregate Bond Index, S&P 500 Index, MSCI ACWI ex U.S. Index, NCREIF ODCCE Index
- Inception – 12/1/1993

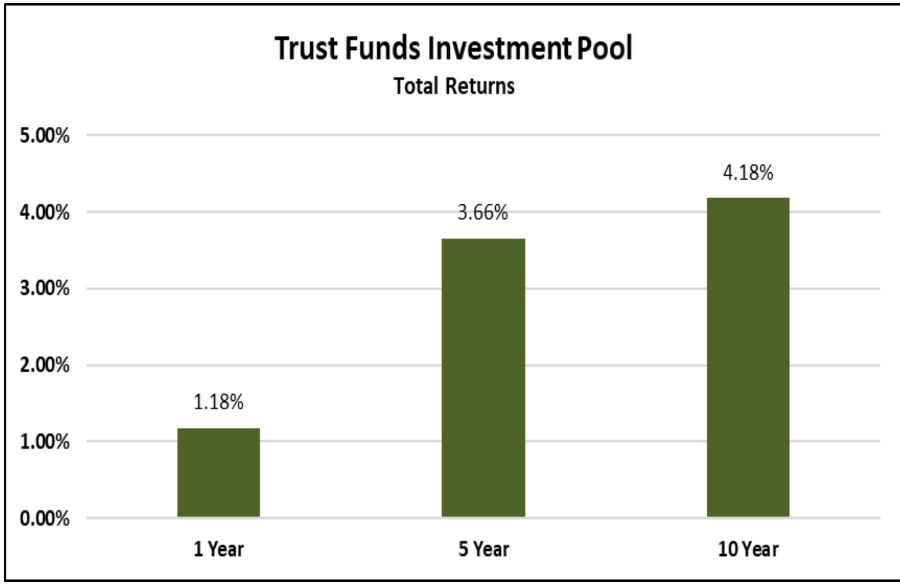
Trust Funds Investment Portfolio
Performance

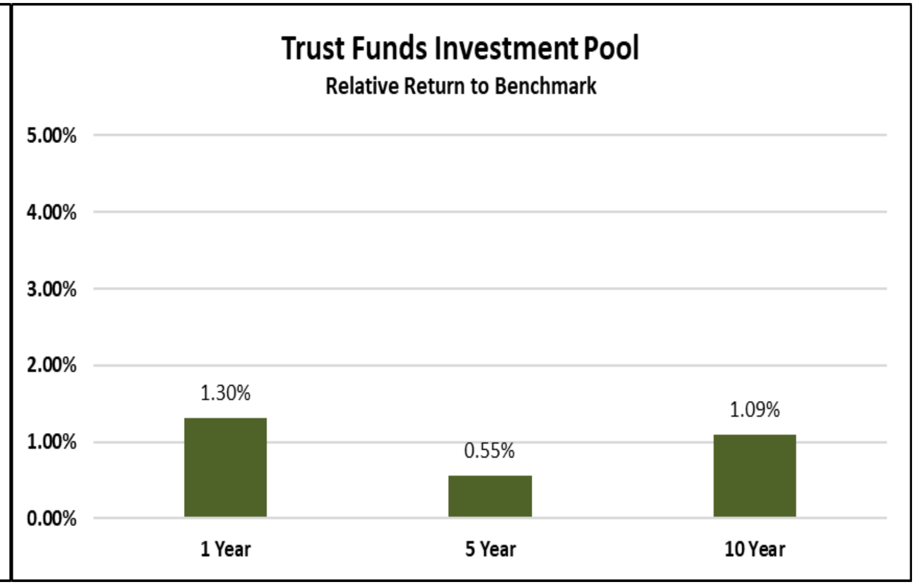
- The Pool outperformed the benchmark by 130 bps on the year. Led by High Yield with a return of 13.77 %. The benchmark was changed during the year.
- Real Estate had a return of 7.68% .
- The internal portfolio returned -0.97%, underperforming its benchmark by 8 bps due to an underweight to Corporates.

Trust Funds Investment Portfolio
Characteristics and Activity

- Total market value of approx. $2.81B at quarter end.
- TFBP duration was below the benchmark at quarter end. Significantly underweight the long end of the curve.
- TFBP maintained overweight to Corporates, CMBS and ABS, and underweight to Treasuries and MBS.
- TFIP purchased $226.6 million of Real Estate during the year.
- Staff continues to add to Real Estate in order to diversify and increase the yield of TFIP consistent with last year's change to the IPS.

Trust Funds Investment Portfolio
Net Performance

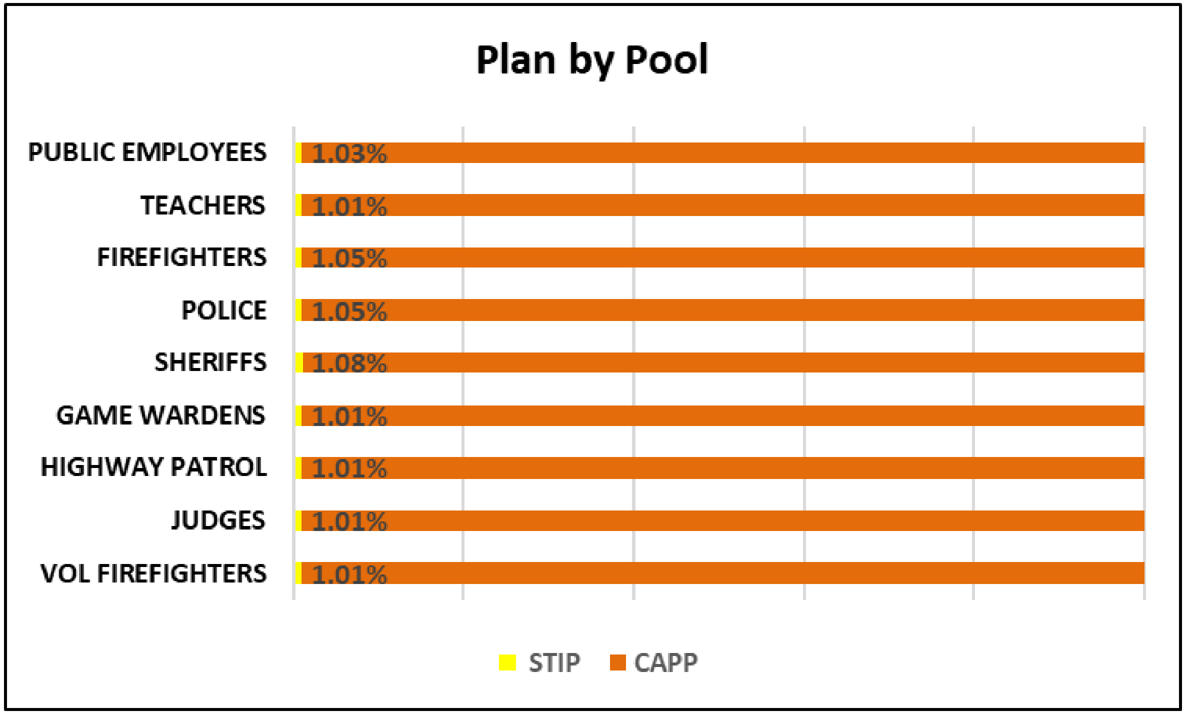




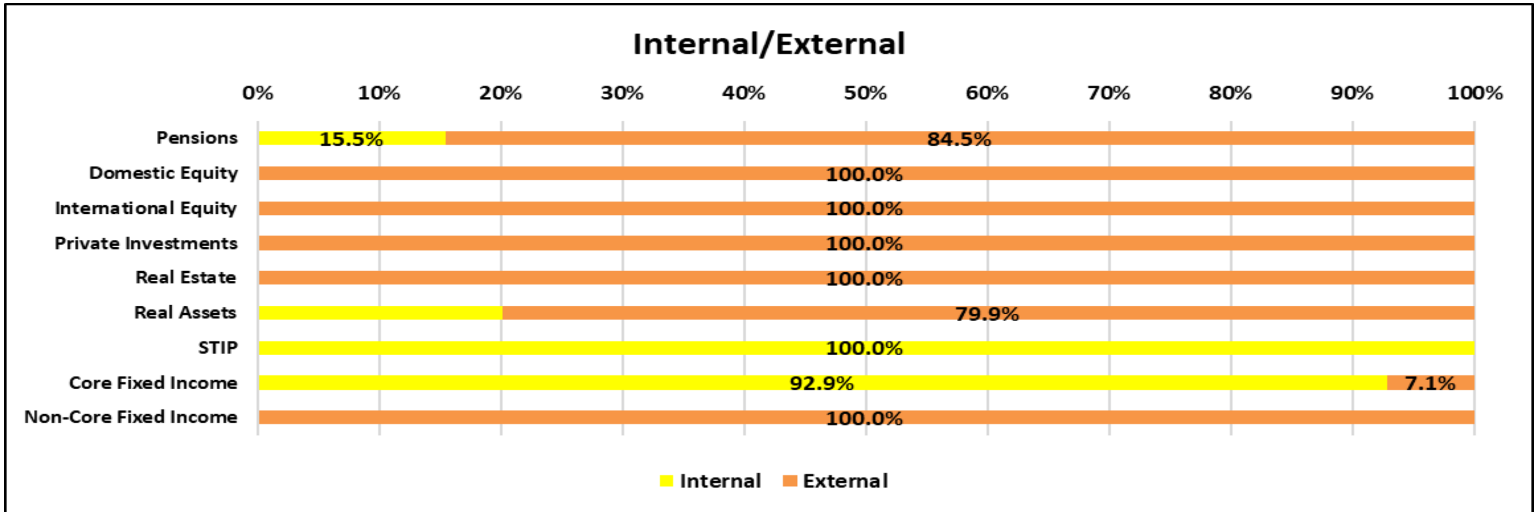
Trust Funds Investment Pool Custom Blend:
- Since Inception to 6/30/21 - Bloomberg Barclays U.S. Aggregate Bond Index
- 6/30/21 to present - Proportionately weighted Bloomberg Barclays US Aggregate Bond Index, Bloomberg Barclays US High Yield – 2% Issuer Cap Index and the NCREIF ODCE Index
- Inception - 10/1/1995

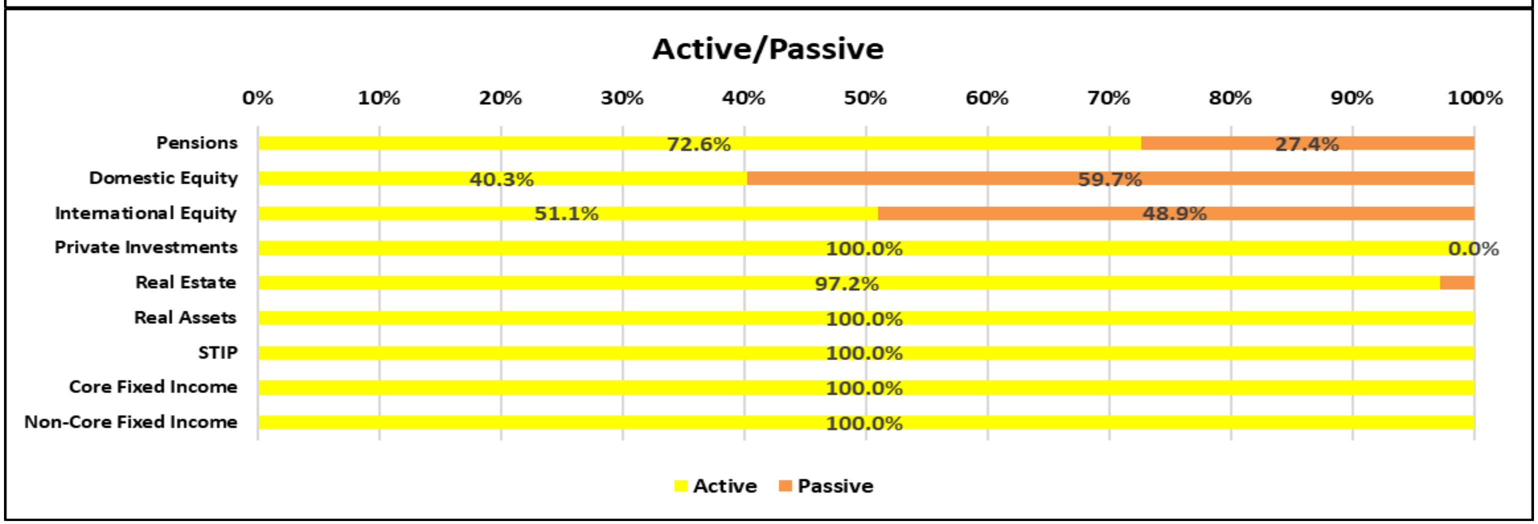
APPENDIX

Retirement Plans Allocations by Pool

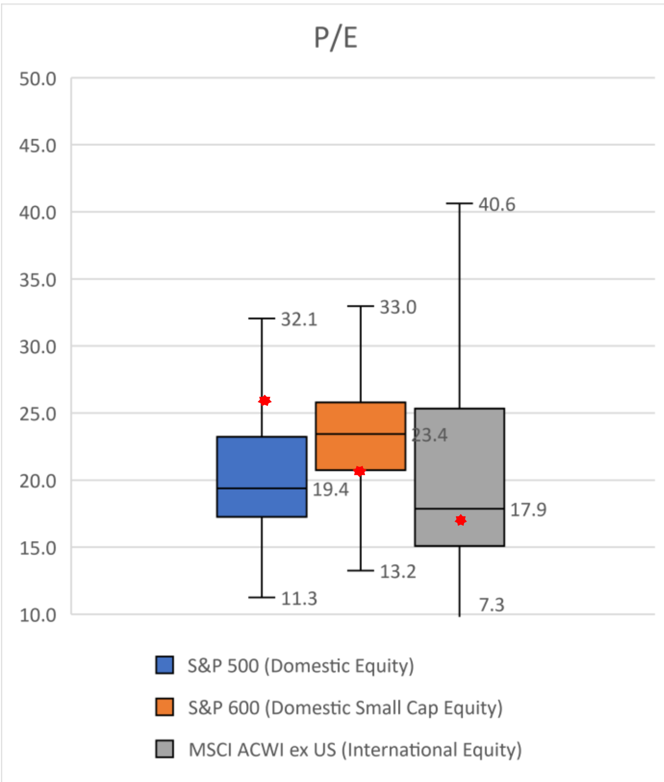


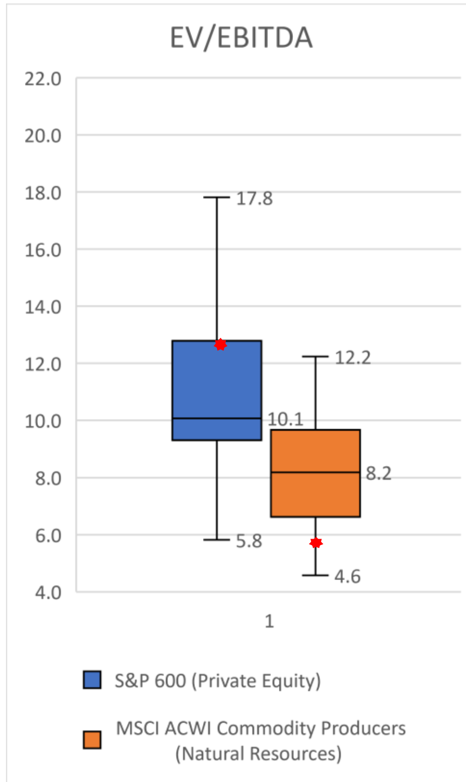
Retirement Plans
Characteristics

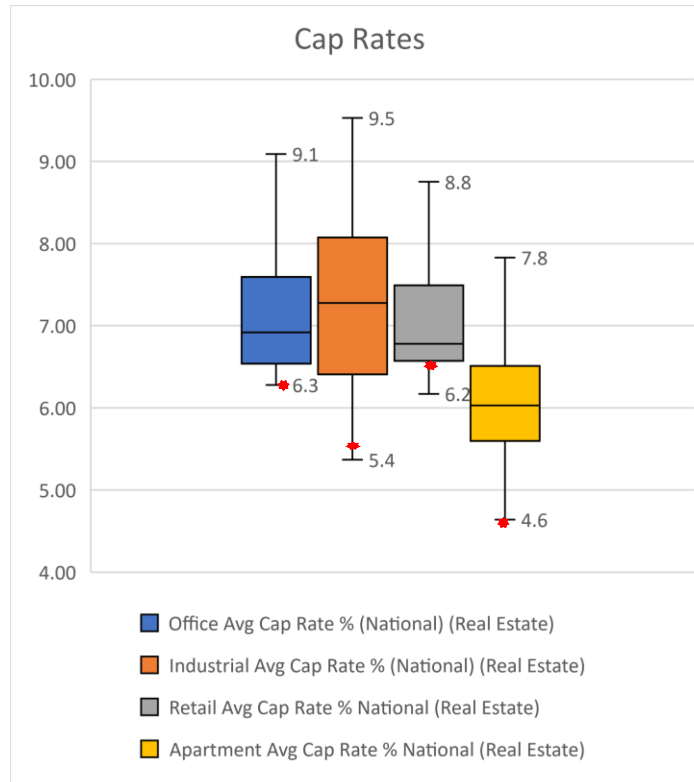




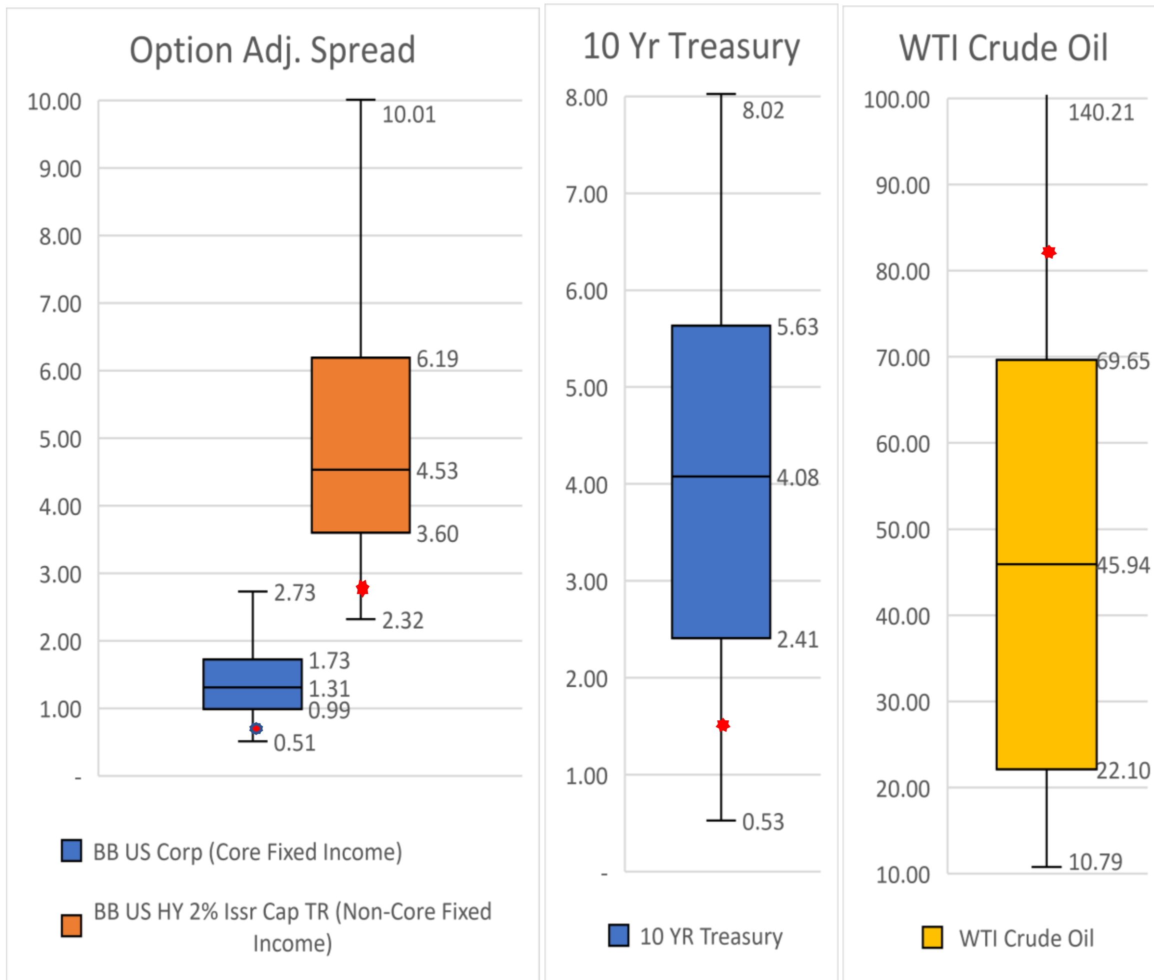
Risk Management
Benchmark Valuation





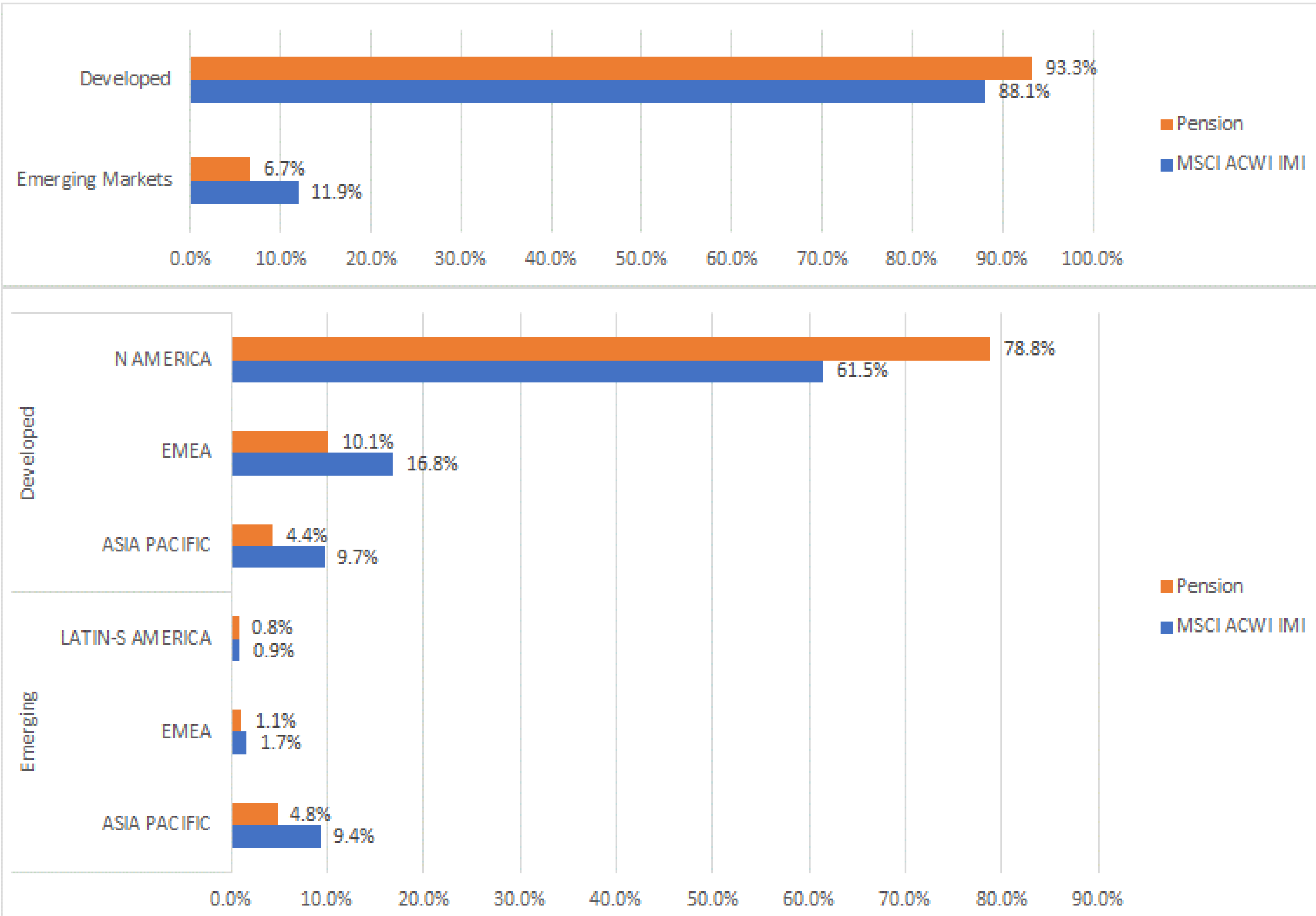


Risk Management
Benchmark Valuation

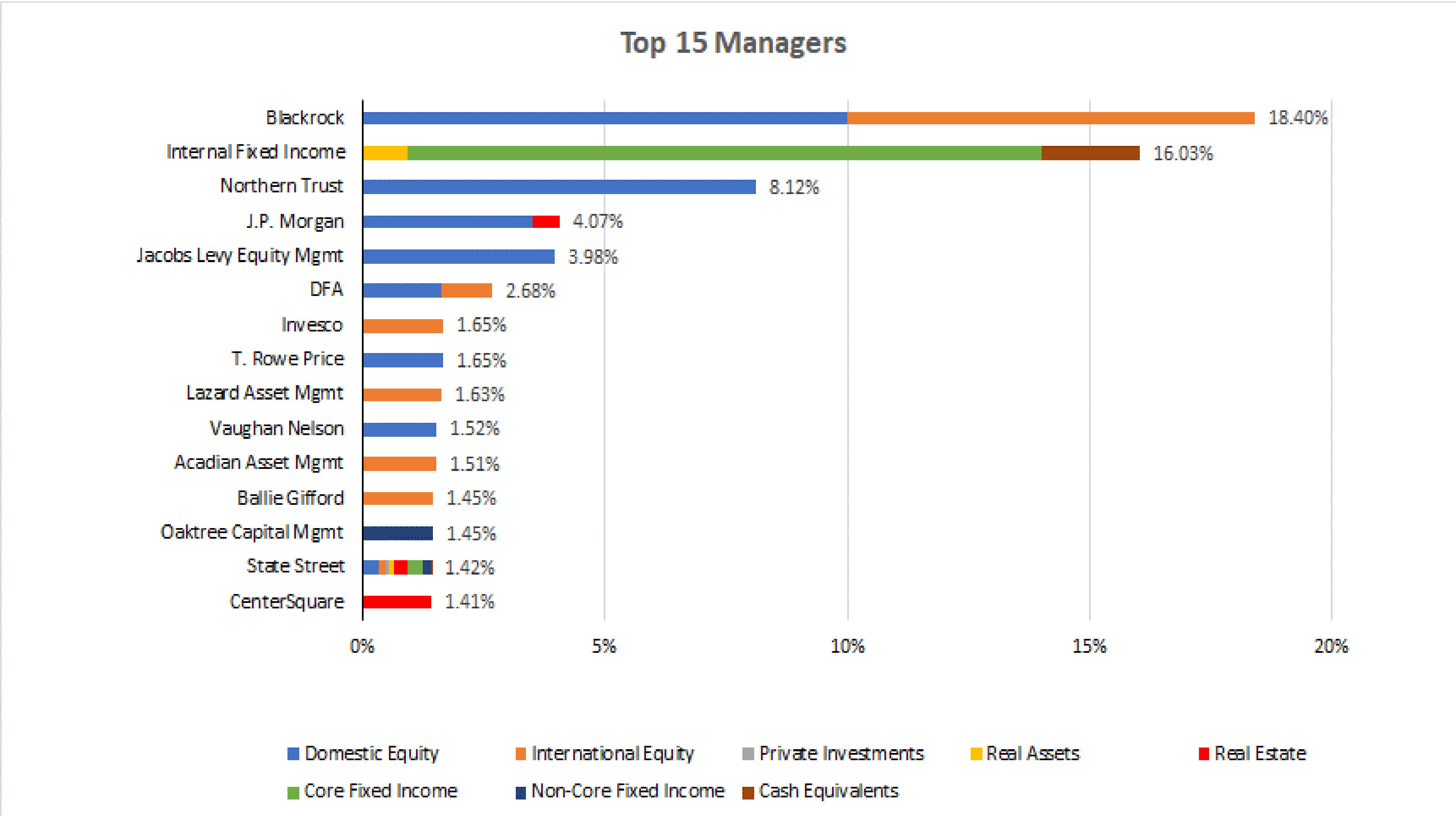


September 30, 2021

Risk Management
Pension Geographic

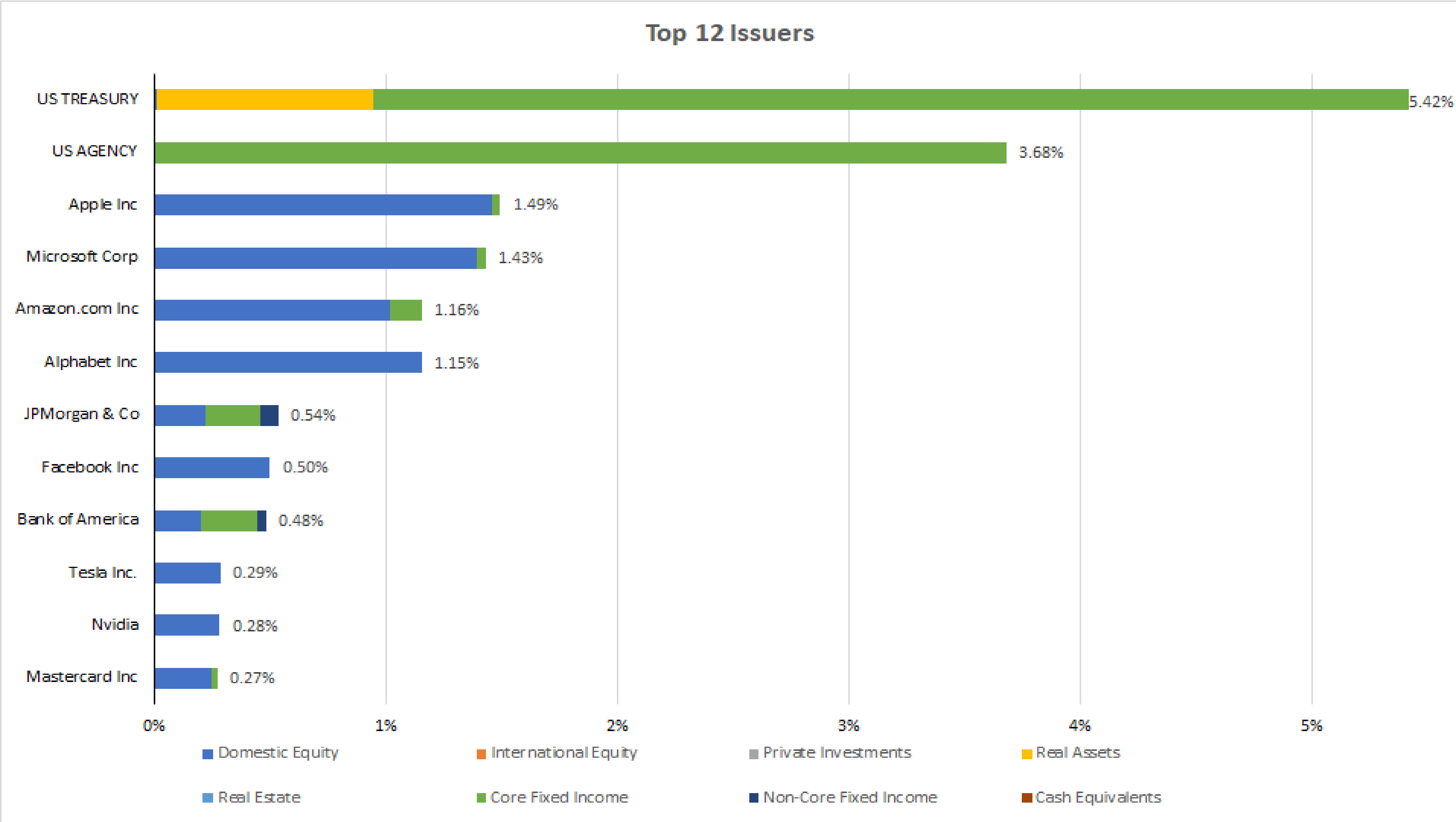


Risk Management
Pension Holdings

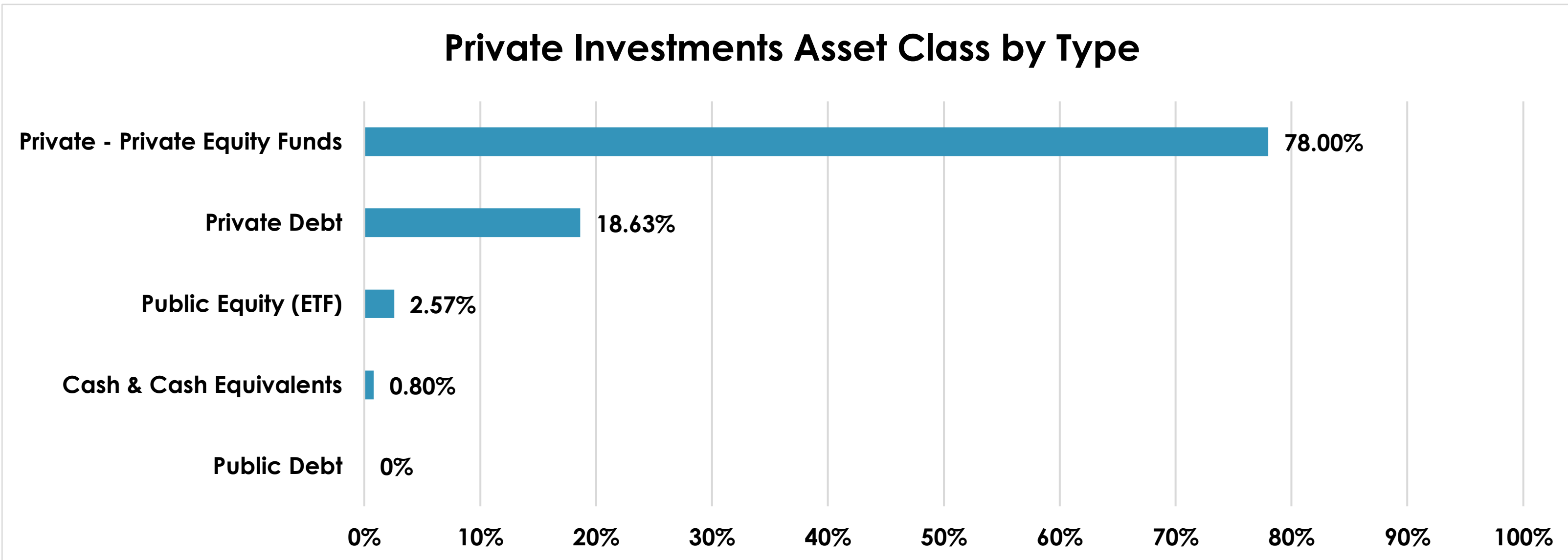


*Montana Public Retirement Plans shall have no greater than 5% of its Net Asset Value managed by any one external manager using an active investment strategy

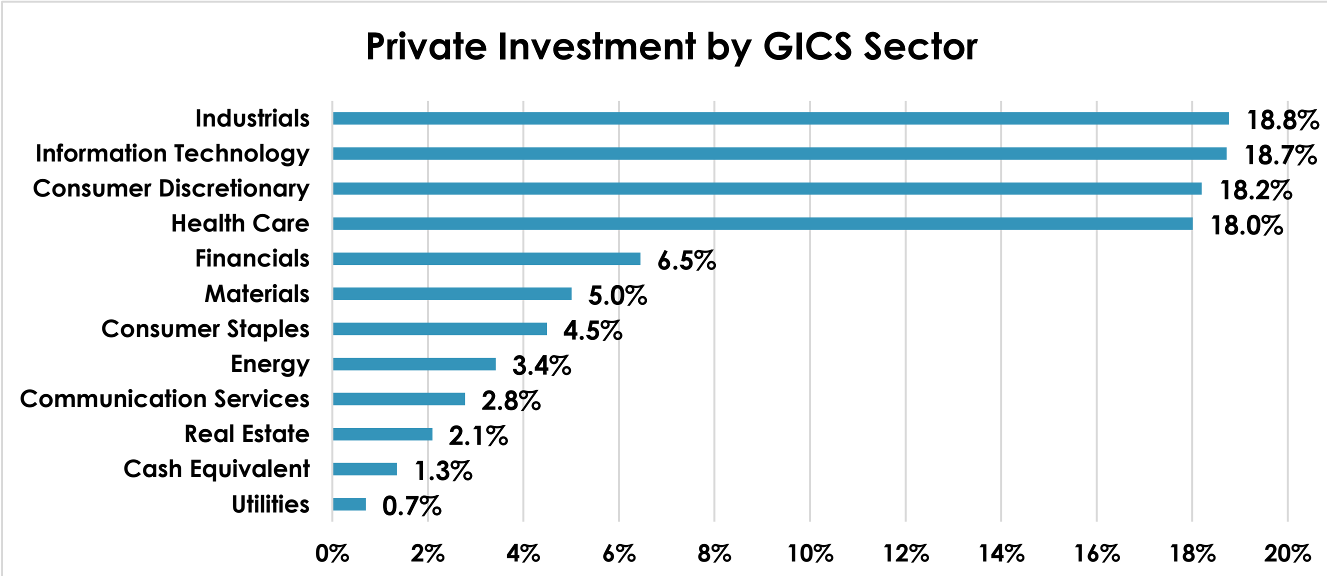
Risk Management
Pension Holdings

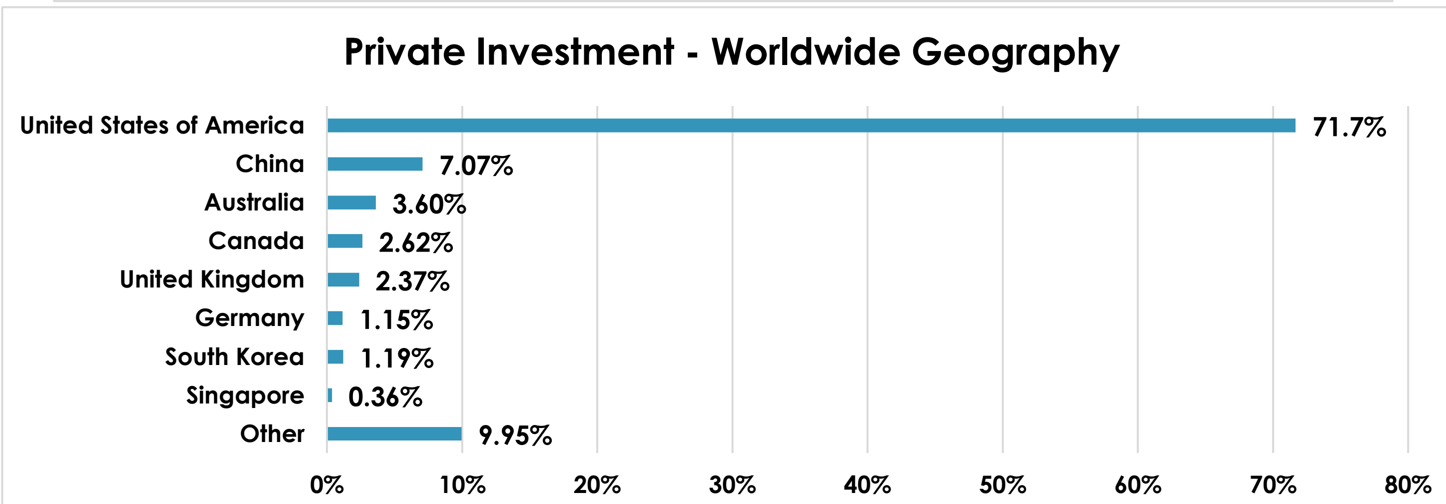


Private Investments
Characteristics



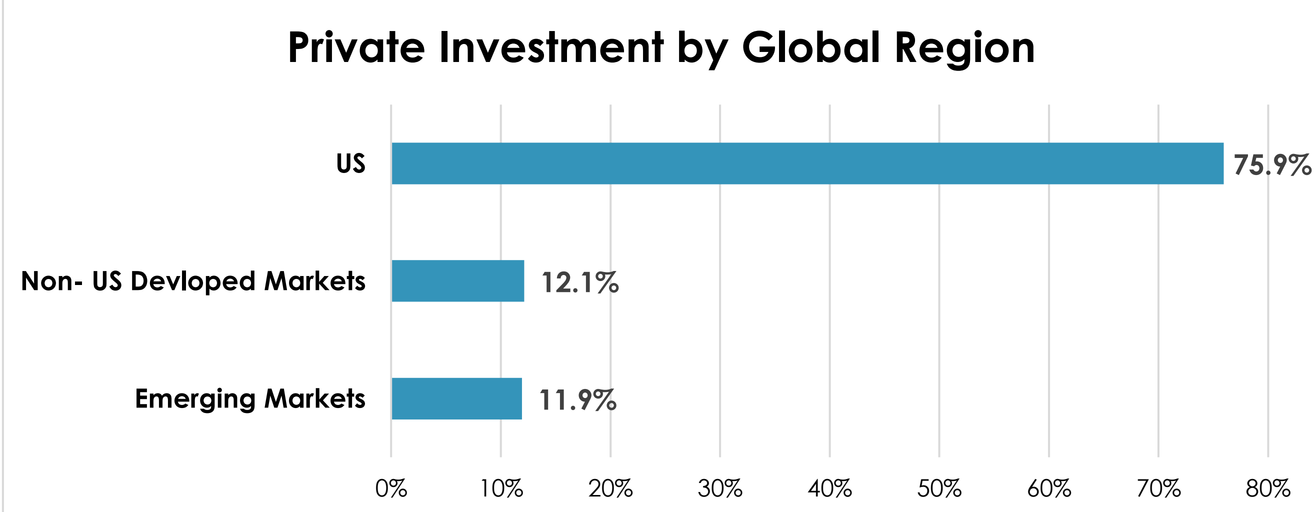
Private Investments
Characteristics

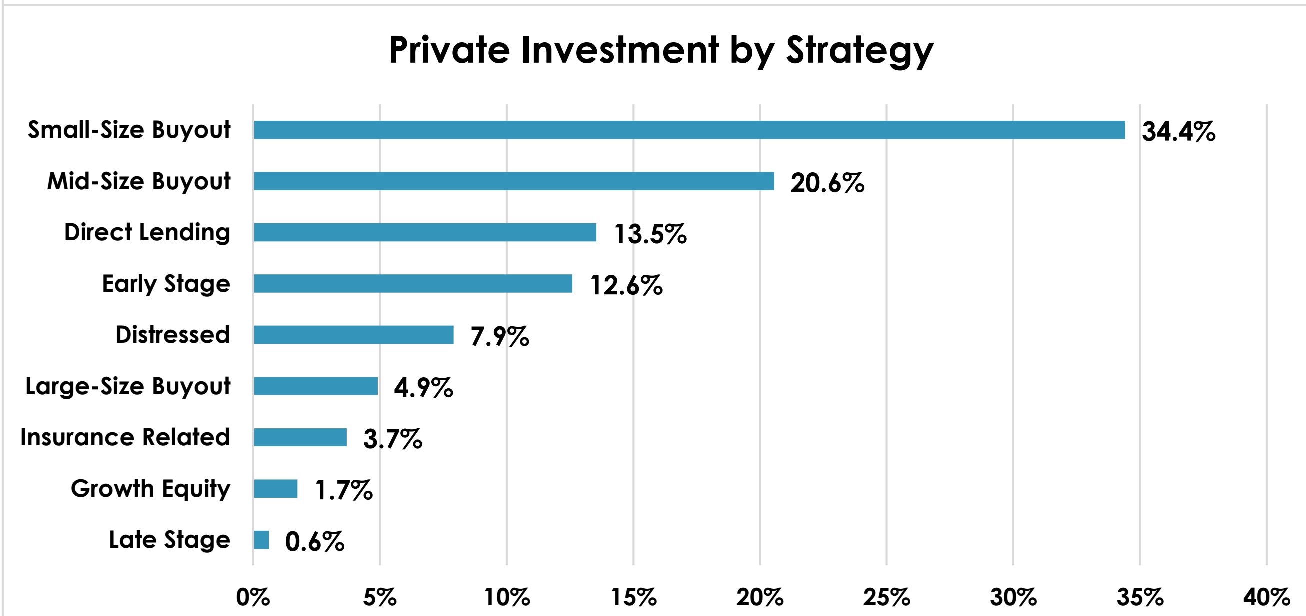




Note: Data reflects most recent GP-reported holdings as of 6/30/21

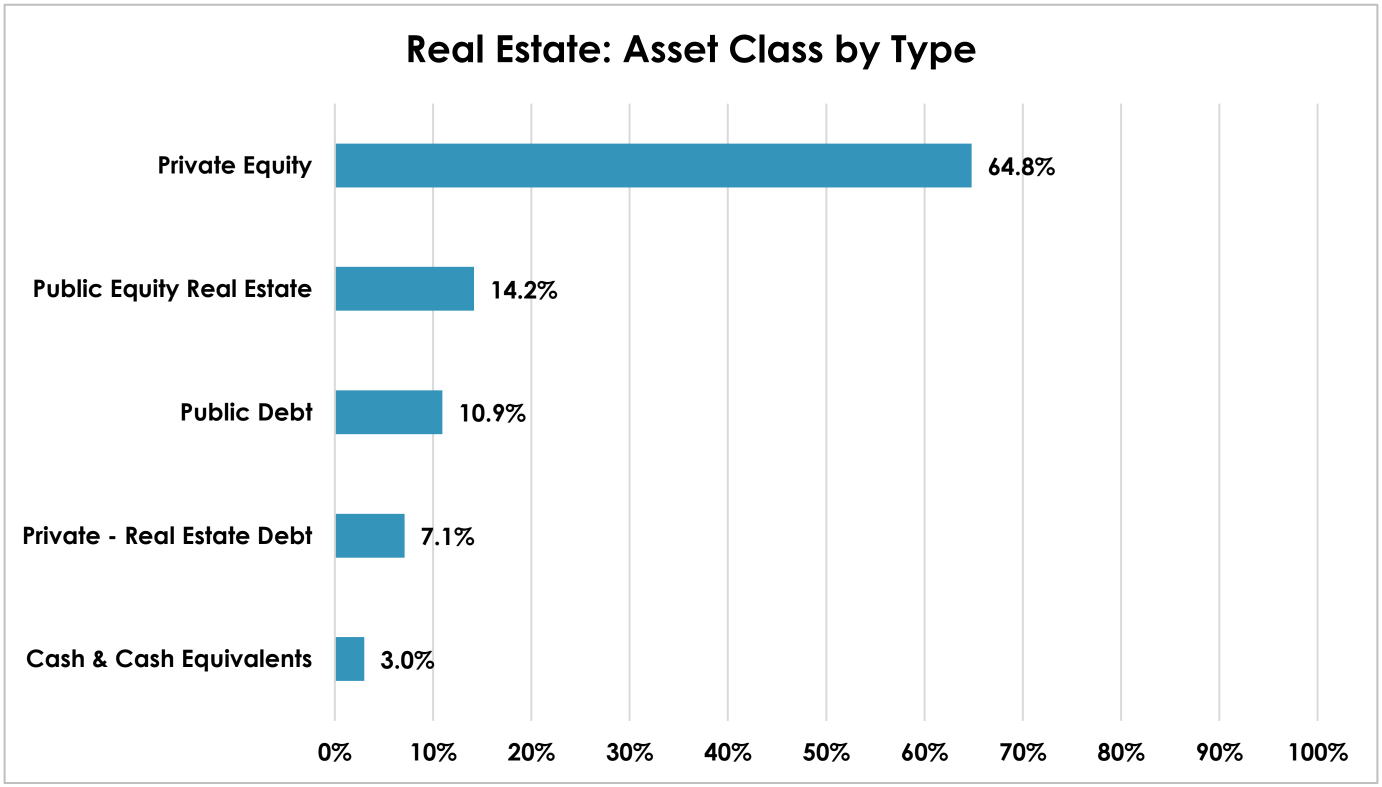
Private Investments
Characteristics



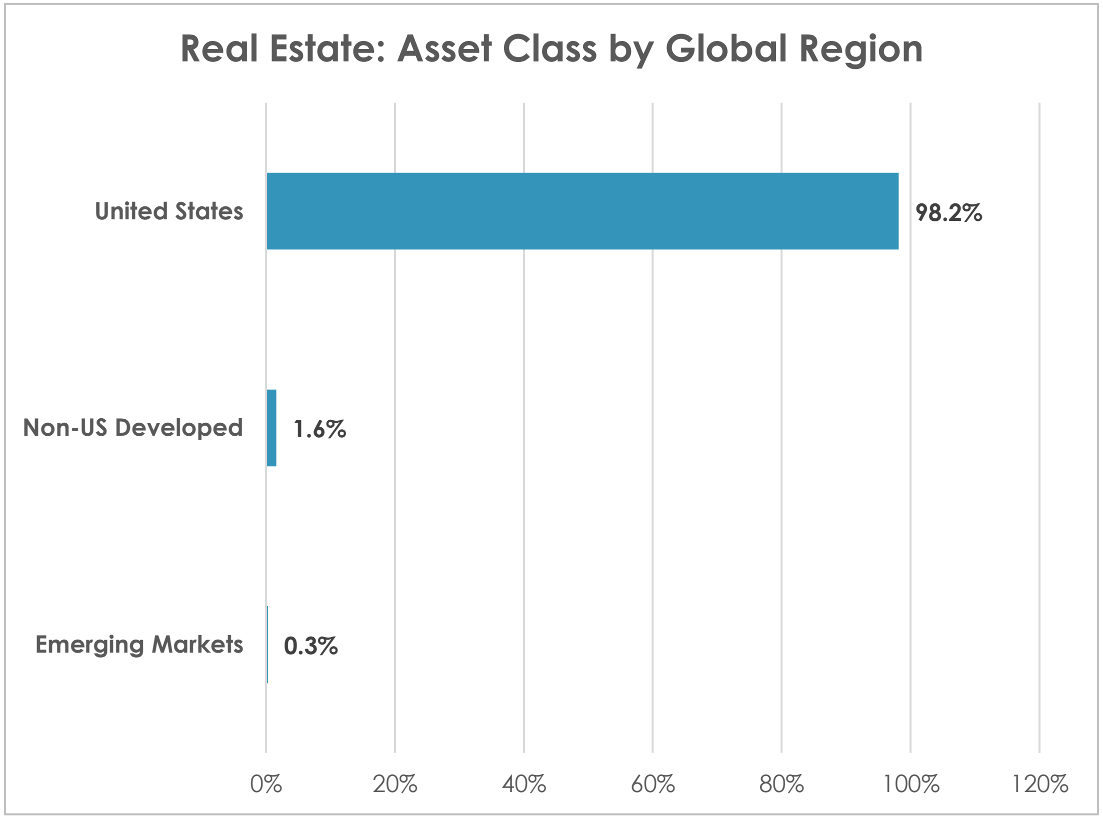


Note: Data reflects most recent GP-reported holdings as of 6/30/21

Real Estate
Characteristics

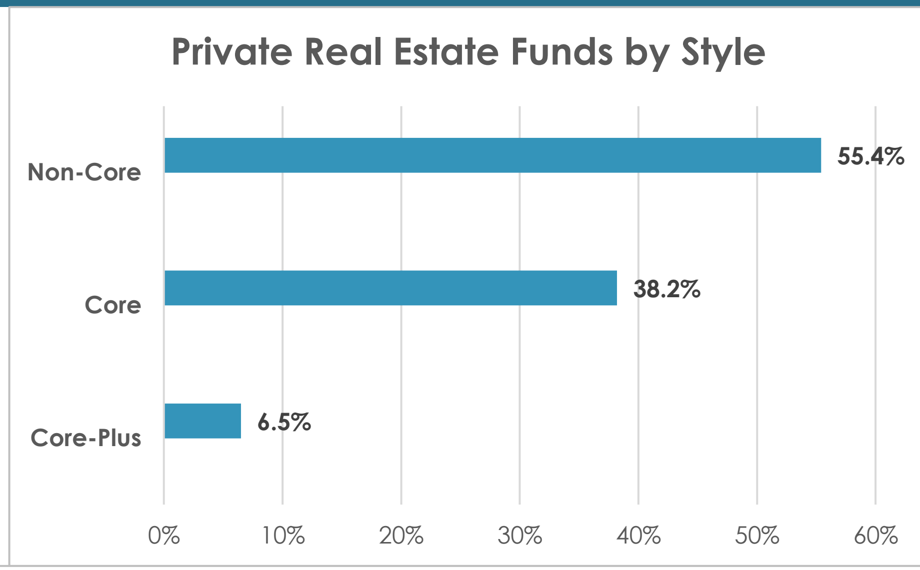


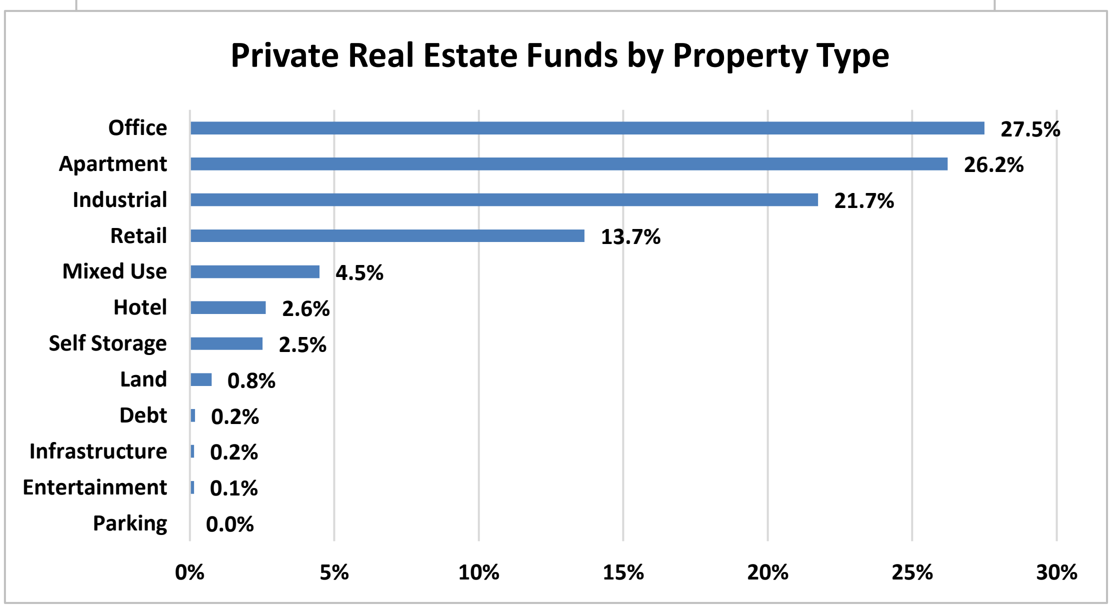
Real Estate
Characteristics



Note: Data reflects most recent GP-reported holdings as of 6/30/21

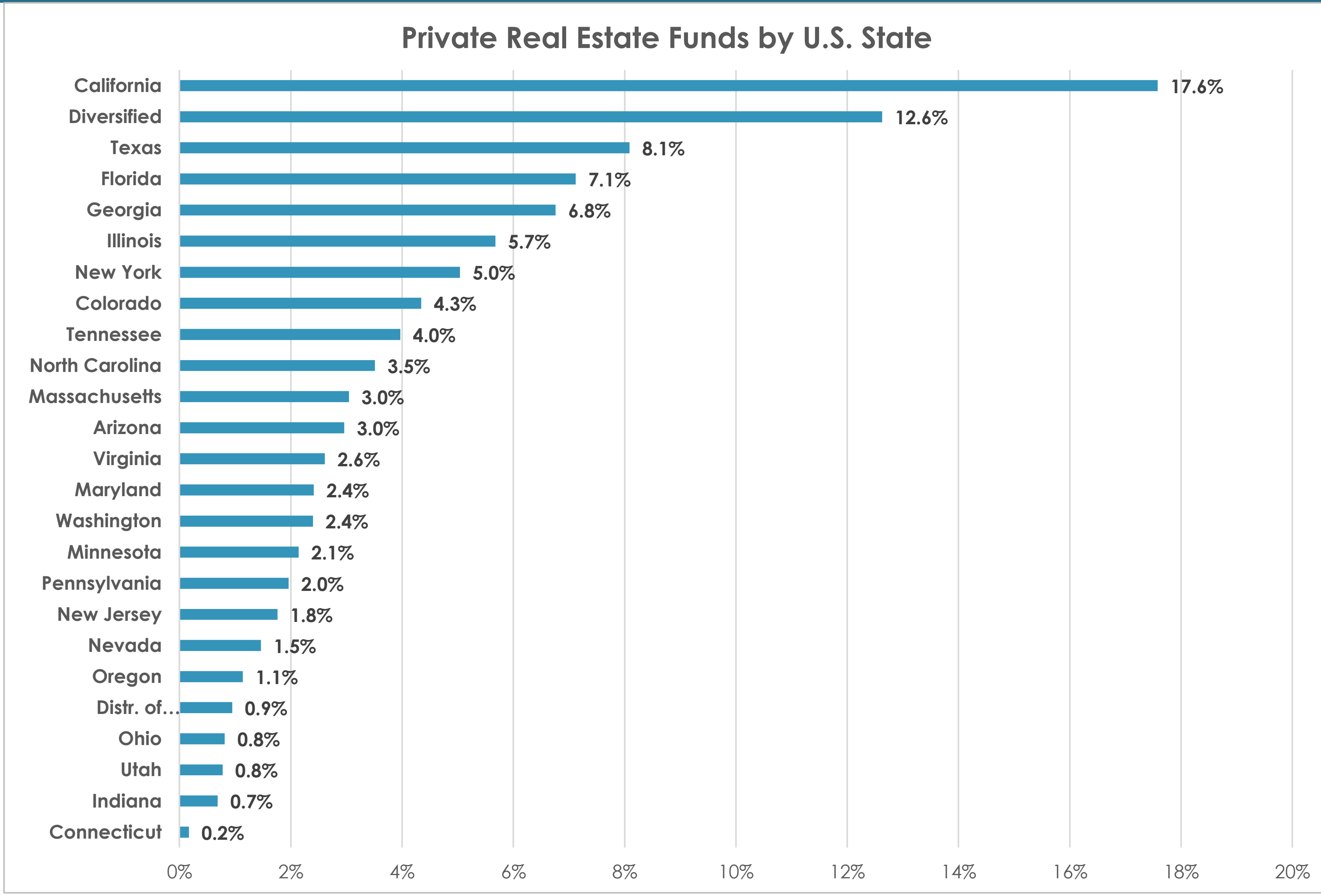
Real Estate
Characteristics





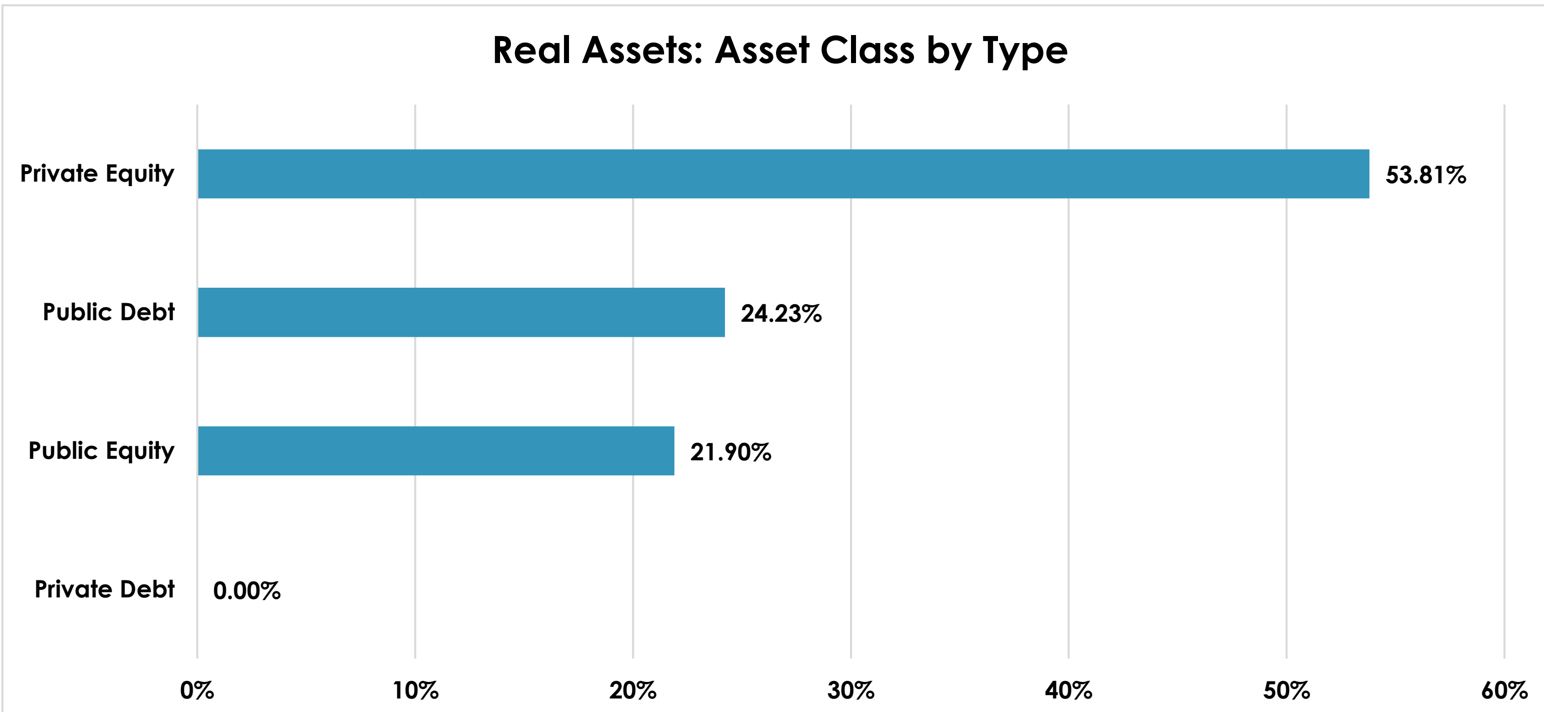
Note: Data reflects most recent GP-reported holdings as of 6/30/21

Real Estate
Characteristics

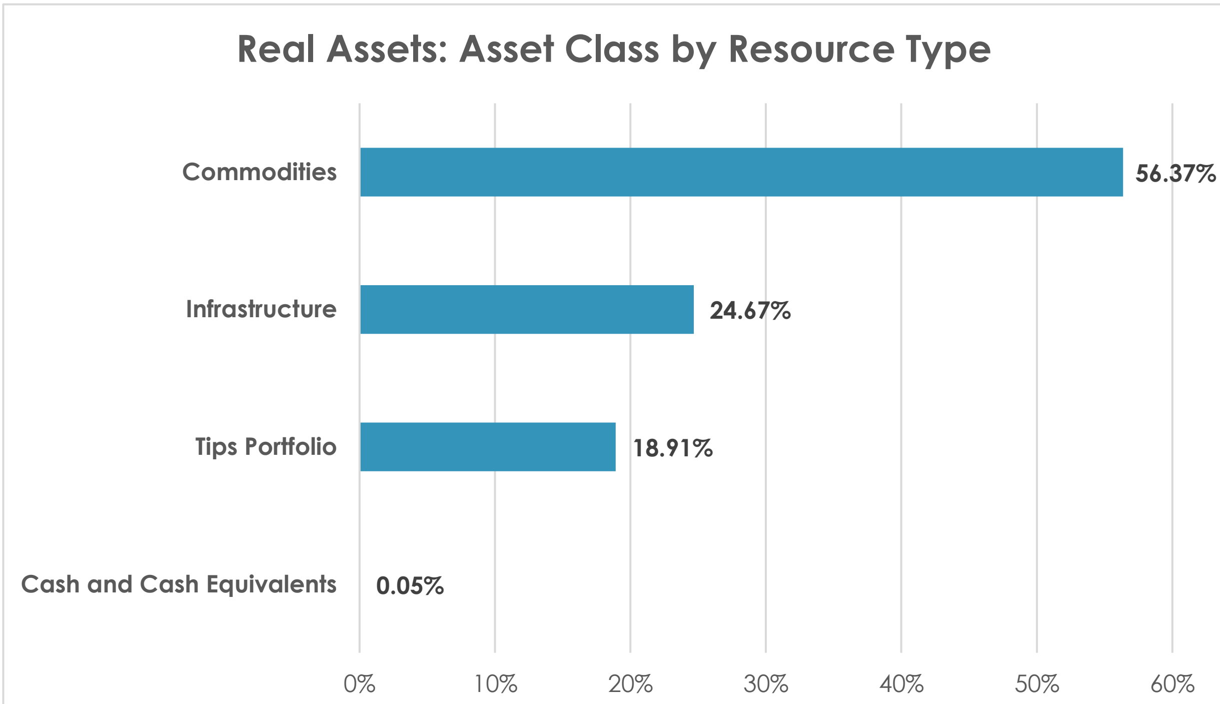


Note: Data reflects most recent GP-reported holdings as of 6/30/21

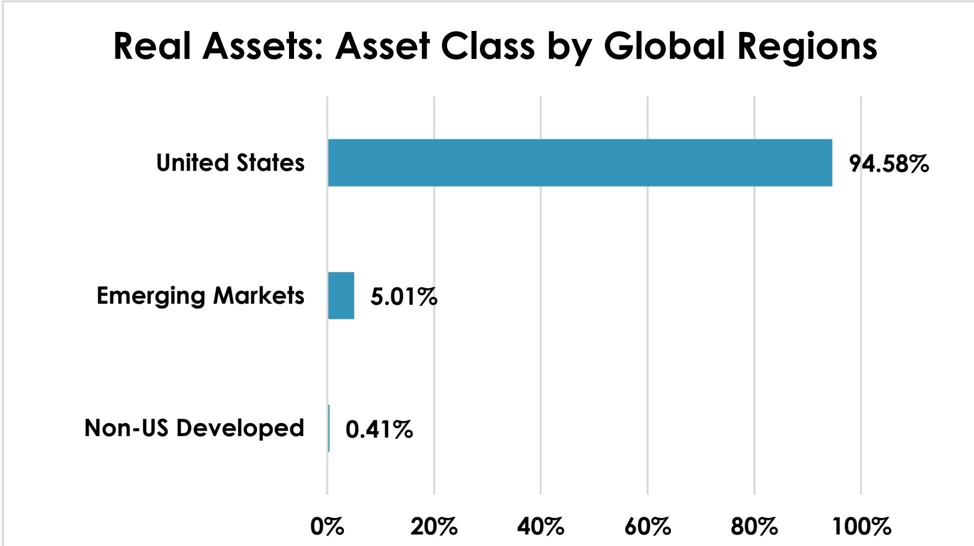
Real Assets
Characteristics

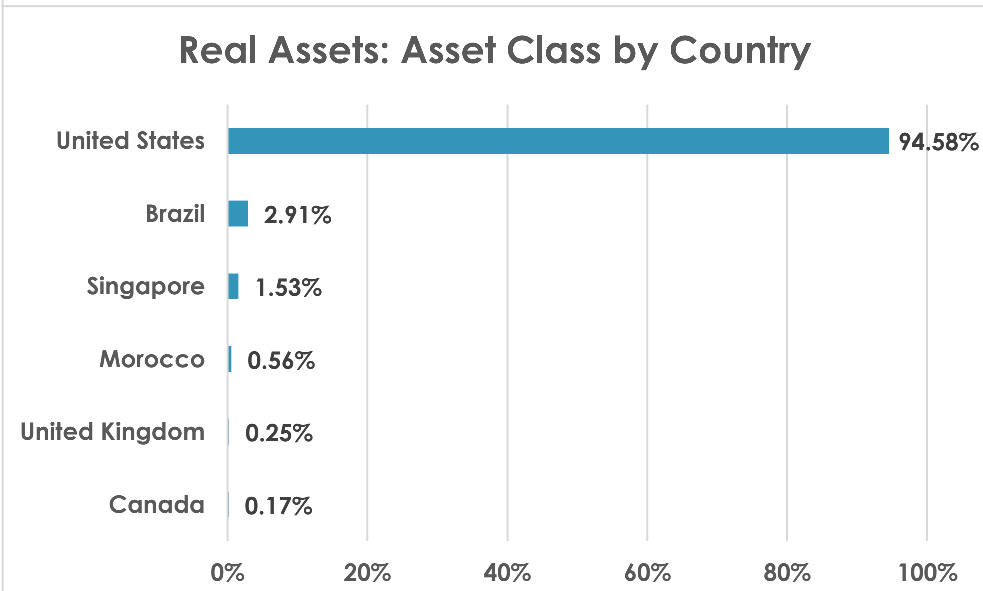


Real Assets
Characteristics



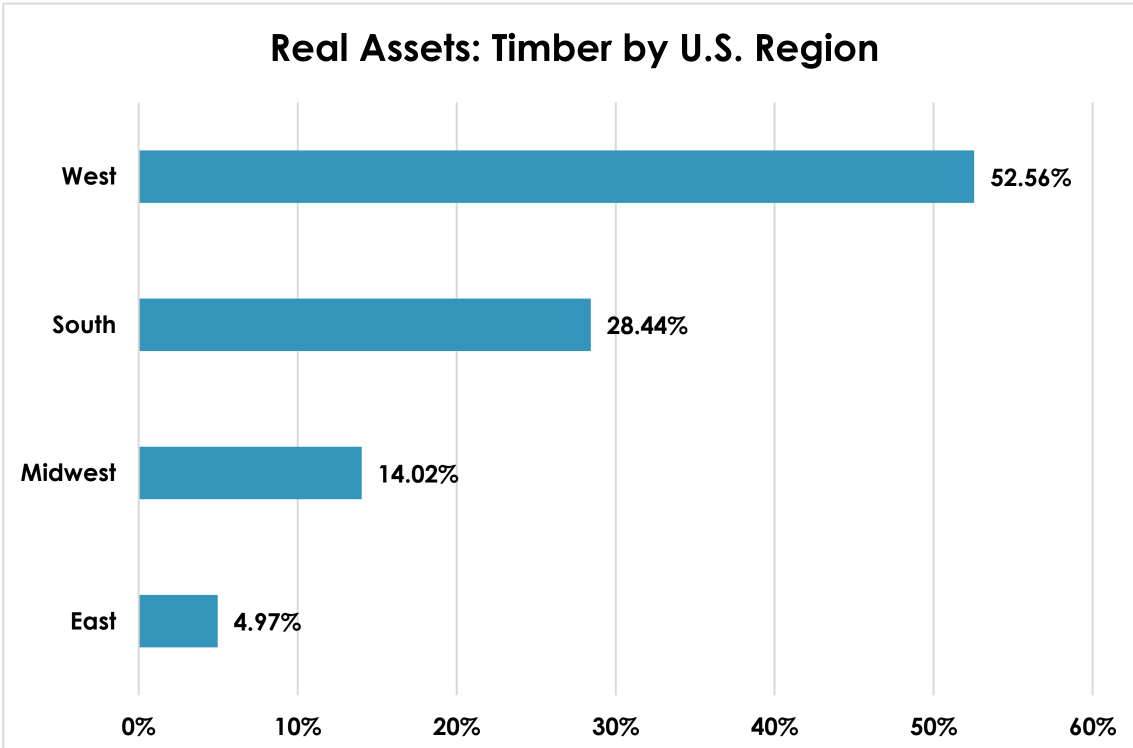
Real Assets
Characteristics





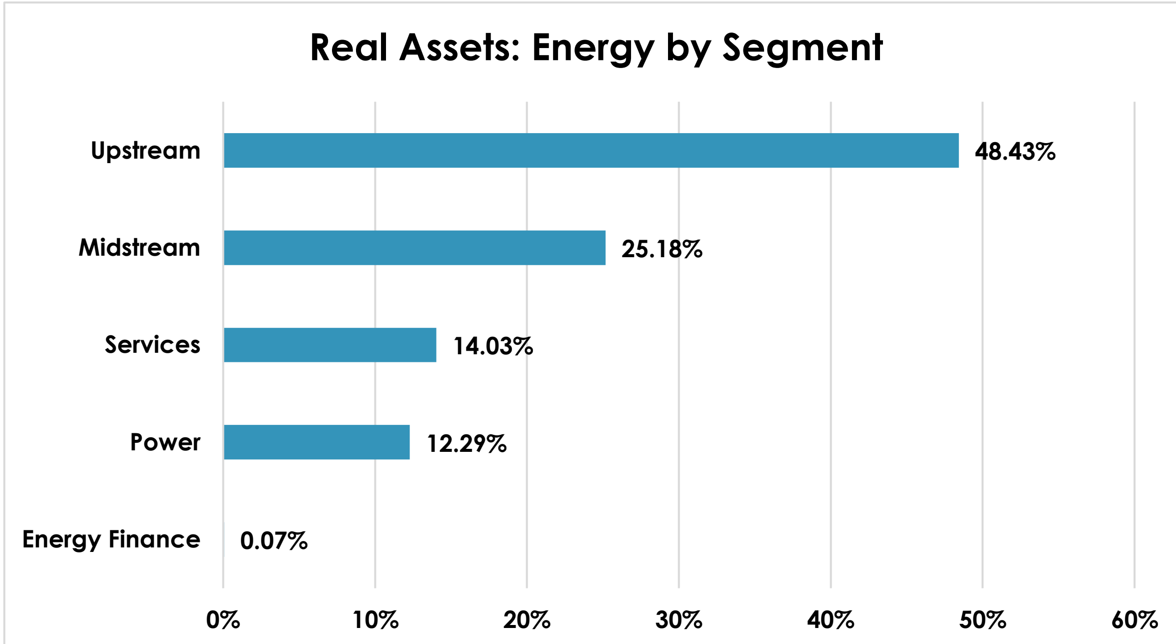
Note: Data reflects most recent GP-reported holdings as of 6/30/21

Real Assets
Characteristics



Note: Data reflects most recent GP-reported holdings as of 6/30/21

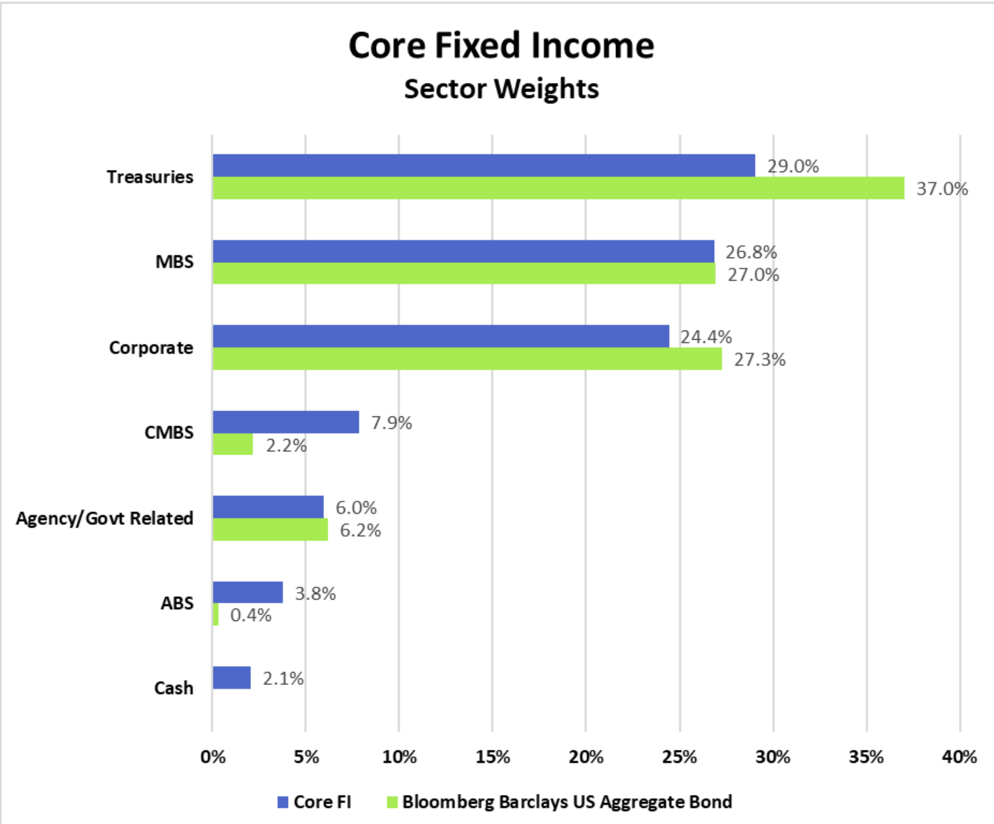
Real Assets
Characteristics

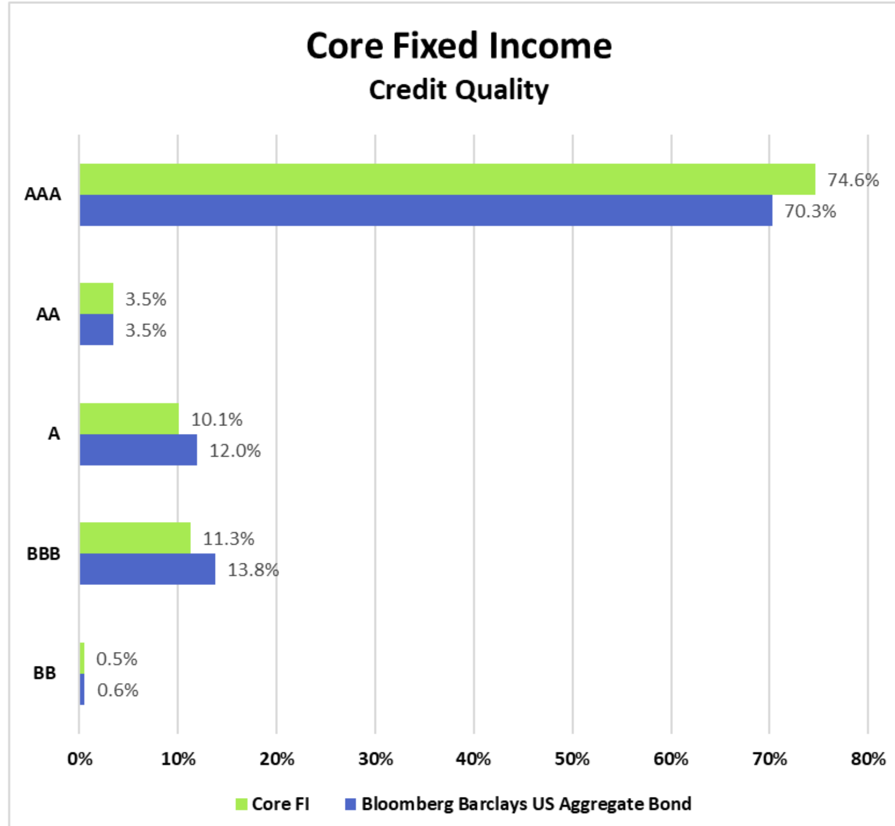


Upstream	**Exploration and production**
Services	**Businesses that provide ancillary services and equipment required to explore for, produce and transport oil and gas**
Power	**Generation plants that create power**
Midstream	**Pipelines, terminals and storage of oil and gas and involves the transportation of oil and gas**
Energy Finance	**Investments in a portfolio of liquid or yield-oriented securities**

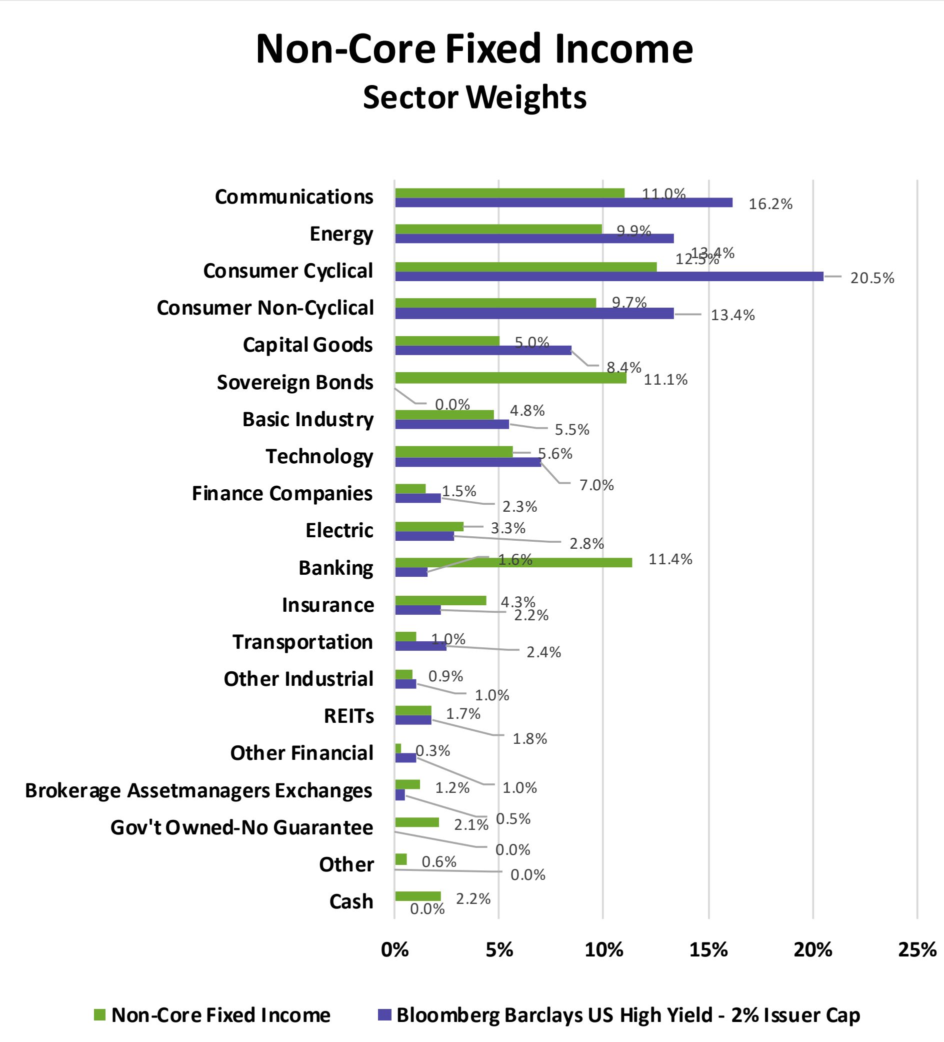
Note: Data reflects most recent GP-reported holdings as of 6/30/20

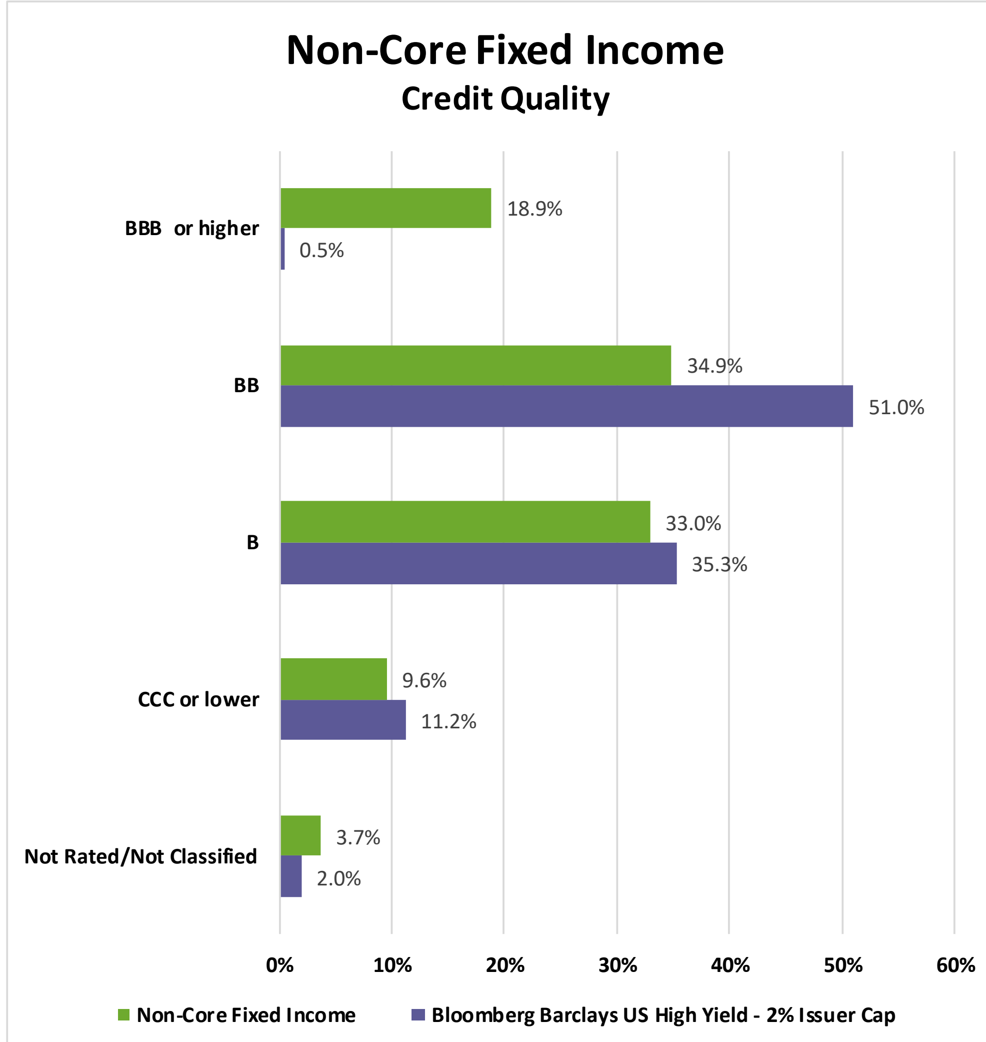
Core Fixed Income
Characteristics



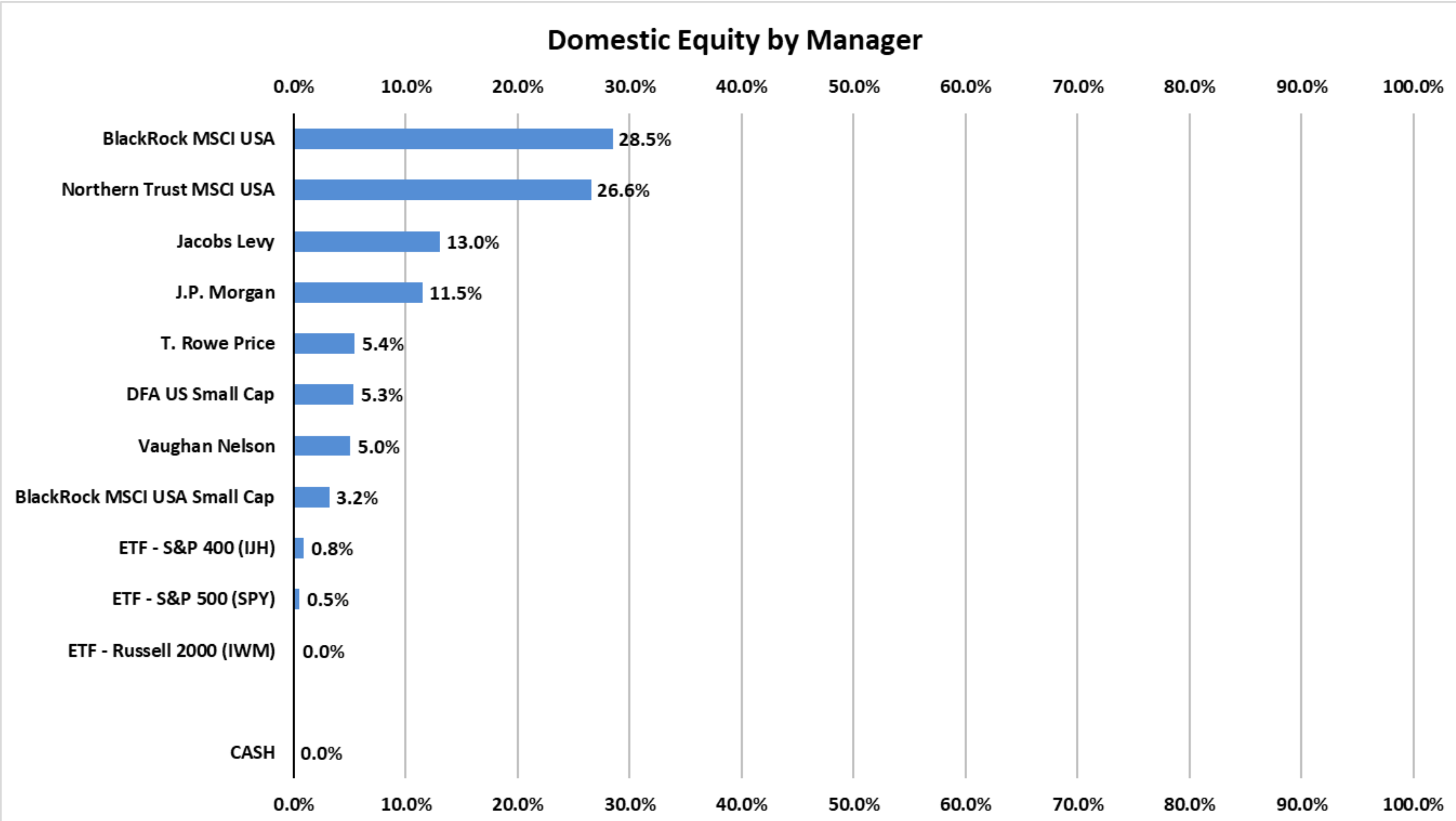


Non-Core Fixed Income
Characteristics

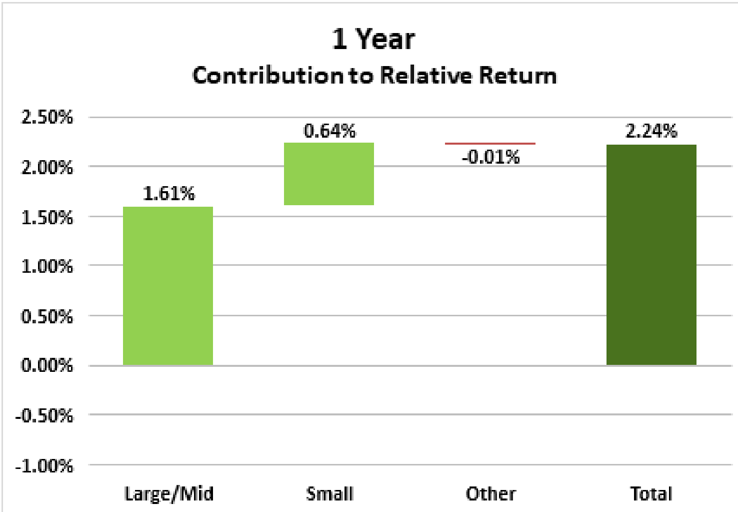


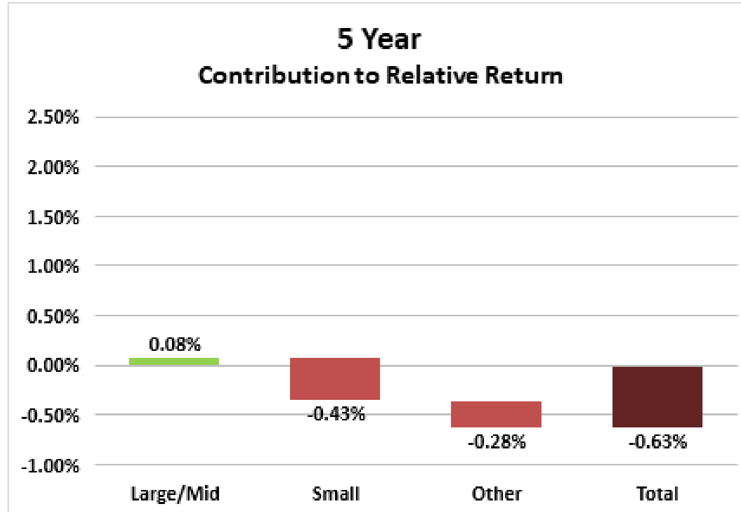


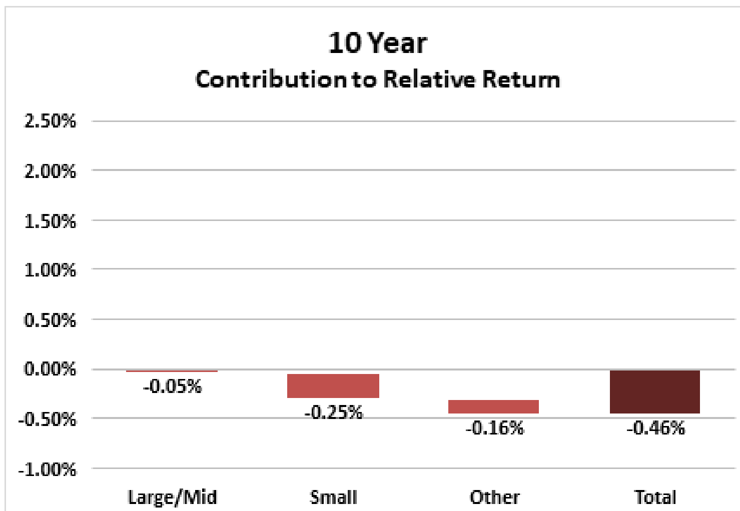
Domestic Equity
Policy



Domestic Equity
Net Performance

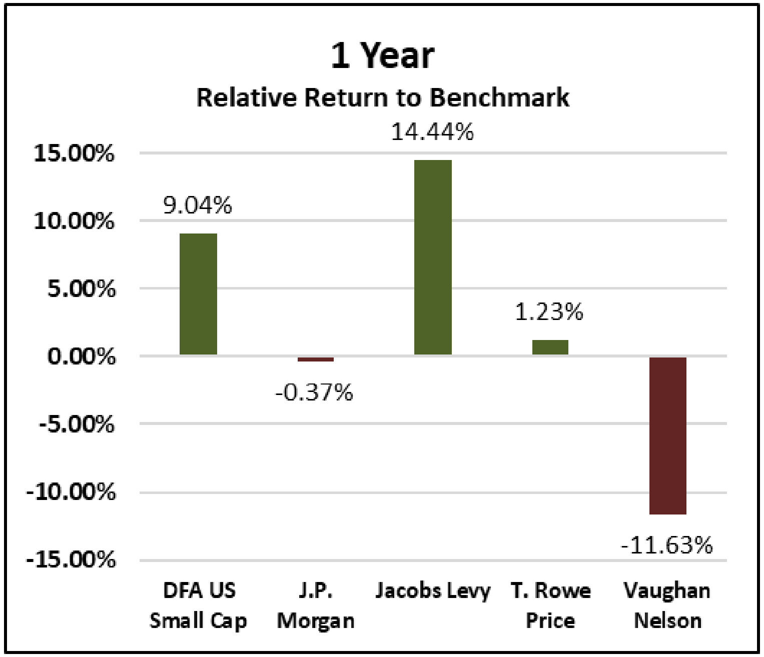


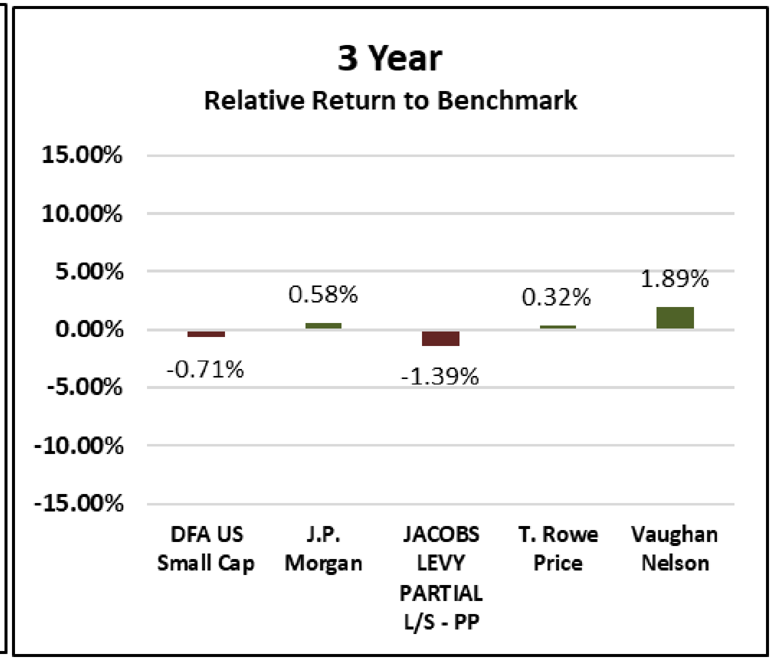




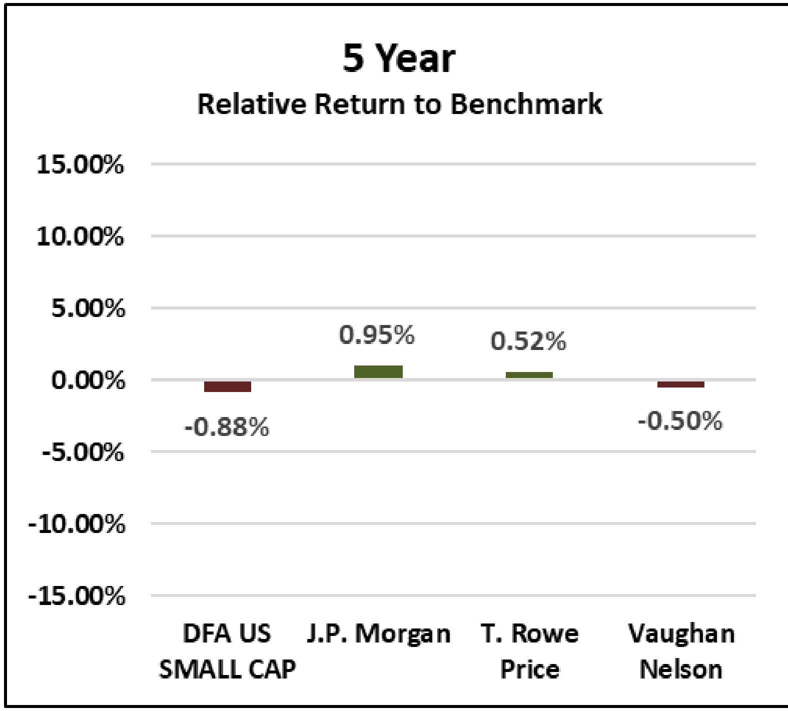
Benchmark: Domestic Equity – PAC Custom Blend

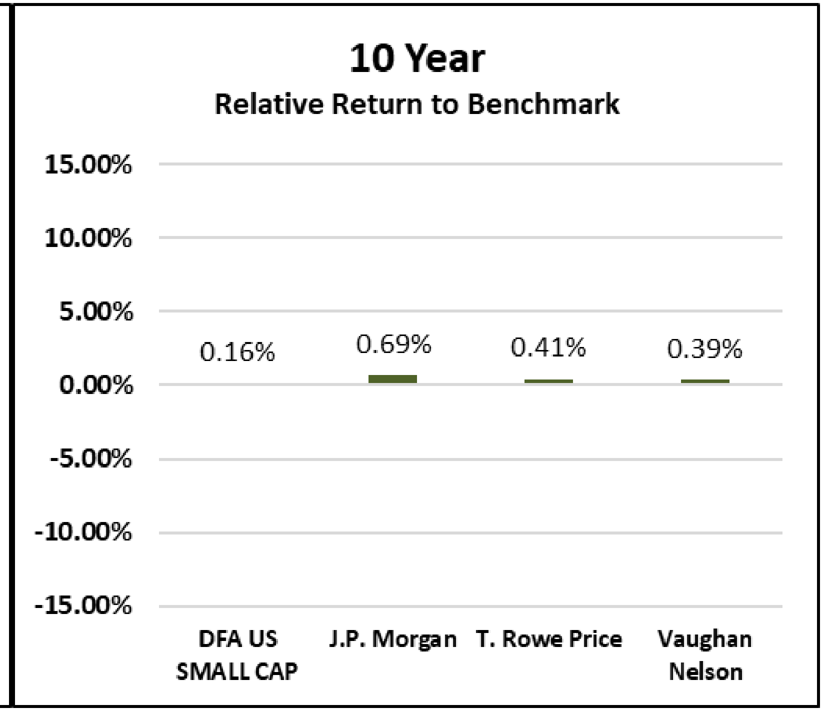
Domestic Equity – Active Managers
Net Performance



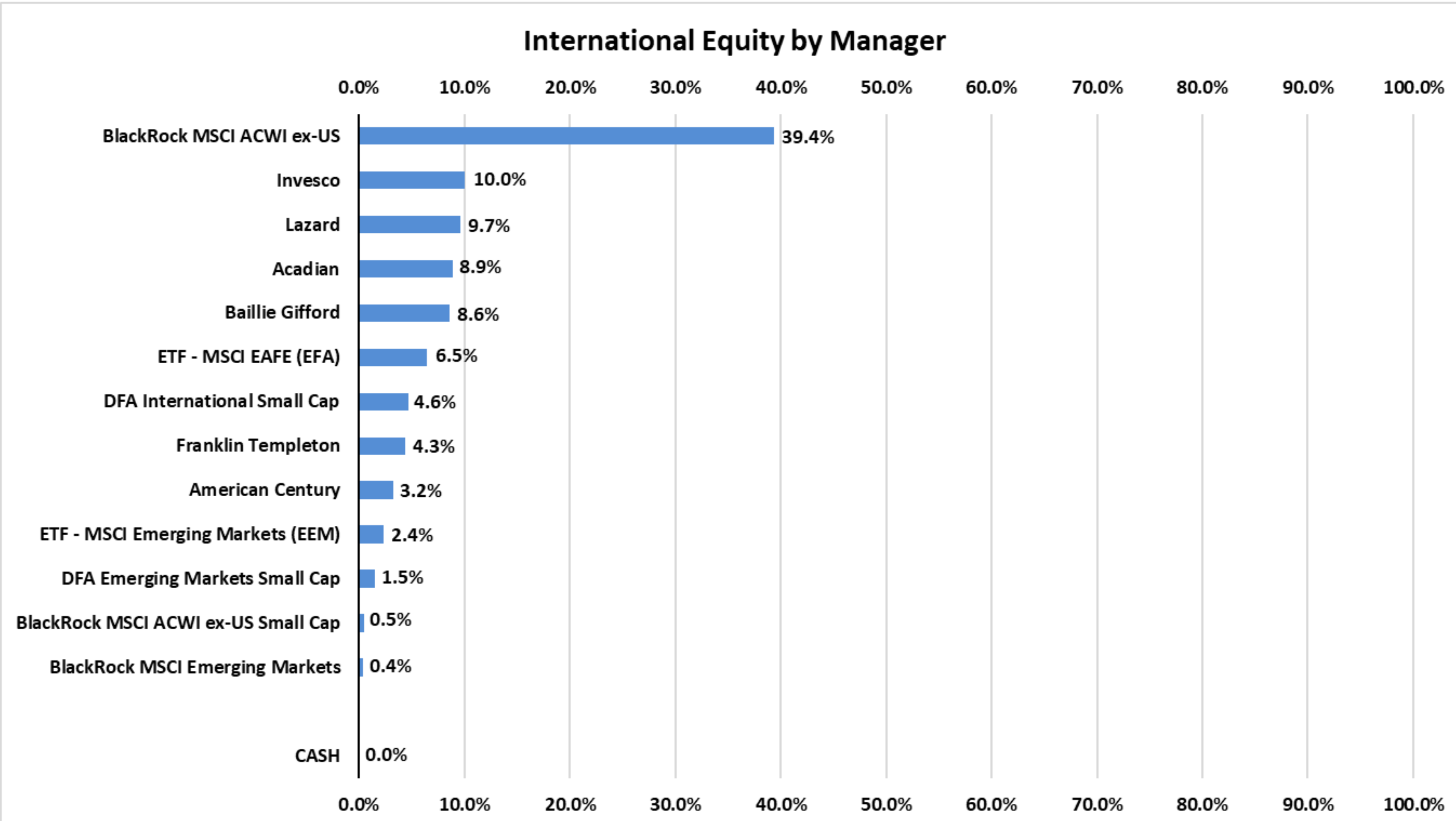


Domestic Equity – Active Managers
Net Performance

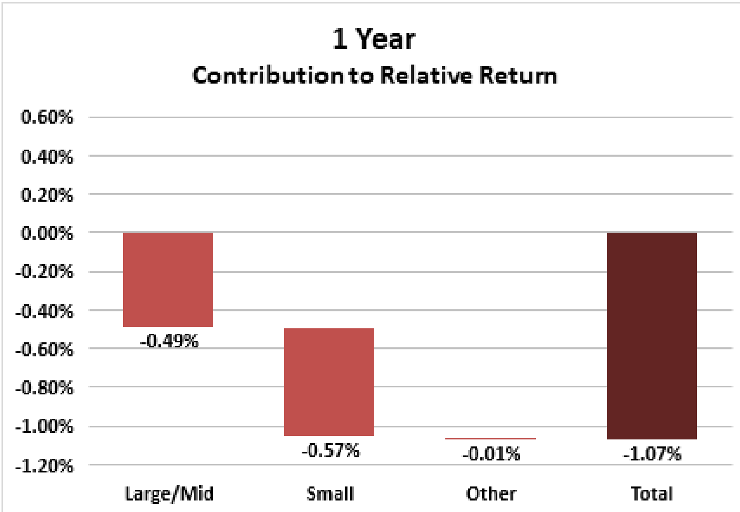


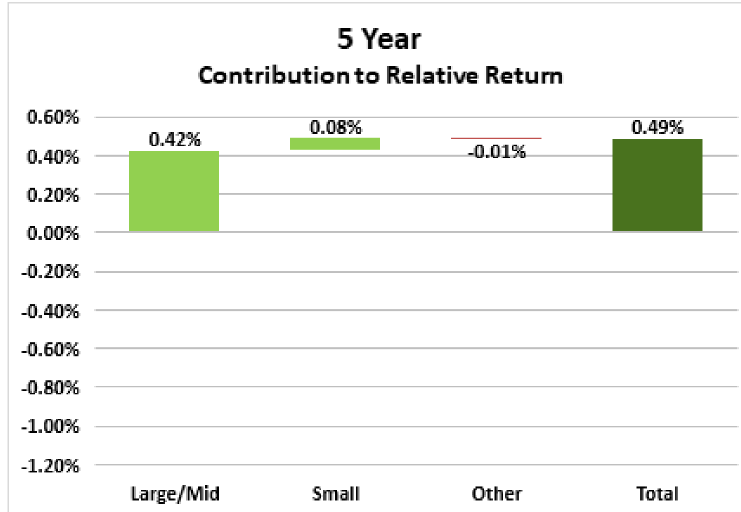


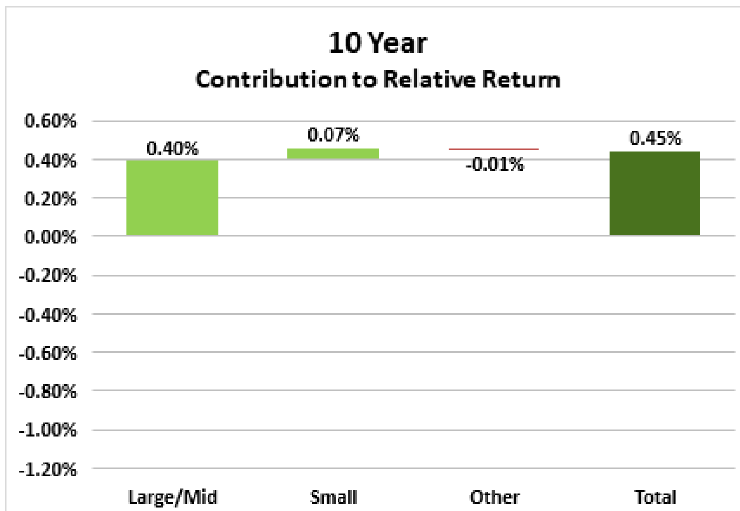
International Equity
Policy



International Equity
Net Performance

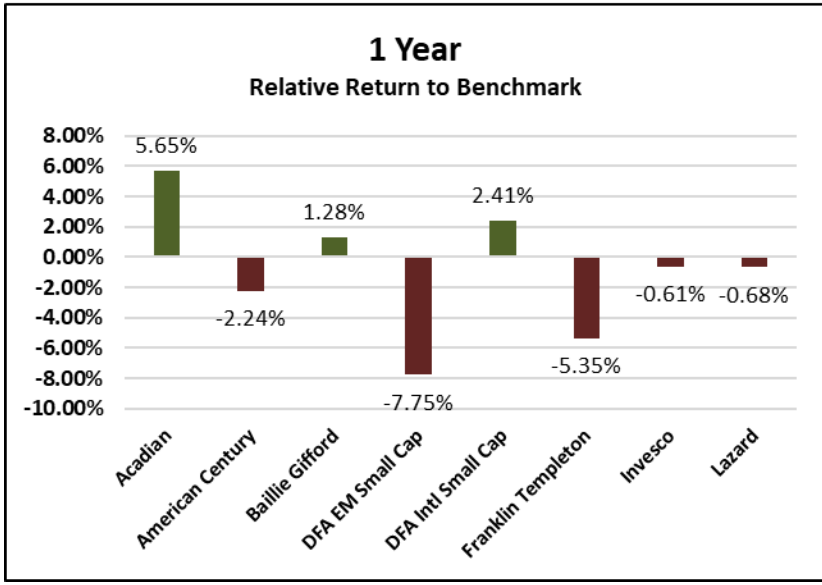


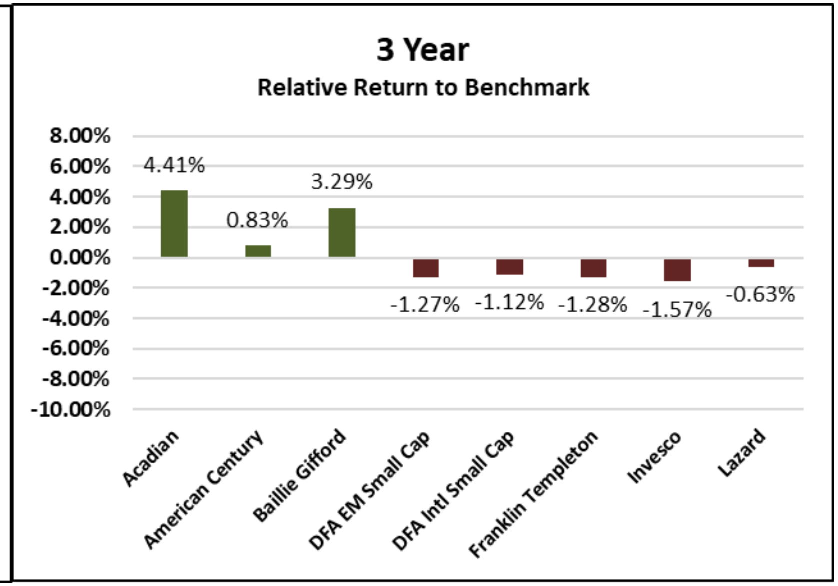




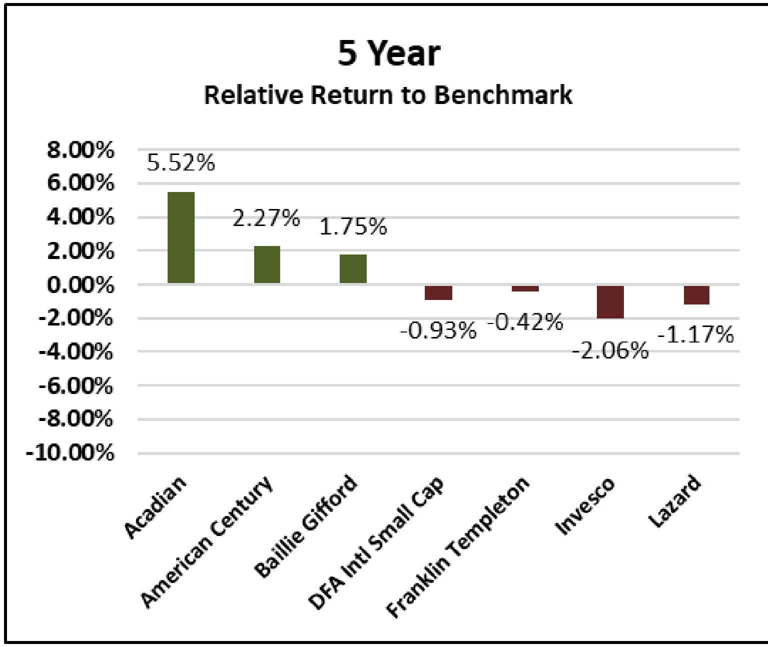
Benchmark: International Equity – PAC Custom Blend

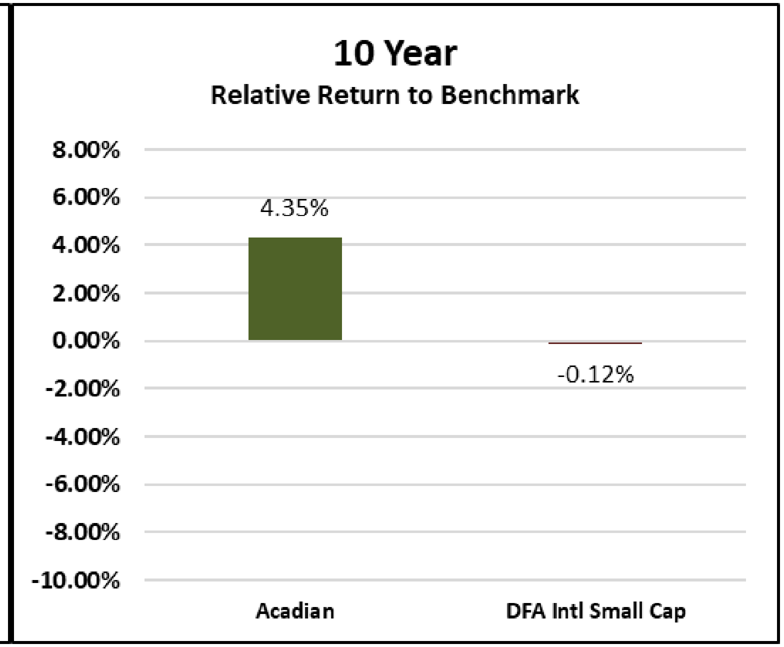
International Equity – Active Managers
Net Performance



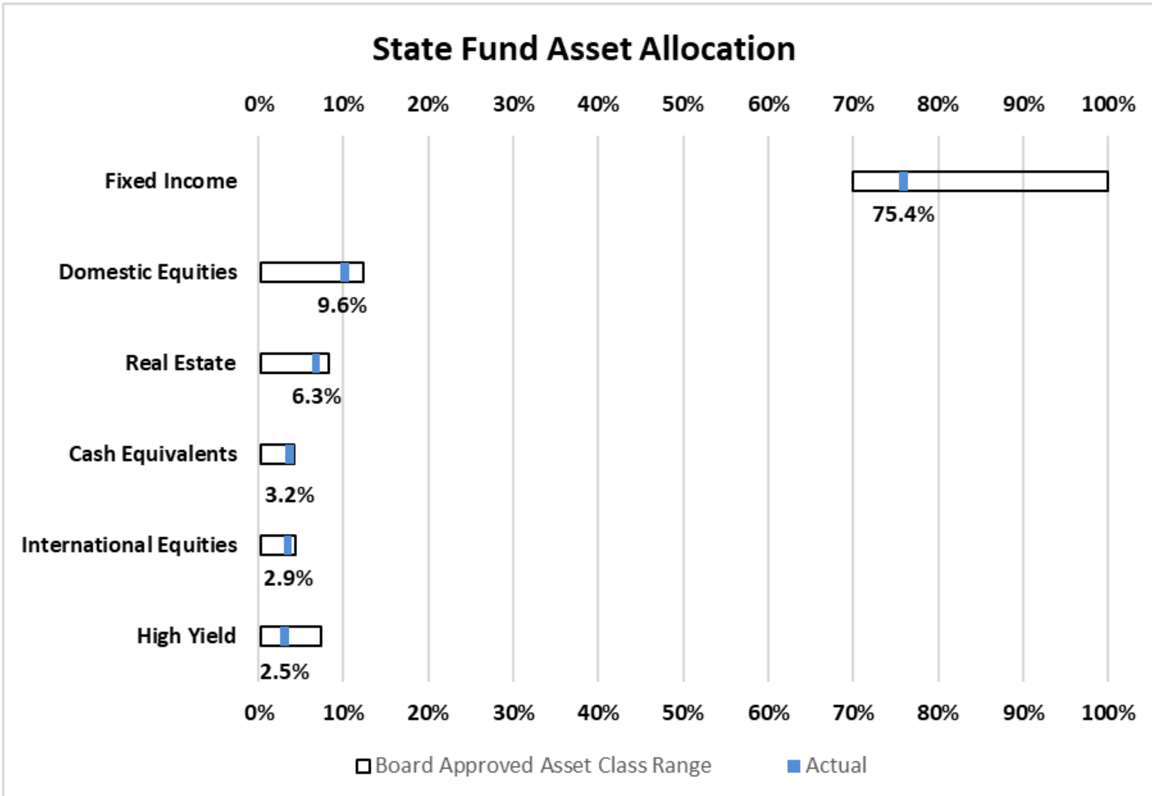


International Equity – Active Managers
Net Performance



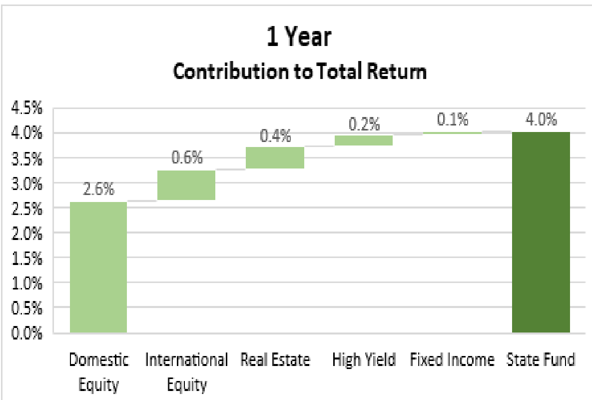


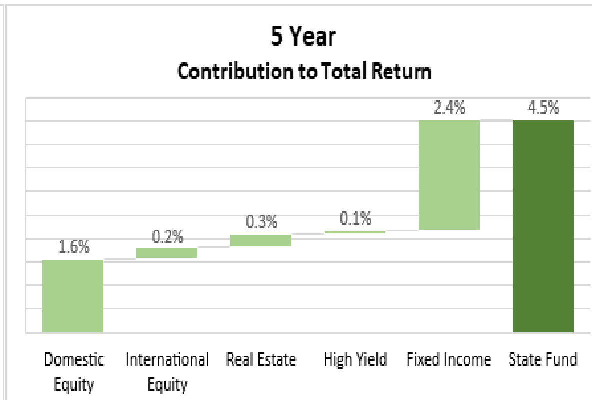
State Fund
Policy

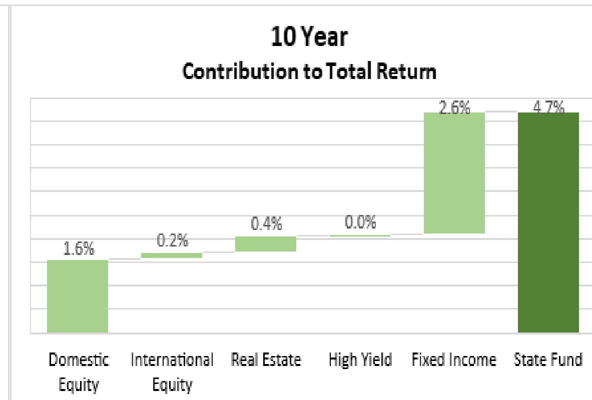


State Fund

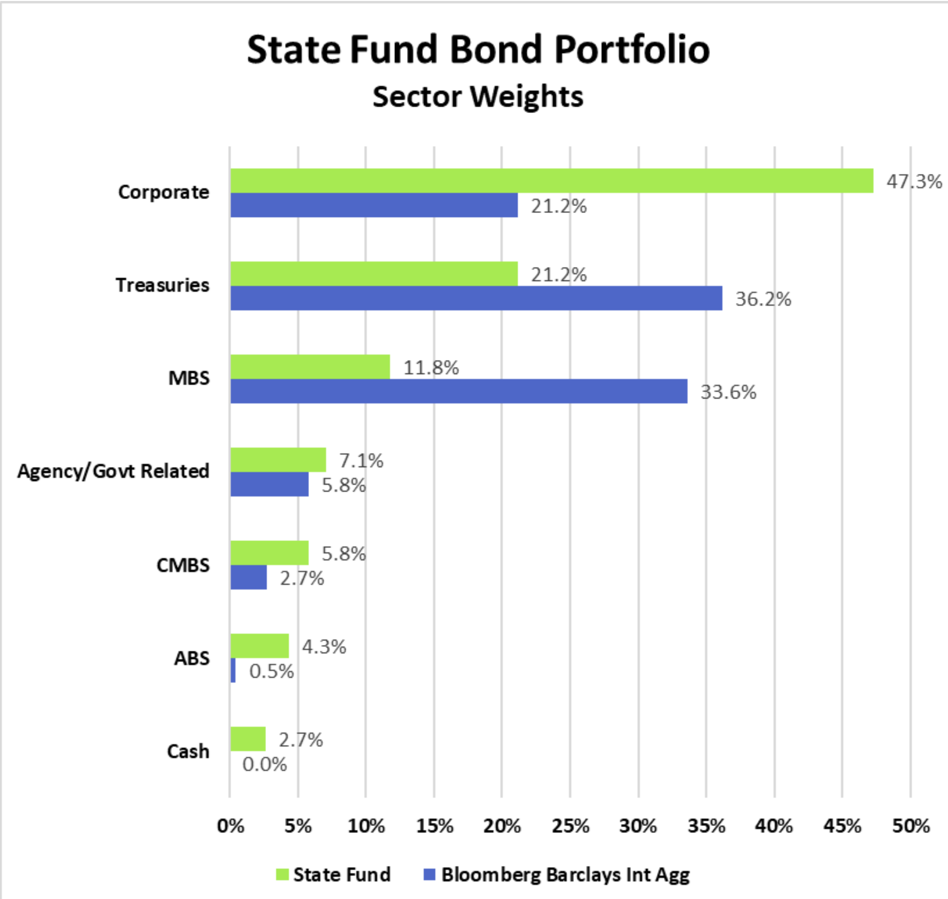
Performance

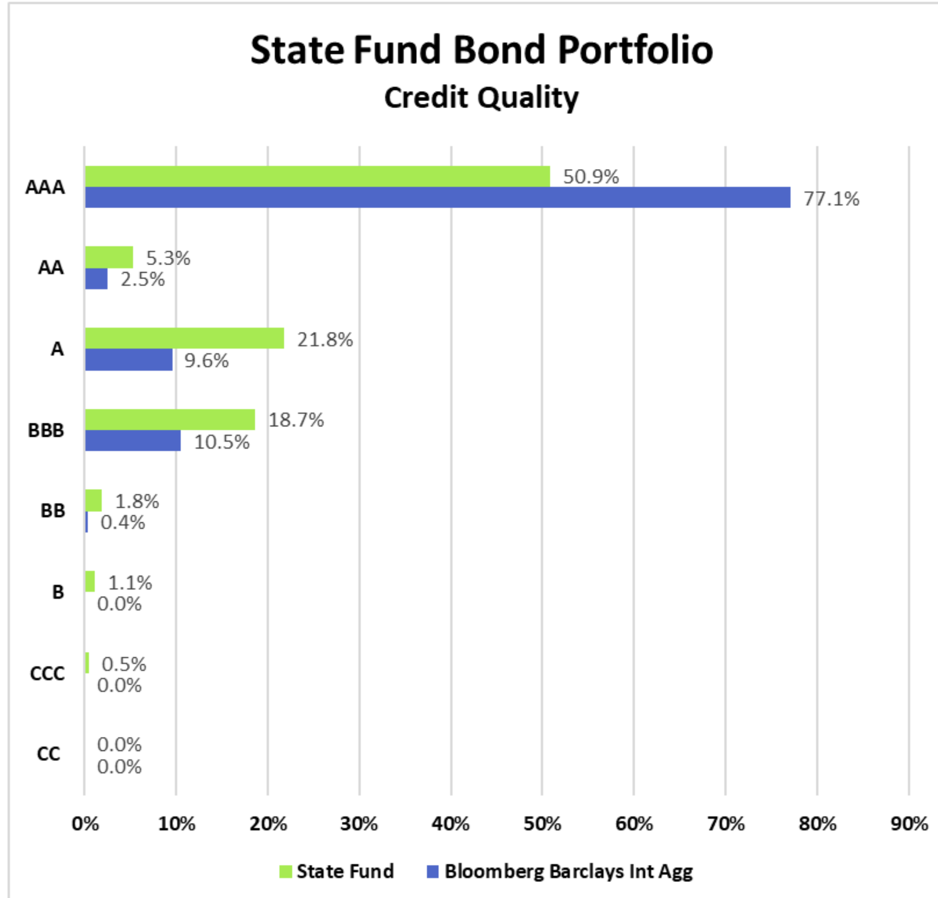




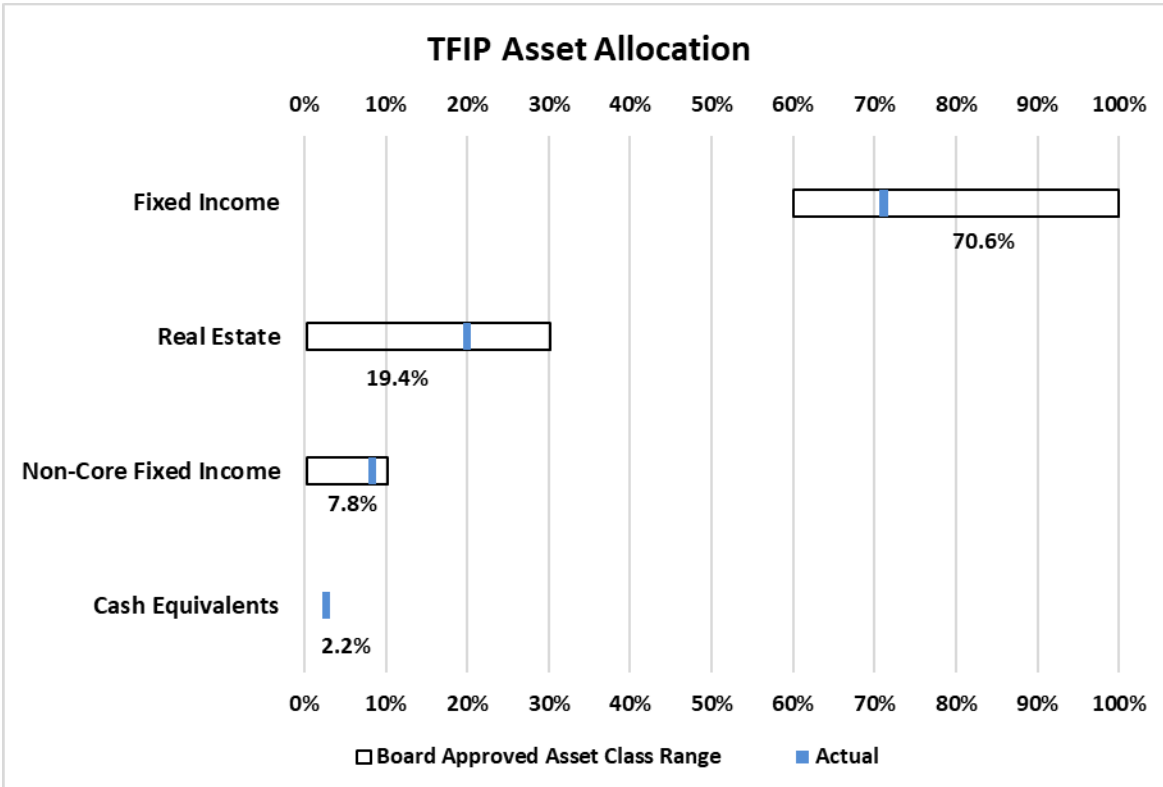


State Fund Investment Pool
Characteristics

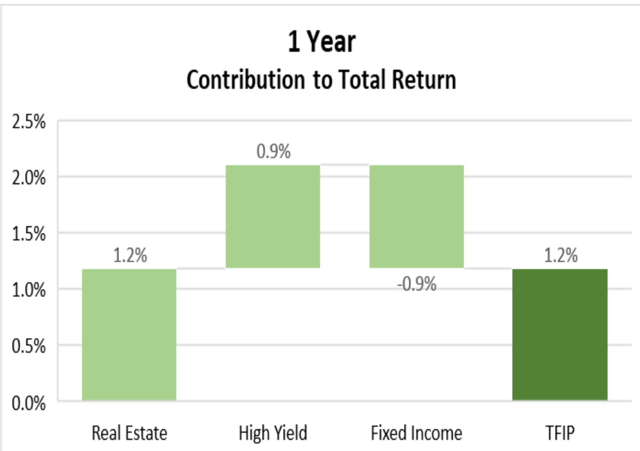


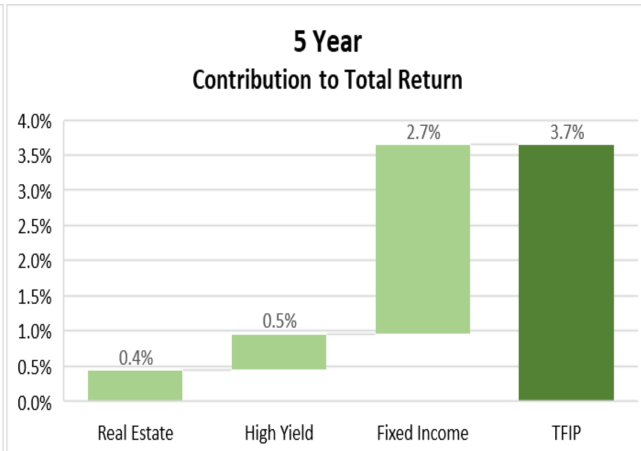


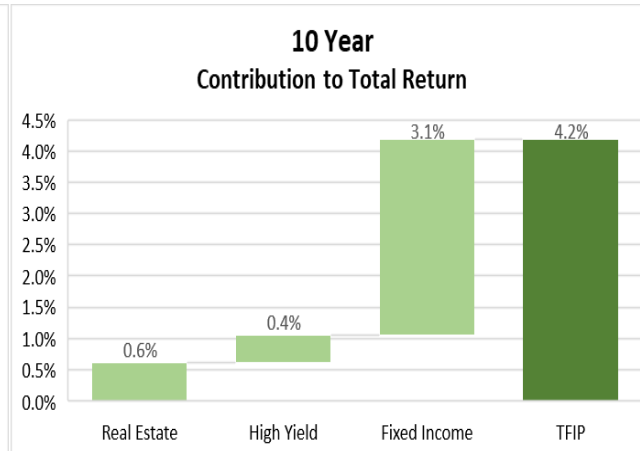
Trust Funds Investment Pool
Policy



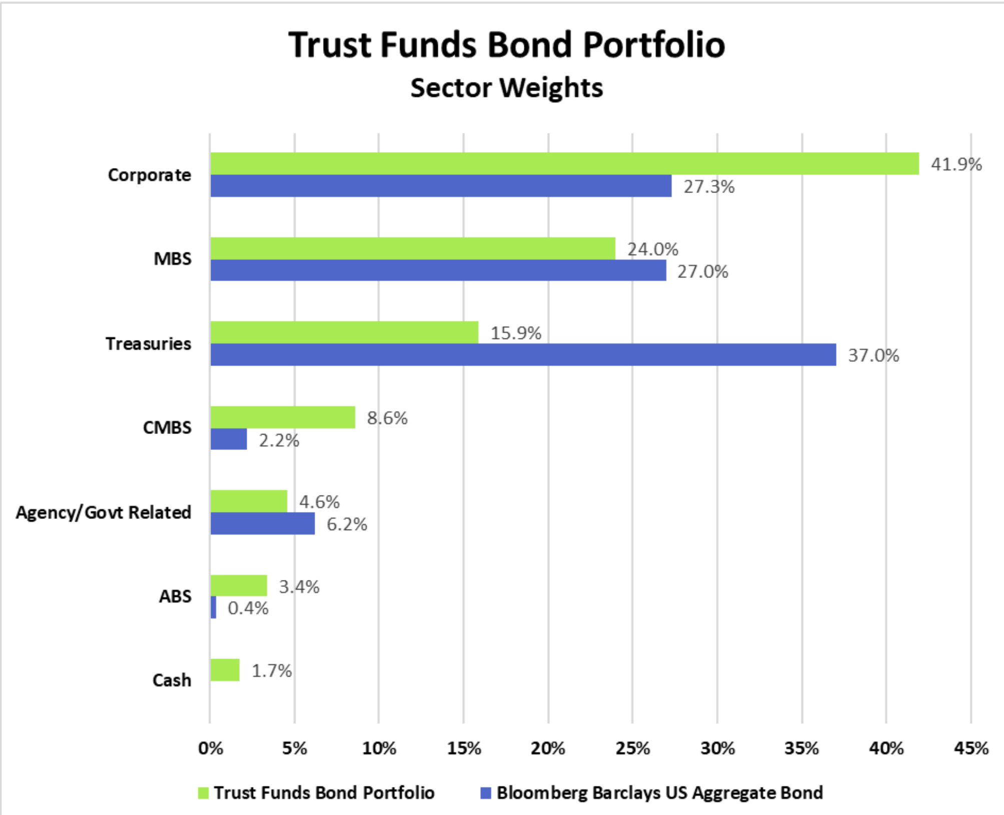
Trust Funds Investment Pool
Performance

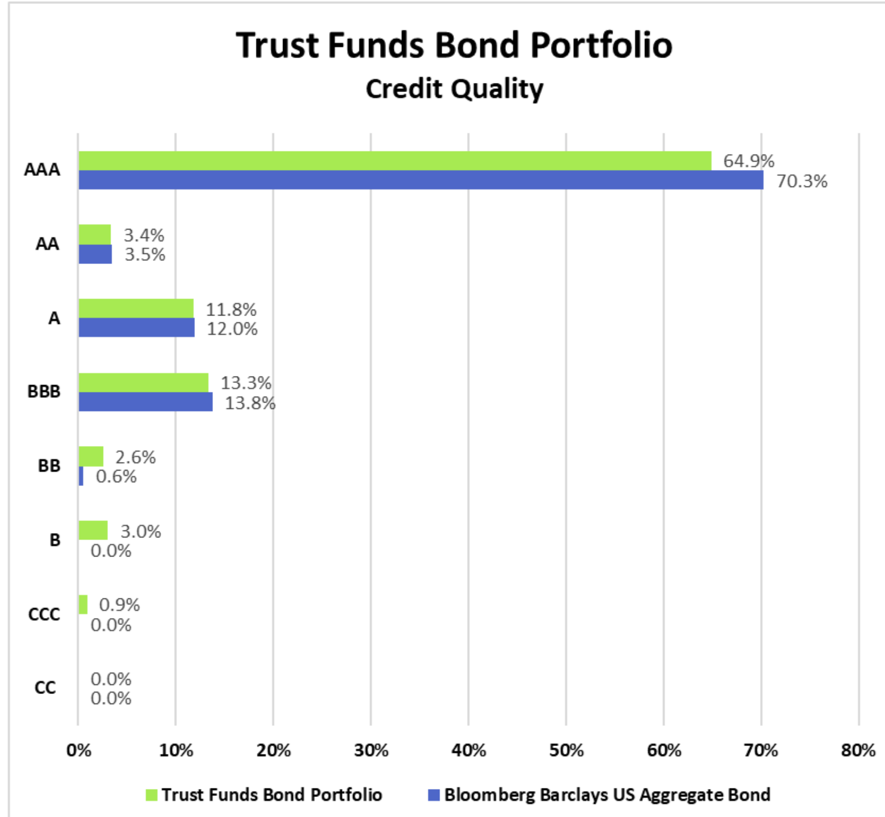




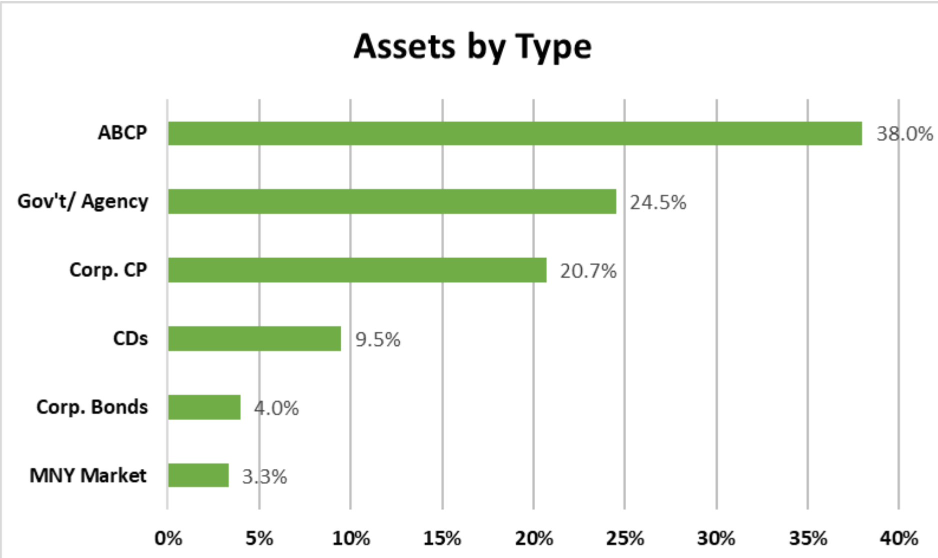


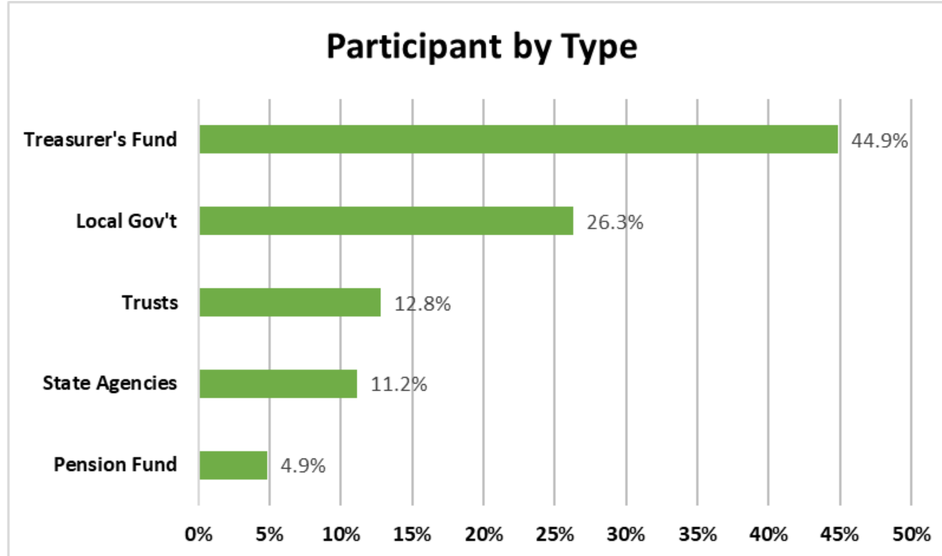
Trust Funds Investment Pool
Characteristics





Short Term Investment Pool
Characteristics





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Teachers' Retirement System
State of Montana

Actuarial Valuation
As of July 1, 2021

www.CavMacConsulting.com

October 8, 2021

Teachers' Retirement Board
State of Montana
P.O. Box 200139
Helena, MT 59620-0139

Members of the Board:

In this report are submitted the results of the annual valuation of the assets and liabilities of the Teachers' Retirement System of Montana (TRS), prepared as of July 1, 2021.

The purpose of this report is to provide a summary of the funded status of the System as of July 1, 2021. While not verifying the data at source, the actuary performed tests for consistency and reasonability. The valuation indicates that the statutory contribution rate reflecting all anticipated contribution increases are sufficient to amortize the unfunded accrued liability within a 24 year period.

The promised benefits of the System are included in the actuarially calculated contribution rates which are developed using the Entry Age Normal cost method. Four-year market related value of assets is used for actuarial valuation purposes. Gains and losses are reflected in the unfunded accrued liability that is being amortized by regular annual contributions as a level percentage of payroll, on the assumption that payroll will increase by 3.25% annually. The assumptions recommended by the actuary and adopted by the Board are in the aggregate reasonably related to the experience under the Fund and reasonable expectations of anticipated experience under the Fund.

In order to prepare the results in this report we have utilized appropriate actuarial models that were developed for this purpose. These models use assumptions about future contingent events along with recognized actuarial approaches to develop the needed results.

We note that as we are preparing this report, the world is in the midst of a pandemic. We have considered available information, but do not believe that there is yet sufficient data to warrant the modification of any of our assumptions. We will continue to monitor the situation and advise the Board in the future of any adjustments that we believe would be appropriate.

This is to certify that Todd Green, President for Cavanaugh Macdonald Consulting is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. This also certifies that the undersigned has experience in performing valuations for public retirement systems, that the valuation was prepared in accordance with principles of practice prescribed by the Actuarial Standards Board, and that the actuarial calculations were performed by qualified actuaries in accordance with accepted actuarial procedures, based on the current provisions of the retirement system and on actuarial assumptions that are internally consistent and reasonably based on the actual experience of the System.

Future actuarial results may differ significantly from the current results presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Since the potential impact of such factors is outside the scope of a normal annual actuarial valuation, an analysis of the range of results is not presented herein.

The Table of Contents, which immediately follows, outlines the material contained in the report.

Respectfully submitted,

Todd B. G

Todd B. Green, ASA, EA, FCA, MAAA
President

TBG/jnw

Teachers' Retirement System
State of Montana

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Section I

Summary of Findings

For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized below:

(Dollar amounts in thousands)

VALUATION DATE	**July 1, 2021**	**July 1, 2020**
Active members		
Number		
Full-Time Members	13,803	13,515
Part-Time Members	5,855	6,236
Annual valuation compensation	$ 922,765	$ 880,668
Retired members and beneficiaries		
Number	16,985	16,605
Annual allowances	$ 415,545	$ 400,111
Inactive Members		
Vested Terminated Members	1,955	1,828
Non-Vested Terminated Members	7,869	14,941
Assets		
Actuarial value	$ 4,616,374	$ 4,344,045
Market value	5,116,849	4,167,840
Actuarial Accrued Liability (AAL)	$ 6,463,247	$ 6,310,005
Unfunded Actuarial Accrued Liability	$ 1,846,873	$ 1,965,960
Funded Ratio	71.43%	68.84%
Actuarial Value Rate of Return	10.68%	7.00%
Market Value Rate of Return	27.73%	2.72%
Annual Cost		
Total Normal Rate	9.67%	9.75%
Employee Contribution Rate	8.15%	8.15%
Employer Normal Rate	1.52%	1.60%
Employer Statutory Contribution Rate		
Normal Rate	1.52%	1.60%
Administrative Expense Load	0.46%	0.45%
UAAL Rate	9.78%	9.61%
Total Rate	11.76%	11.66%
Amortization Period*	24 Years	29 Years

* Reflects anticipated increases in employer contribution rates.

As a result of this actuarial valuation of the benefits in effect under the Montana Teachers' Retirement System as of July 1, 2021, the statutory employer contributions are sufficient to amortize the Unfunded Actuarial Accrued Liability (UAAL) of the Retirement System within 24 years. The Funded Ratio is 71.43%.

The table below shows a history of the legislated contribution rates as a percent of pay. In addition to these contributions the State will contribute $25 million annually to the System payable July 1st of each year.

Finally, MCA 19-20-605 requires each employer to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position. Pursuant to MCA 19-20-609, this amount shall increase by 1.00% for fiscal year 2014 and increase by 0.10% each fiscal year through 2024 until the total employer contribution is equal to 11.85% of re-employed retiree compensation.

History of Legislated Contributions
(as a Percent of Pay)

School District and Other Employers

	Members	Employers	General fund	Total employee & employer
Prior to July 1, 2007	7.15%	7.47%	0.11%	14.73%
July 1, 2007 to June 30, 2009	7.15%	7.47%	2.11%	16.73%
July 1, 2009 to June 30, 2013	7.15%	7.47%	2.49%	17.11%
July 1, 2013 to June 30, 2014	8.15%	8.47%	2.49%	19.11%
July 1, 2014 to June 30, 2015	8.15%	8.57%	2.49%	19.21%
July 1, 2015 to June 30, 2016	8.15%	8.67%	2.49%	19.31%
July 1, 2016 to June 30, 2017	8.15%	8.77%	2.49%	19.41%
July 1, 2017 to June 30, 2018	8.15%	8.87%	2.49%	19.51%
July 1, 2018 to June 30, 2019	8.15%	8.97%	2.49%	19.61%
July 1, 2019 to June 30, 2020	8.15%	9.07%	2.49%	19.71%
July 1, 2020 to June 30, 2021	8.15%	9.17%	2.49%	19.81%
July 1, 2021 to June 30, 2022	8.15%	9.27%	2.49%	19.91%
July 1, 2022 to June 30, 2023	8.15%	9.37%	2.49%	20.01%
July 1, 2023 to June 30, 2024	8.15%	9.47%	2.49%	20.11%

State and University Employers

	Members	Employers	General fund	Total employee & employer
Prior to July 1, 2007	7.15%	7.47%	0.11%	14.73%
July 1, 2007 to June 30, 2009	7.15%	9.47%	0.11%	16.73%
July 1, 2009 to June 30, 2013	7.15%	9.85%	0.11%	17.11%
July 1, 2013 to June 30, 2014	8.15%	10.85%	0.11%	19.11%
July 1, 2014 to June 30, 2015	8.15%	10.95%	0.11%	19.21%
July 1, 2015 to June 30, 2016	8.15%	11.05%	0.11%	19.31%
July 1, 2016 to June 30, 2017	8.15%	11.15%	0.11%	19.41%
July 1, 2017 to June 30, 2018	8.15%	11.25%	0.11%	19.51%
July 1, 2018 to June 30, 2019	8.15%	11.35%	0.11%	19.61%
July 1, 2019 to June 30, 2020	8.15%	11.45%	0.11%	19.71%
July 1, 2020 to June 30, 2021	8.15%	11.55%	0.11%	19.81%
July 1, 2021 to June 30, 2022	8.15%	11.65%	0.11%	19.91%
July 1, 2022 to June 30, 2023	8.15%	11.75%	0.11%	20.01%
July 1, 2023 to June 30, 2024	8.15%	11.85%	0.11%	20.11%

Calculations based on the Market Value of Assets

MCA 19-20-201 requires this report to show how market performance is affecting the actuarial funding of the Retirement System. The July 1, 2021 market value of assets is $500.5 million greater than the actuarial value of assets. This is due to the smoothing of investment gains and losses over a four year period. If the market value of assets was used, the amortization period would be 15 years, and the Funded Ratio would be 79.17%.

Additional Details

MCA 19-20-604 states that the contribution from the State General Fund will be reduced by 0.11% when the amortization period of the System's UAAL is 10 years or less according to the System's latest actuarial valuation.

The actuarial costs are calculated using the entry age actuarial cost method. This is the method used by most public plans. It is designed to provide a stable contribution rate as a percent of member pay. This actuarial valuation measures the adequacy of the contribution rates set in Montana State Law.

Investment Experience

The market assets earned 27.73% net of investment and operating expenses. As a result of cumulative unrecognized gains, the actuarial assets earned 10.68% which is 3.18% more than the actuarial assumption of 7.50%. The return on the actuarial assets differs from the return on market assets because the actuarial value of assets spreads gains and losses over four years. The chart below shows the annual returns for the past ten years.

Year	Market Return	Actuarial Return	Market Return over Assumption	Actuarial Return over Assumption
7/1/2011 to 6/30/2012	2.21%	3.21%	(5.54)%	(4.54)%
7/1/2012 to 6/30/2013	12.94%	11.99%	5.19%	4.24%
7/1/2013 to 6/30/2014	17.09%	13.21%	9.34%	5.46%
7/1/2014 to 6/30/2015	4.57%	9.59%	(3.18)%	1.84%
7/1/2015 to 6/30/2016	2.08%	8.79%	(5.67)%	1.04%
7/1/2016 to 6/30/2017	11.92%	8.24%	4.17%	0.49%
7/1/2017 to 6/30/2018	8.82%	6.85%	1.07%	(0.90)%
7/1/2018 to 6/30/2019	5.69%	7.00%	(1.81)%	(0.50)%
7/1/2019 to 6/30/2020	2.72%	7.00%	(4.78)%	(0.50)%
7/1/2020 to 6/30/2021	27.73%	10.68%	20.23%	3.18%

Asset gains or losses result when the return on the actuarial value of assets differs from the actuarial investment return assumption of 7.50% effective July 1, 2018.

The net result as of July 1, 2021 is that the market value of assets is $500.5 million more than the actuarial value of assets. This $500.5 million in unrecognized asset gains will either offset any future investment losses or if there are none, decrease the amortization period of the UAAL in future valuations.

Recent Contribution Increases

The Montana University System Retirement Program (MUS-RP) supplemental contribution ensures university member benefits are funded by university employers. The supplemental contribution was increased from 4.04% to 4.72% of MUS-RP member pay at July 1, 2007. The valuation that determined the 4.72% contribution rate of MUS-RP member pay was based on the valuation completed as of July 1, 2006. The most recent MUS-RP valuation completed as of July 1, 2020 indicated an increase is needed in the supplemental contribution rate from 4.72% to 13.90% of MUS-RP member compensation rate.

MCA 19-20-608 and MCA 19-20-609 dictate that employers and members are required to make supplemental contributions if the funded ratio of the System is less than 90%. Since the funded ratio is currently 71.43%, Tier One Members are required to contribute an additional 1% of compensation. The individual employers are required to contribute an additional 1% of compensation. The employer contribution shall increase by an additional 0.1% each year following July 1, 2013 until the total employer supplemental contribution is equal to 2% of compensation.

MCA 19-20-605 requires each employer to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position. Pursuant to MCA 19-20-609, this amount shall increase by 1.00% for fiscal year 2014 and increase by 0.10% each fiscal year through 2024 until the total employer contribution is equal to 11.85% of re-employed retiree compensation.

Amortization of the UAAL

The July 1, 2020 actuarial valuation calculated a 29 year amortization period for the UAAL. The resulting amortization period at July 1, 2021 is 24 years. The amortization period anticipates future increases in employer supplemental contributions. In addition, it anticipates future State General Fund contributions will decrease by 0.11% when the amortization period of the System's UAAL is 10 years or less. Future decreases in the Employer and Member Supplemental Contributions are not anticipated.

Funding and Benefits Policy

The Teachers' Retirement System has adopted a Funding and Benefits Policy to provide general guidelines to help ensure decisions are made based on sound, consistent, and thoroughly examined criteria. The Funding and Benefits Policy includes guidance on the following topics:

1) Additional Funding

   a) The Funding and Benefits Policy states:

      "1. If the amortization period is greater than 30 years, the actuary will recommend the single contribution rate increase that can reasonably expect to fully amortize the UAAL over a closed 30-year period effective July 1, following the next regular legislative session.

      2. If the amortization period is less than 30 years, but greater than 0, and it is projected to continue to decline over the remainder of the closed period, the actuary will not recommend a change in the statutory contribution rates.

      3. If the amortization period is less than 30 years, but has increased over prior valuations and is projected to continue to grow, the actuary will recommend a contribution rate increase that is reasonably expected to reverse the recent trend and reestablish a closed amortization period equal to that of the last valuation."

2) Analysis: The amortization period as of July 1, 2021 is 24 years based on actuarial assets and 15 years based on market assets. Assuming experience follows the actuarial assumptions, the amortization period is projected to decline.

3) Ultimate Goal

   a) The Funding and Benefits Policy states: "It is the desire of the Board to fully fund the System. However, until the System becomes fully funded, any unfunded liabilities will be amortized over a closed period of no more than 30 years and funded as a level percent of pay. At such time as the System becomes fully funded and has as stabilization reserve of at least 10% of the actuarial accrued liability, the allowed amortization period for any subsequent unfunded liabilities will be reduced to a closed period of not greater than 20 years."

   b) Analysis: If all the assumptions are met, the amortization period on an actuarial value of asset basis is 24 years and is anticipated to decline.

4) Benefit Enhancements

   a) The Funding and Benefits Policy states: “Any recommendation for a benefit enhancement must include recommendations for necessary additional funding or other benefit reduction to cover any increase in normal cost arising from the recommended enhancement and to amortize any increase in the unfunded actuarial accrued liabilities arising from the recommended enhancement over a period not to exceed 25 years.

      The Board will determine its position with respect to supporting or opposing legislation, on a case-by-case basis, and will apply this policy, actuarial funding standards, and other industry-standard information and resources it finds persuasive, as decision guides. The Board may not support legislation to enhance benefits if the funded ratio is less than 85%, and the amortization period is greater than 20 years.”

   b) Analysis: Since the funded ratio at July 1, 2021 of 71.43% is below 80% the Board’s Funding and Benefits policy does not currently support enhanced benefits.

Sensitivity to Future Experience

The valuation results are projections based on the actuarial assumptions. Actual experience will differ from these assumptions, either increasing or decreasing the ultimate cost. The following illustrations provide simple analyses on how the costs are sensitive to changes in the assumed rate of return.

Investment Return – The investment return generally has the largest impact on the funding of the System.

Impact of Assuming 1.0% Higher Investment Return			
	Funded Ratio	Amortization Period	Actuarially Determined Employer Contribution (Millions $)*
Current Assumption 7.50%	71.43%	24 Years	$108.5
Higher Assumption 8.50%	79.03%	12 Years	55.1
Change - Increase / (Decrease)	7.60%	(12) Years	($53.4)

Impact of Assuming 0.5% Higher Investment Return			
	Funded Ratio	Amortization Period	Actuarially Determined Employer Contribution (Millions $)*
Current Assumption 7.50%	71.43%	24 Years	$108.5
Higher Assumption 8.00%	75.20%	16 Years	79.7
Change - Increase / (Decrease)	3.77%	(8) Years	($28.8)

Impact of Assuming 0.5% Lower Investment Return			
	Funded Ratio	Amortization Period	Actuarially Determined Employer Contribution (Millions $)*
Current Assumption 7.50%	71.43%	24 Years	$108.5
Lower Assumption 7.00%	67.71%	35 Years	132.6
Change - Increase / (Decrease)	(3.72)%	11 Years	$24.1

Impact of Assuming 1.0% Lower Investment Return			
	Funded Ratio	Amortization Period	Actuarially Determined Employer Contribution (Millions $)*
Current Assumption 7.50%	71.43%	24 Years	$108.5
Lower Assumption 6.50%	64.07%	57 Years	161.5
Change - Increase / (Decrease)	(7.36)%	33 Years	$53.0

* Amounts reflect estimated increase/(decrease) in FY2022 employer contributions only, in order to maintain the 24 year amortization period.

The future funding status of the System will be determined by the System's experience. The System's actual asset returns and retirement rates, as well as member longevity, salary increases, withdrawal rates, disability rates and future legislation will all impact the funding status of the System. The entry age normal cost method and four year smoothing of asset gains and losses will help to provide a more orderly funding of the System's liabilities, but will not change the actual experience. The amortization period of the UAAL is not likely to decrease by the expected 1.0 year with each passing actuarial valuation. Instead, the amortization period is expected to decrease more or less than 1.0 years each year, reflecting gains and losses due to experience different than the actuarial assumptions.

Assumption Changes

There have been no assumption changes since the previous valuation.

Benefit Changes

There have been no benefit changes since the previous valuation that would have a material effect on the liabilities of the System.

Contribution Changes

An employer supplemental contribution of 1% of compensation is required beginning in fiscal year 2014 which will increase by 0.10% each subsequent fiscal year through 2024. For fiscal years beginning after June 30, 2024, the supplemental employer contribution will equal 2.00% of compensation.

Method Changes

There have been no method changes since the previous valuation.

Impact of Changes

The following table summarizes how experience has changed the UAAL since the July 1, 2020 Actuarial Valuation. Further detail can be found in Table 12.

Changes in the Unfunded Actuarial Accrued Liability (UAAL)
(In millions)

July 1, 2020 Valuation UAAL	$ 1,966.0
Expected Decrease	(3.9)
Expected July 1, 2021 UAAL	$ 1,962.1
Experience Loss on Actuarial Liabilities	$ 19.9
Experience Gain on Actuarial Assets	(135.1)
Assumption & Method Changes	0.0
Plan Changes	0.0
Total Loss	$ (115.2)
July 1, 2021 Valuation UAAL	$ 1,846.9

Summary

* The System's actuarial value investment return of 10.68% for the year ended June 30, 2021 is 3.18% more than the actuarial assumption of 7.50%. This represents an asset gain of 135.1 million due to investment return greater than anticipated. The actuarial value of assets is not allowed to be greater than 120% or less than 80% of the market value of assets. As of July 1, 2021, the market value of assets was $5,116.8 million. As of July 1, 2021 the preliminary actuarial value of assets was $4,616.4 million. Since the preliminary actuarial value is within the corridor no adjustment is required to the preliminary actuarial value of assets. The July 1, 2021 market value of assets is $500.5 million greater than the actuarial value of assets. This $500.5 million will be recognized in future actuarial valuations unless it is offset by returns less than the 7.50% assumption.

* As of July 1, 2021 the amortization period of the UAAL is 24 years. Prior to this valuation the funding period was 29 years. The ultimate goal of the Board's Funding and Benefits Policy is to increase the current net funded ratio of 71.43% above 110% to encourage stable contribution rates.

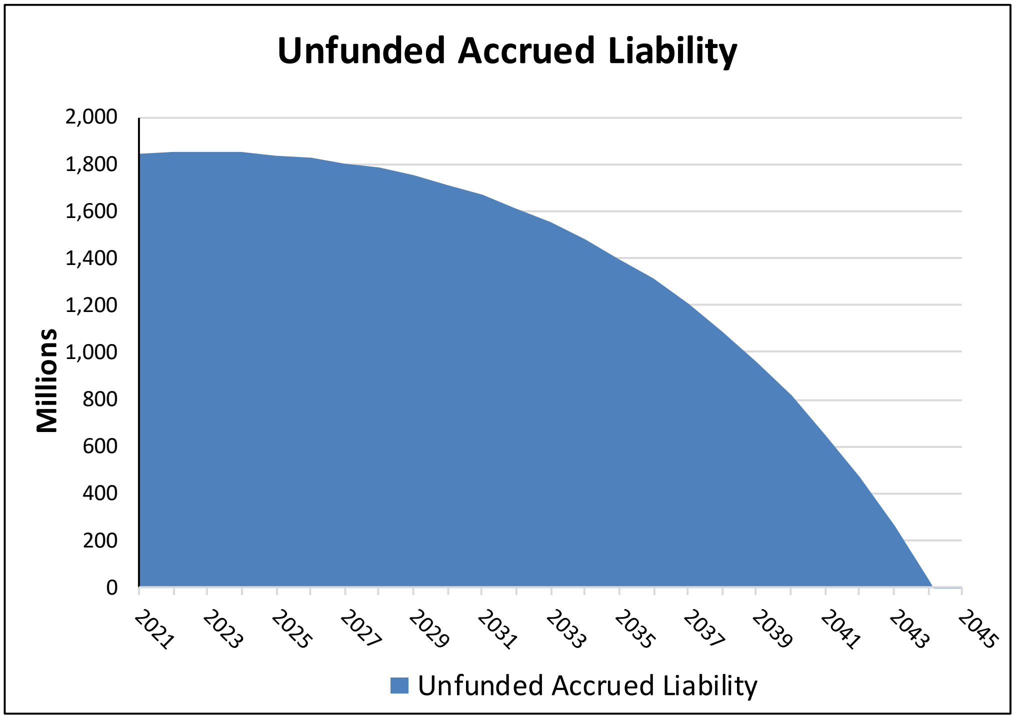
* The funding of the retirement system will be impacted by future experience which will sometimes be more favorable than the actuarial assumptions and sometimes less favorable. In particular, investment returns larger and smaller than the 7.50% assumption are expected to have significant impacts on the System's funding progress. In the long term, the favorable experience is needed to offset the less favorable experience. This is the reason for using an actuarial value of assets that smoothes gains and losses over four years.

* The unfunded actuarial accrued liability is amortized using a level percentage of payroll method over the amortization period. Under the level percentage of payroll method, amortization payments will not be large enough to cover interest on the UAAL in the beginning of the amortization schedule, which means that as a dollar amount, the UAAL is expected to grow. After a period of time, amortization payments will be large enough that the amortization payments will cover both interest and principal, and the UAAL as a dollar amount will be projected to decrease in each subsequent year. The payroll growth assumption is used to determine the percentage of payroll required over the remaining amortization period to fully amortize the UAAL. The payroll growth assumption is 3.25%.

* The Board-adopted rate of return assumption of 7.50% does not, in our professional judgment, conflict with what would constitute a reasonable assumption for the purpose of the measurement Actuarial Standard of Practice No. 27 (ASOP 27). The basis for this opinion is the average long-term capital market assumptions published in the Survey of Capital Market Assumptions 2021 Edition by Horizon Actuarial Service, LLC, which yield a median real return of 4.66% and assumed inflation based on the intermediate inflation assumption of 2.4% in the 2021 OASDI Trustees Report used by the Chief Actuary for Social Security to produce 75 year cost projections. Combining these two results yields a nominal return of 7.06%. The Board's adopted assumption of 7.50% is sufficiently close to our calculated reasonable assumption of 7.06%. Note our report discloses the Systems Funded Ratio and Amortization Period based on an assumed rate of return of 7.50%. In the *Sensitivity to Future Experience* section, results are also presented based on an assumed rate of return of 7.00%. The results of the valuation using an assumed rate of return of 7.06% would include a funded ratio and amortization period between the results shown at 7.50% and 7.00%.

Projected Progress toward 100% Funding

The table below shows the projected progress toward reaching 100%. When the System is 100% funded the Unfunded Actuarial Accrued Liability will be fully amortized. This is scheduled to occur within 24 years. The ultimate goal of the TRS System is to become at least 100% funded and to establish a reserve equal to 10% of the System's Actuarial Accrued Liability.



Section 2

Assets

In many respects, an actuarial valuation can be regarded as an inventory process. The inventory is taken as of the actuarial valuation date, which for this valuation is July 1, 2021. On that date, the assets available for the payment of benefits are appraised. These assets are compared with the actuarial liabilities. The actuarial process thus leads to a method of determining what contributions by members and their employers are needed to strike a balance.

The asset valuation method being used is a four-year smoothing method. The expected return is determined each year based on the beginning of year market value and actual cash flows during the year. Any difference between the expected market value return and the actual market value return is recognized evenly over a period of four years. The actuarial value of assets is not allowed to be greater than 120% or less than 80% of the market value of assets.

Table 1 lists the assets held and their market value for the past two years. Table 2 summarizes the fund's activity during the past two years. Table 3 summarizes the determination of the actuarial value of assets. Table 4 summarizes historical asset returns for the last 15 years including the amount recognized by the actuarial asset valuation method which was greater or lesser than the actuarial investment return assumption. Table 5 summarizes the historical asset returns since 1997 on market value and actuarial value basis. Table 5 also shows the assumed rate of return since 1995 which was reduced to 7.75% and 7.50% in Fiscal Years Ending 2005 and 2019, respectively. Table 6 summarizes the historical asset values on a market value and actuarial value basis.

Teachers' Retirement System
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Table 1

Statement of Fiduciary Net Assets

		TOTAL TRS 2021		TOTAL TRS 2020
ASSETS				
Cash/Cash Equivalents-Short Term				
Investment Pool	$	63,632,300	$	33,379,098
Receivables:				
Accounts Receivable		21,633,398		17,091,113
Interest Receivable		5,253		24,500
Total Receivables	$	21,638,651	$	17,115,613
Investments, at fair value:				
Investment Pools		5,032,461,232		4,116,676,679
Other Investments		-		-
Securities Lending Collateral		29,142,270		21,964,282
Total Investments	$	5,061,603,502	$	4,138,640,961
Assets Used in Plan Operations:				
Land and Buildings	$	243,881	$	980,133
Less: Accumulated Depreciation		(52,260)		(174,099)
Equipment		1,011,758		1,808,630
Less: Accumulated Depreciation		(16,286)		(16,286)
Total Other Assets		1,187,093		2,598,377
TOTAL ASSETS	$	5,148,061,546	$	4,191,734,050
Pension Deferred Outflows	$	443,394	$	252,636
OPEB Deferred Outflows	$	200,590	$	28,980
LIABILITIES				
Accounts Payable	$	139,554	$	165,428
Accrued Liability		-		1,000
Securities Lending Liability		29,142,270		21,964,282
Compensated Absences		224,318		195,074
OPEB Implicit Rate Subsidy		280,653		88,643
Net Pension Liability		1,885,625		1,457,558
TOTAL LIABILITIES	$	31,672,420	$	23,871,985
Pension Deferred Inflows	$	111,924	$	225,069
OPEB Deferred Inflows	$	72,078	$	79,054
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	**$**	**5,116,849,108**	**$**	**4,167,839,558**

Teachers' Retirement System
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Table 2

Statement of Changes in Fiduciary Net Assets

	TOTAL TRS 2021	TOTAL TRS 2020
ADDITIONS		
Contributions:		
Employer	$ 103,219,072	$ 102,420,318
Plan Member	81,120,904	80,194,548
Other	47,020,467	45,948,388
Total Contributions	$ 231,360,444	$ 228,563,253
Misc Income	$ 974,981	$ 51,927
Investment Income:		
Net Appreciation/(Depreciation) in Fair Value of Investments	$ 1,158,261,868	$ 133,248,493
Investment Earnings	133,245	1,399,499
Security Lending Income	354,384	476,125
Investment Income/(Loss)	$ 1,158,749,497	$ 135,124,117
Less: Investment Expense	28,928,102	22,281,715
Less: Security Lending Expense	69,557	253,757
Net Investment Income/(Loss)	$ 1,129,751,837	$ 112,588,645
Total Additions	$ 1,362,087,262	$ 341,203,826
DEDUCTIONS		
Benefit Payments	$ 399,897,777	$ 384,396,941
Withdrawals	8,889,937	5,171,751
Administrative Expense	3,936,633	3,767,693
OPEB Expenses	15,512	1,212
Pension Expense	337,853	202,944
Total Deductions	$ 413,077,712	$ 393,540,541
NET INCREASE (DECREASE) IN PLAN NET ASSETS	$ 949,009,550	$ (52,336,715)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS BEGINNING OF YEAR	$ 4,167,839,558	$ 4,220,285,752
ADJUSTMENT	-	(109,479)
END OF YEAR	$ 5,116,849,108	$ 4,167,839,558

Teachers' Retirement System
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Table 3
Determination of Actuarial Value of Assets

Valuation Date July 1:	2020	2021	2022	2023	2024
A. Actuarial Value Beginning of Year	$ 4,219,515,104	$ 4,344,044,708			
B. Market Value End of Year	4,167,839,558	5,116,849,108			
C. Market Value of Beginning of Year	4,220,285,752	4,167,839,558			
D. Cash Flow					
D1. Contributions	228,563,253	231,360,444			
D2. Benefit Payments	(389,568,692)	(408,787,714)			
D3. Administrative Expenses	(3,767,693)	(3,936,633)			
D4. Pension and OPEB Expenses	(204,156)	(353,365)			
D5. Net	$ (164,977,288)	$ (181,717,268)			
E. Investment Income					
E1. Market Total: B. - C. - D5.	$ 112,531,094	$ 1,130,726,818			
E2. Assumed Rate	7.50%	7.50%			
E3. Amount for Immediate Recognition	310,334,783	305,773,569			
E4. Amount for Phased-in Recognition	(197,803,689)	824,953,249			
F. Phased-In Recognition of Investment Income					
F1. Current Year: 0.25 * E4.	$ (49,450,922)	$ 206,238,312	$ -	$ -	$ -
F2. First Prior Year	(19,338,404)	(49,450,922)	206,238,312	-	-
F3. Second Prior Year	10,824,432	(19,338,404)	(49,450,922)	206,238,312	-
F4. Third Prior Year	37,137,003	10,824,432	(19,338,404)	(49,450,922)	206,238,312
F5. Total Recognized Investment Gain	$ (20,827,891)	$ 148,273,418	$ 137,448,986	$ 156,787,390	$206,238,312
G. Preliminary Actuarial Value End of Year A. + D5. + E3. + F5.	$ 4,344,044,708	$ 4,616,374,427			
H. Corridor					
H1. 80% of Market Value	$ 3,334,271,646	$ 4,093,479,286			
H2. 120% of Market Value	5,001,407,470	6,140,218,930			
I. Actuarial Value End of Year G. Not Less than H1. or Not Greater than H2.	$ 4,344,044,708	$ 4,616,374,427			
J. Difference Between Market & Actuarial Values	$ (176,205,150)	$ 500,474,681			

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Table 4

Historical Investment Returns*

Fiscal Year Ending	Market Returns	Actuarial Returns	Actuarial Return Over 7.75% Assumption
June 30, 2007	17.6%	10.2%	2.5%
June 30, 2008	(4.9)%	7.2%	(0.6)%
June 30, 2009	(20.8)%	(10.3)%	(18.0)%
June 30, 2010	12.9%	9.8%	2.0%
June 30, 2011	21.7%	(0.1)%	(7.9)%
June 30, 2012	2.2%	3.2%	(4.6)%
June 30, 2013	12.9%	12.0%	4.3%
June 30, 2014	17.1%	13.2%	5.5%
June 30, 2015	4.6%	9.6%	1.8%
June 30, 2016	2.1%	8.8%	1.0%
June 30, 2017	11.9%	8.2%	0.5%
June 30, 2018	8.8%	6.9%	(0.9)%
Fiscal Year Ending	**Market Returns**	**Actuarial Returns**	**Actuarial Return Over 7.50% Assumption**
June 30, 2019	5.7%	7.0%	(0.5)%
June 30, 2020	2.7%	7.0%	(0.5)%
June 30, 2021	27.7%	10.7%	3.2%
15 Year Average	7.5%	6.7%	(1.0)%

* Returns reflect all investment returns, including investment income and realized and unrealized investment gains and losses, and are net of investment expenses and administrative expenses paid by the System.

Teachers' Retirement System
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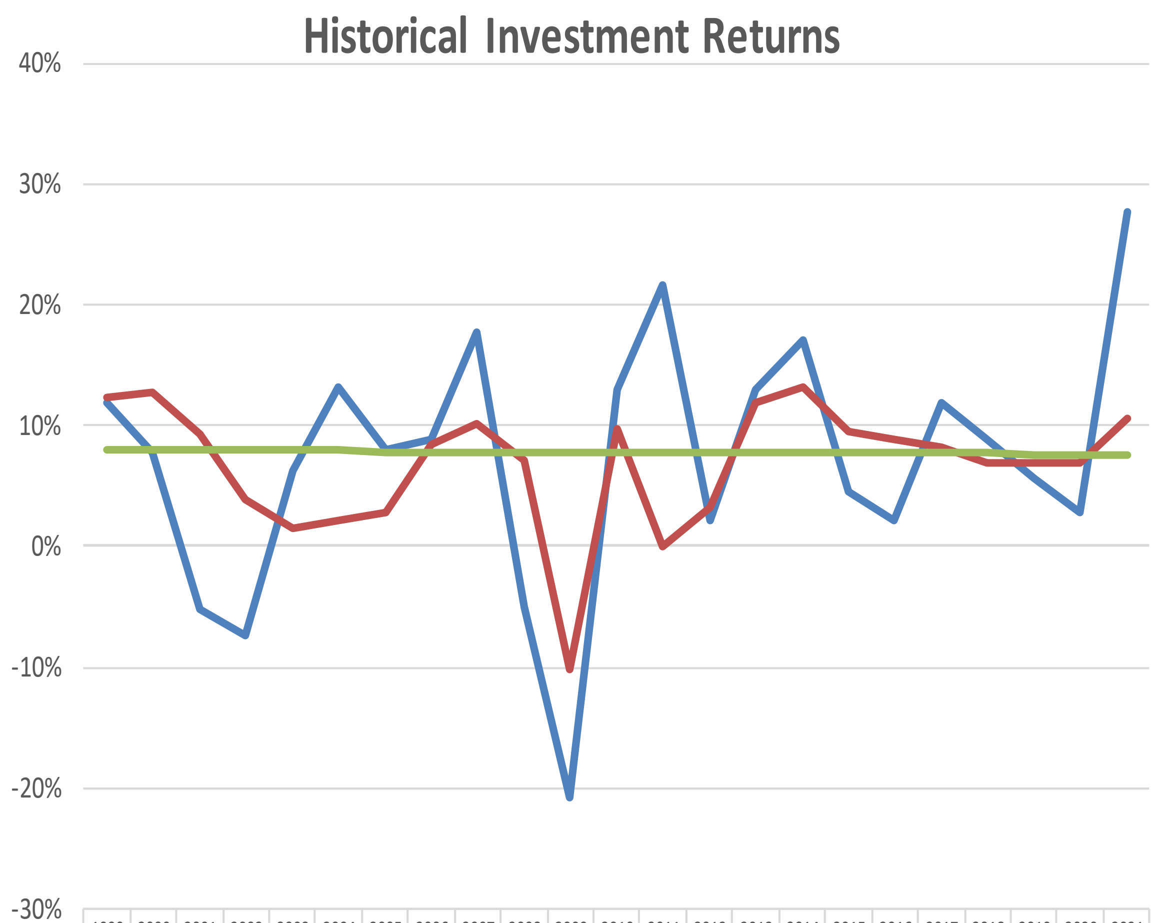
Table 5



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Market Returns	11.90%	7.80%	-5.10%	-7.30%	6.20%	13.30%	8.04%	8.91%	17.64%	-4.88%	-20.80	12.90%	21.70%	2.20%	12.90%	17.10%	4.58%	2.08%	11.92%	8.82%	5.70%	2.72%	27.73%
Actuarial Returns	12.30%	12.80%	9.20%	3.80%	1.60%	2.10%	2.71%	8.46%	10.22%	7.18%	-10.26	9.80%	-0.10%	3.20%	12.00%	13.20%	9.59%	8.79%	8.24%	6.85%	7.00%	7.00%	10.68%
Assumed Rate of Return	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%	7.50%	7.50%	7.50%

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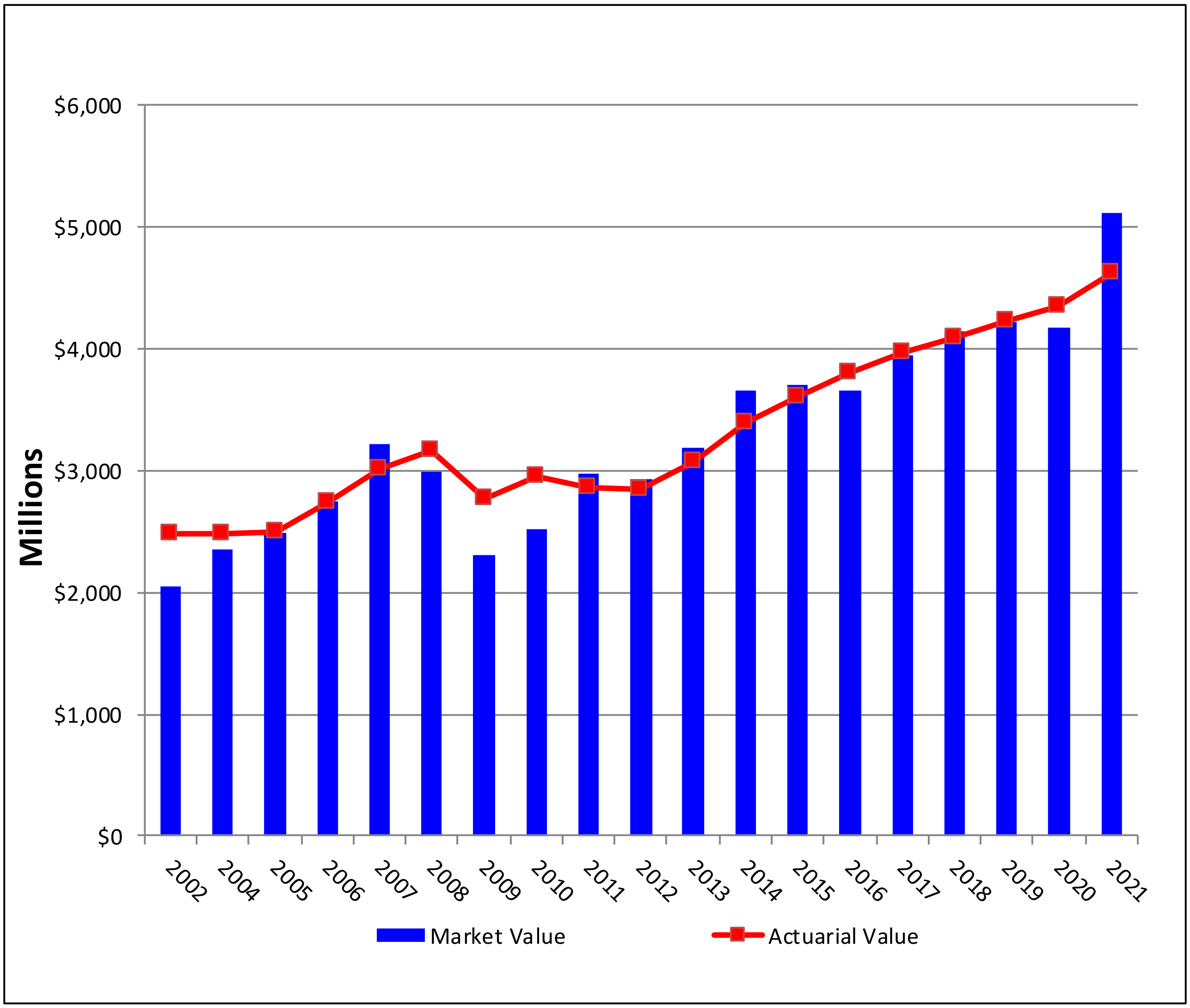
Table 6

Market Value of Assets vs. Actuarial Value of Assets



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Section 3

Actuarial Present Value of Future Benefits

In the previous section, an actuarial valuation was related to an inventory process, and an analysis was given of the inventory of assets of the System as of the valuation date. In this section, the discussion will focus on the commitments of the System, which will be referred to as its actuarial liabilities.

Table 7 contains an analysis of the actuarial present value of all future benefits for contributing members, for former contributing members, and for beneficiaries. The analysis is given by type of benefit.

The actuarial liabilities summarized in Table 7 include the actuarial present value of all future benefits expected to be paid with respect to each member covered as of the valuation date. For an active member, this value includes a measure of both benefits already earned and future benefits to be earned. Thus, for all members, active and retired, the value extends over benefits earnable and payable for the rest of their lives and, if an optional benefit is chosen, for the lives of their surviving beneficiaries.

The actuarial valuation does not recognize liabilities for employees who become members and participate in the System after the valuation date.

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Table 7

Actuarial Present Value of Future Benefits for Contributing Members, Former Contributing Members, and Beneficiaries

(All amounts are actuarial present values in millions)

	July 1, 2021 Total	July 1, 2020 Total
A. Active Members		
Service Retirement	$ 2,355.6	$ 2,292.3
Disability Retirement	16.1	15.4
Survivors' Benefits	51.6	49.7
Vested Retirement	54.2	49.9
Refund of Member Contributions	50.8	47.5
Total	$ 2,528.3	$ 2,454.8
B. Inactive Members and Annuitants		
Service Retirement	$ 4,171.5	$ 4,067.0
Disability Retirement	25.1	25.7
Beneficiaries*	288.6	278.0
Vested Terminated Members	120.0	112.3
Refund of Member Contributions	16.9	26.5
Total	$ 4,622.1	$ 4,509.5
C. Grand Total	$ 7,150.4	$ 6,964.3

* Includes survivors of active and retired members and children's benefits

Teachers' Retirement System
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Section 4

Employer Contributions

In the previous two sections, attention has been focused on the assets and the present value of all future benefits of the System. A comparison of Tables 3 and 7 indicates that there is a shortfall in current actuarial assets to meet the present value of all future benefits for current members and beneficiaries.

In an active system, there will always be a difference between the assets and the present value of all future benefits. An actuarial valuation sets a schedule of future contributions that will deal with this funding in an orderly fashion.

The method used to determine the incidence of the contributions in various years is called the actuarial cost method. For this valuation, the entry age actuarial cost method has been used. A description of the entry age actuarial cost method is provided in Appendix A. Under this method, or essentially any actuarial cost method, the contributions required to meet the difference between current assets and the present value of all future benefits are allocated each year between three elements:

- A normal cost amount, which ideally is relatively stable as a percentage of salary over the years;
- A load for administrative expenses; and
- An amount which is used to amortize the UAAL.

The two items described above, normal cost and UAAL, are the keys to understanding the actuarial cost method. Let us first discuss the normal cost.

The normal cost is the theoretical contribution rate, which will meet the ongoing costs of a group of average new employees. Suppose that a group of new employees were covered under a separate fund from which all benefits and to which all contributions and associated investment return were to be paid. Under the entry age actuarial cost method, the normal cost contribution rate is that level percentage of pay which would be exactly right to maintain this fund on a stable basis. If experience were to follow the actuarial assumptions exactly, the fund would be completely liquidated with the last payment to the last survivor of the group.

The assumed investment rate of return is 7.50%, net of investment expenses. As a result, the actuarially determined contribution must include an amount for administrative expenses expected to occur during the year.

We have determined the normal cost rates separately by type of benefit under the System. These are summarized in Table 8. In Table 8 we also provide a summary of the member and employer statutory contributions.

The term "fully funded" is often applied to a system where contributions for everyone at the normal cost rate will fully pay for the benefits of existing as well as new employees. Often, systems are not fully funded, either because of benefit improvements in the past that have not been completely paid for or actuarial deficiencies that have occurred because experience has not been as anticipated. Under these circumstances, a UAAL exists.

Table 9 shows how the UAAL was derived for the System. Lines A and B show, respectively, the total present value of future benefits and the portion of the future liability that is expected to be paid from future normal cost contributions, both employer and employee. Line C shows the actuarial accrued liability. Line D shows the amount of assets available for benefits. Line E shows the UAAL.

The amortization of the UAAL assumes university supplemental contributions are made as a percent of pay for members of the Montana University System Retirement Program (MUS-RP). Under Section 19-20-621, periodic separate valuations are to be performed to measure the liabilities of benefits to be paid under the Teachers' Retirement System (TRS) for MUS-RP members. The MUS-RP valuations calculate contribution rates that finance the university member benefits with university contributions and reflect actual experience including investment returns. In the prior valuations, the Supplemental Contribution of 4.72% of MUS-RP payroll was assumed to cease in 2033. It is our understanding the contribution will not stop unless legislative action is taken. The university supplemental contribution rate has varied from time to time. Recently it has varied as follows:

Supplemental University Contribution Rate	Fiscal Years Ending
2.81%	June 30, 1998
3.12%	June 30, 1999
3.42%	June 30, 2000
3.73%	June 30, 2001
4.04%	June 30, 2002 to June 30, 2007
4.72%	After June 30, 2007

The UAAL at any date after establishment of a system is affected by any actuarial gains or losses arising when the actual experience of the system varies from the experience anticipated by the actuarial assumptions used in the valuations. To the extent actual experience as it develops differs from the assumptions used, so also will the actual emerging costs differ from the estimated costs. The impact of these differences in actual experience from the assumptions is included in Section 1, the Summary of Findings.

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Table 8

Normal Cost Contribution Rates
As Percentages of Salary

	July 1, 2021 Total	July 1, 2020 Total
Service retirement	7.46%	7.53%
Disability retirement	0.08%	0.08%
Survivors' benefits	0.24%	0.24%
Vested retirement	0.53%	0.53%
Refund of member contributions	1.36%	1.37%
Total Normal Rate	9.67%	9.75%
Employee Normal Rate	8.15%	8.15%
Employer Normal Rate	1.52%	1.60%
Administrative Expense Load	0.46%	0.45%

The normal rate for members hired on or after July 1, 2013 is 9.35%. As current members retire or terminate from the System and are replaced by new hires, the normal rate of the System will decline which will increase the amount of the employer contribution that is used to eliminate the unfunded actuarial accrued liability.

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Table 9

Unfunded Actuarial Accrued Liability
(Dollar amounts in millions)

	July 1, 2021	July 1, 2020
A. Actuarial present value of all future benefits for present and former members and their survivors (Table 7)	$ 7,150.4	$ 6,964.3
B. Less actuarial present value of total future normal costs for present members	687.2	654.3
C. Actuarial accrued liability	$ 6,463.2	$ 6,310.0
D. Less assets available for benefits	4,616.3	4,344.0
E. Unfunded actuarial accrued liability	$ 1,846.9	$ 1,966.0

Teachers' Retirement System
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Section 5

Cash Flows

The fundamental equation for funding a retirement system is that benefits and administrative expenses must be provided for by contributions (past and future) and investment income. When a retirement system matures, benefits and administrative expenses often exceed contributions. In this case we say the system has a "negative cash flow." Mature systems are characterized by negative cash flows and large pools of assets. This is natural. Actuarial funding is designed to accumulate large pools of assets which will in turn provide investment income and finance negative cash flows when systems mature. If the fund is looked at as a whole, investment income is usually larger than the difference between contributions and benefit payments. The retirement system's investment strategy should maximize potential returns at a prudent level of risk while providing for needed cash flows.

Table 10 shows the System had a positive cash flow for the year ended June 30, 2021. The System's total cash flow including benefits payments, administrative expenses and investment earnings was $948.1 million. Of the $948.1 million, ($413.1) million was due to benefit payments and expenses, which were offset by $231.4 in contributions and $1,129.8 in investment returns. Table 11 shows the System is projected to have a positive cash flow in all future years.

As long as the System had a positive cash flow, there was no need to plan where the funds would come from to pay benefits since benefits could be paid by incoming contributions. A negative cash flow, as defined above, requires planning what funds will be used to pay the difference between benefits and contributions. We are providing these projections to aid in developing the investment strategy for the System's assets.

Teachers' Retirement System
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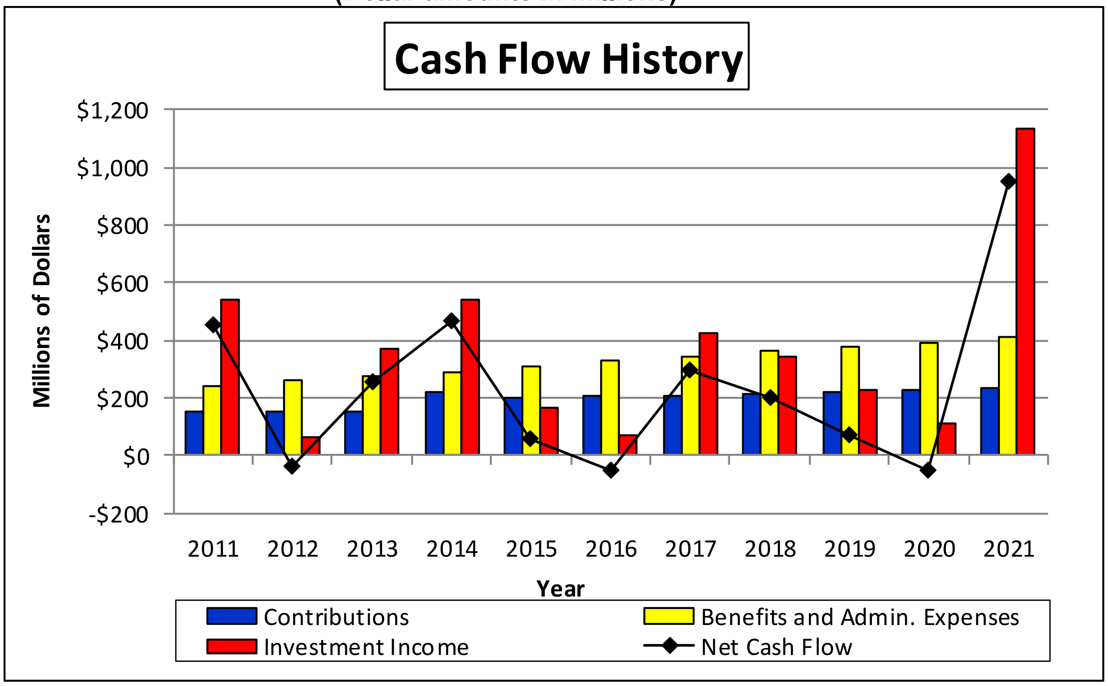
Table 10

Cash Flow History
(Dollar amounts in millions)



	Historical Cash Flows			
Year Ended June 30	Contributions	Benefits & Administrative Expenses	Investment Income	Net Cash Flow
2011	$ 153.3	$ 241.4	$ 539.0	$ 450.9
2012	152.0	258.6	66.3	(40.3)
2013	154.5	275.4	373.7	252.8
2014	218.8	292.1	540.3	467.0
2015	202.9	311.2	165.7	57.4
2016	205.3	328.4	71.5	(51.6)
2017	210.5	343.7	427.0	293.8
2018	214.8	361.2	343.7	197.3
2019	220.9	376.9	227.9	71.9
2020	228.6	393.5	112.6	(52.3)
2021	231.4	413.1	1,129.8	948.1

Teachers' Retirement System
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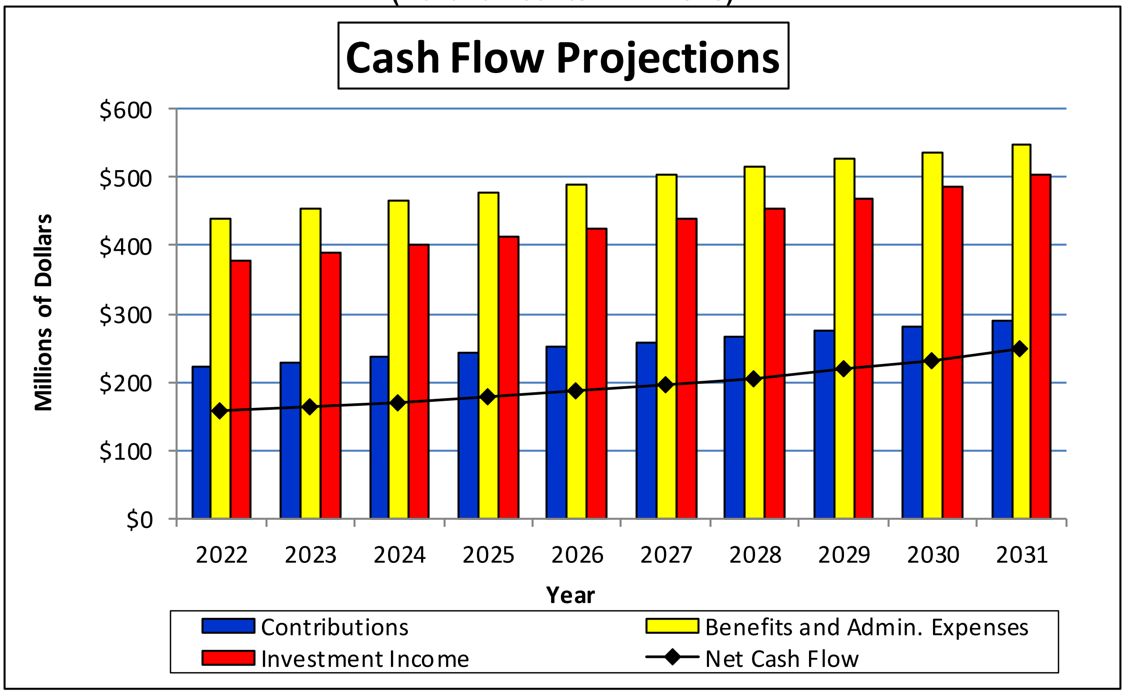
Table 11

Cash Flow Projections
(Dollar amounts in millions)



Year Ended June 30	Contributions	Benefits & Administrative Expenses	Assumed Investment Income	Net Cash Flow
	Projected Cash Flows			
2022	$ 221.6	$ 439.1	$ 376.5	$ 159.0
2023	229.0	452.7	388.2	164.5
2024	236.6	466.2	400.4	170.8
2025	244.5	478.5	413.0	179.0
2026	251.6	490.7	426.2	187.1
2027	259.0	503.0	440.1	196.1
2028	266.6	515.0	454.6	206.2
2029	274.5	526.2	470.0	218.3
2030	282.6	536.9	486.2	231.9
2031	290.9	546.9	503.6	247.6

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Section 6

Actuarial Gains or Losses

An analysis of actuarial gains or losses is performed in conjunction with all regularly scheduled valuations.

The developments of the gains or losses related to the actuarial liability and the assets are shown in Table 12. The results of our analysis of the financial experience of the System in the three most recent regular actuarial valuations are presented in Table 13. Each gain or loss shown represents our estimate of how much the given type of experience caused the Unfunded Actuarial Accrued Liability or Funding Reserve to change in the period since the previous actuarial valuation.

Gains and losses shown due to demographic sources are approximate. Demographic experience is analyzed in greater detail in our periodic assumption studies.

Non-recurring gains and losses result from changes in the actuarial assumptions and benefit improvements.

Teachers' Retirement System
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Table 12
Analysis of Actuarial Gains or Losses*

A. ACTUARIAL ACCRUED LIABILITY (GAIN) / LOSS ANALYSIS

1. Actual Actuarial Accrued Liability as of June 30, 2020:	$ 6,310,005,115
2. Normal Cost for this Plan Year (Including Expenses):	82,492,569
3. Interest on items 1 and 2 [(1+2) x 7.50%]:	479,437,326
4. Benefit Payments for this Plan Year (Including Expenses):	(413,077,712)
5. Interest on item [4 x 7.50% x .5]	(15,490,414)
6. Expected Actuarial Accrued Liability as of June 30, 2021:	$ 6,443,366,884
7. Changes due to:	
a. Assumption changes:	$ 0
b. Plan amendments:	0
c. Method changes:	0
d. Actuarial (Gain) / Loss:	19,880,066
8. Actual Actuarial Accrued Liability as of June 30, 2021:	$ 6,463,246,950

9. Items Affecting Calculation of Actuarial Accrued Liability:
   a. Benefit provisions reflected in the actuarial accrued liability (see Appendix B)
   b. Actuarial assumptions and methods used to determine actuarial accrued liability (see Appendix A)

B. ASSET (GAIN) / LOSS ANALYSIS

1. Actuarial Value of Assets as of June 30, 2020:	$ 4,344,044,708
2. Interest on item [1 x 7.50%]	325,803,353
3. Contributions for this Plan Year	231,360,444
4. Interest on item [3. x 7.50% x .5]	8,676,017
5. Benefit Payments for this Plan Year (Including Expenses)	(413,077,712)
6. Interest on item [5. x 7.50% x .5]	(15,490,414)
7. Expected Actuarial Value of Assets as of June 30, 2021:	$ 4,481,316,396
8. Actuarial Value of Assets as of June 30, 2021:	$ 4,616,374,427
9. (Gain) / Loss	$ (135,058,031)

C. UNFUNDED ACTUARIAL ACCRUED LIABILITY (GAIN) / LOSS ANALYSIS

1. Actual Unfunded Actuarial Accrued Liability as of June 30, 2020:	$ 1,965,960,407
2. Normal Cost for this Plan Year (Including Expenses):	82,492,569
3. Contributions for this Plan Year:	(231,360,444)
4. Interest on items 1 - 3: [(1+2) x 7.50% + (3 x 7.50% x .5)]	144,957,956
5. Expected Unfunded Actuarial Accrued Liability as of June 30, 2021:	$ 1,962,050,488
6. Changes due to:	
a. Assumption changes:	$ 0
b. Plan amendments:	0
c. Method changes:	0
d. Actuarial (Gain) / Loss:	(115,177,965)
7. Actual Unfunded Actuarial Accrued Liability as of June 30, 2021:	$ 1,846,872,523

* Effects related to gains are shown in parentheses. Numerical results are expressed as a (decrease) increase in the Unfunded Actuarial Accrued Liability (UAAL). Gains decrease the UAAL and losses increase the UAAL.

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Table 13

Historical Actuarial Gains or Losses*
(Dollar amounts in millions)

	UAAL (Gain)/Loss		
	June 30, 2021	**June 30, 2020**	**June 30, 2019**
Investment Income			
Investment income was (greater) less than expected based on actuarial value of assets.	$ (135.1)	$ 20.8	$ 20.1
Pay Increases			
Pay increases were (less) greater than expected.	16.0	(6.4)	0.1
Age & Service Retirements			
Members retired at (older) younger ages or with (less) greater final average pay than expected	22.1	28.6	22.1
Disability Retirements			
Disability claims were (less) greater than expected	0.3	0.1	0.2
Death-in-Service Benefits			
Survivor claims were (less) greater than expected	(3.0)	(1.7)	(1.1)
Withdrawal From Employment			
(More) less reserves were released by withdrawals than expected	17.4	14.9	16.7
Death After Retirement			
Retirees (died younger) lived longer than expected	13.3	17.4	12.2
Data Adjustments and Benefit Payment Timing			
Service purchases, data corrections, etc.	(45.3)	(30.3)	(43.6)
Other			
Miscellaneous (gains) and losses	(0.9)	(0.4)	0.1
Total (Gain) or Loss During Period From Financial Experience	$ (115.2)	$ 43.0	$ 26.8
Non-Recurring Items.			
Changes in actuarial assumptions and methods	-	-	(6.1)
Changes in benefits caused a (gain) loss	-	-	-
Composite (Gain) Loss During Period	$ (115.2)	$ 43.0	$ 20.7

* Effects related to gains are shown in parentheses. Numerical results are expressed as a (decrease) increase in the Unfunded Actuarial Accrued Liability (UAAL). Gains decrease the UAAL and losses increase the UAAL.

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Section 7

Risk Considerations

A typical retirement plan faces many different risks, but the greatest risk is the inability to make benefit payments when due. If plan assets are depleted, benefits may not be paid which could create legal and litigation risk or the plan could become "pay as you go". The term "risk" is most commonly associated with an outcome with undesirable results. However, in the actuarial world, risk can be translated as uncertainty. The actuarial valuation process uses many actuarial assumptions to project how future contributions and investment returns will meet the cash flow needs for future benefit payments. Of course, we know that actual experience will not unfold exactly as anticipated by the assumptions and that uncertainty, whether favorable or unfavorable, creates risk. ASOP 51 defines risk as the potential of actual future measurements to deviate from expected results due to actual experience that is different than the actuarial assumptions.

The various risk factors for a given plan can have a significant impact – positive or negative – on the actuarial projection of liability and contribution rates.

There are a number of risks inherent in the funding of a defined benefit plan. These include:

- economic risks, such as investment return and price inflation;
- demographic risks such as mortality, payroll growth, aging population including impact of baby boomers, and retirement ages;
- contribution risk, i.e., the potential for contribution rates to be too high for the plan sponsor/employer to pay and
- external risks such as the regulatory and political environment.

There is a direct correlation between healthy, well-funded retirement plans and consistent contributions that are sufficient to fund the System. The System is primarily funded by member, employer and State contributions to the trust fund, together with the earnings on these accumulated contributions. These contributions fund benefit accruals for current active members and administrative expenses. The remainder of the contributions amortizes the unfunded actuarial accrued liability. The contributions are set in statute and are intended to provide the needed amounts to fund the system over time. The purpose of the valuation is to determine if these contributions are sufficient to fund the System. Due to the fixed nature of the contributions actuarial gains and losses are reflected in the amortization period. Generally, the largest source of actuarial gains and losses are caused by investment volatility. In addition, the unfunded liability is amortized as a level percentage of pay assuming payroll will grow by 3.25% per year. A key risk factor to the System's funding is that over time, the Statutory Contribution Rates will be insufficient to accumulate enough funds, with investment income, to fund the promised benefits. The funding insufficiency can be caused by amortization periods that are too long or by payroll not growing at the assumed rate.

The other significant risk factor for the System is investment return because of the volatility of returns and the size of plan assets compared to payroll. This is to be expected, given the underlying capital market assumptions and the System's asset allocation. To the extent that the investment return on the market value of assets cannot achieve the assumed investment rate of return, there is a risk of change to the discount rate which determines the present value of liabilities and actuarial valuation results. Please see the summary of results of this report which demonstrates the sensitivity of valuation results to differing discount rates.

A key demographic risk for the Retirement System is improvements in mortality (longevity) greater than anticipated. While the actuarial assumptions reflect a margin for improvement in mortality experience these assumptions are refined every experience study, the risk arises because there is a possibility of some sudden shift, perhaps from a significant medical breakthrough that could quickly increase liabilities. Likewise, there is some possibility of a significant public health crisis that could result in a significant number of additional deaths in a short time period, which would also be significant, although more easily absorbed. While either of these events could happen, it represents a small probability and thus represents much less risk than the volatility associated with investment returns.

The exhibits on the following pages summarize some historical information that helps indicate how certain key risk metrics have changed over time. Many are due to the maturing of the retirement system.

Historical Asset Volatility Ratios

As a retirement system matures, the size of the market value of assets increases relative to the covered payroll of active members, on which the System is funded. The size of the plan assets relative to covered payroll, sometimes referred to as the asset volatility ratio, is an important indicator of the contribution risk for the System. The higher this ratio, the more sensitive a plan's contribution rate is to investment return volatility. In other words, it will be harder to recover from investment losses with increased contributions.

Actuarial Valuation Date	Market Value of Assets	Estimated Plan Year Payroll	Asset Volatility Ratio
7/1/2015	3,708,385,838	768,718,699	4.82
7/1/2016	3,656,830,798	795,920,906	4.59
7/1/2017	3,950,704,563	818,122,561	4.83
7/1/2018	4,148,324,206	829,708,595	5.00
7/1/2019	4,220,285,752	857,467,932	4.92
7/1/2020	4,167,839,558	880,667,830	4.73
7/1/2021	5,116,849,108	922,764,585	5.55

The assets at July 1, 2021 are 555% of payroll, so underperforming the investment return assumption by 1.00% (i.e., earn 6.50% for one year) is equivalent to 5.55% of payroll. While the actual impact in the first year is mitigated by the asset smoothing method and amortization of the UAAL, this illustrates the risk associated with volatile investment returns.

Historical Cash Flows

Plans with negative cash flows will experience increased sensitivity to investment return volatility. Cash flows, for this purpose, are measured as contributions less benefit payments and administrative expenses. If the System has negative cash flows and then experiences returns below the assumed rate, there are fewer assets to be reinvested to earn the higher returns that typically follow. While any negative cash flow will produce such a result, it is typically a negative cash flow of more than 5% of MVA that may cause significant concerns. The System has negative cash flows which has been growing over the prior six years. This trend needs to be monitored going forward.

Fiscal Year End	Market Value of Assets (MVA)	Contributions	Benefit Payments	Net Cash Flow	Net Cash Flow as a Percent of MVA
6/30/2015	3,708,385,838	202,896,194	311,078,740	(108,182,546)	(2.92%)
6/30/2016	3,656,830,798	205,286,917	328,215,892	(122,928,975)	(3.36%)
6/30/2017	3,950,704,563	210,520,833	343,448,519	(132,927,686)	(3.36%)
6/30/2018	4,148,324,206	214,833,474	361,026,194	(146,192,720)	(3.52%)
6/30/2019	4,220,285,752	220,949,305	376,738,054	(155,788,749)	(3.69%)
6/30/2020	4,167,839,558	228,563,253	393,336,385	(164,773,132)	(3.95%)
6/30/2021	5,116,849,108	231,360,444	412,724,347	(181,363,903)	(3.54%)

Liability Maturity Measurement

Most public sector retirement systems have been in operation for many years. As a result, they have aging plan populations, and in some cases declining active populations, resulting in an increasing ratio of retirees to active members and a growing percentage of retiree liability. The retirement of the remaining baby boomers over the next decade is expected to further exacerbate the aging of the retirement system population. Retiree liability as a percentage of the total actuarial accrued liability has been growing over the last five years. As more of the total liability begins to reside with retirees, investment volatility has a greater impact on the funding of the system since it is more difficult to restore the system financially after losses occur when there is comparatively less payroll over which to spread costs. Below are two tables which demonstrate the ratio of the System's retiree liability compared to the total accrued liability and the ratio of the number of retirees and beneficiaries to the number of active members.

Valuation Date	Retiree Liability (a)	Total Actuarial Accrued Liability (b)	Retiree Percentage (a) / (b)
7/1/2015	3,609,722,311	5,351,391,599	67.5%
7/1/2016	3,748,186,878	5,483,673,777	68.4%
7/1/2017	3,888,518,484	5,636,841,900	69.0%
7/1/2018	4,223,371,459	6,004,434,112	70.3%
7/1/2019	4,350,787,062	6,148,556,456	70.8%
7/1/2020	4,509,517,581	6,310,005,115	71.5%
7/1/2021	4,622,070,514	6,463,246,950	71.5%

Historical Member Statistics

Valuation Date July 1,	Number of Active	Number of Retired	Active/ Retired
2015	18,316	14,839	1.23
2016	19,048	15,164	1.26
2017	18,917	15,566	1.22
2018	19,267	15,933	1.21
2019	19,686	16,256	1.21
2020	19,751	16,605	1.19
2021	19,658	16,985	1.16

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Appendix A

Actuarial Procedures and Assumptions

The assumptions for investment return, price inflation, wage inflation, mortality, retirement and withdrawal have been updated to reflect the experience study for the period ending July 1, 2017 adopted by the Board on May 18, 2018.

The current asset valuation method was adopted for the July 1, 2007 valuation.

Tables A-3 through A-6 give rates of decrement for service retirement, disablement, mortality, and other terminations of employment.

Actuarial Cost Method

The actuarial valuation was prepared using the entry age actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit. The portion of this actuarial present value allocated to a valuation year is called the normal cost. The normal cost was first calculated for each individual member. The normal cost rate is defined to equal the total of the individual normal costs, divided by the total pay rate.

The portion of this actuarial present value not provided for at a valuation date by the sum of (a) the actuarial value of the assets and (b) the actuarial present value of future normal costs is called the UAAL. The UAAL is amortized as a level percentage of the projected salaries of present and future members of the System.

Records and Data

The data used in the valuation consist of financial information; records of age, sex, service, salary, contribution rates, and account balances of contributing members; and records of age, sex, and amount of benefit for retired members and beneficiaries. All of the data were supplied by the System and are accepted for valuation purposes without audit.

Replacement of Terminated Members

The ages at entry and distribution by sex of future members are assumed to average the same as those of the present members they replace. If the number of active members should increase, it is further assumed that the average entry age of the larger group will be the same, from an actuarial standpoint, as that of the present group. Under these assumptions, the normal cost rates for active members will not vary with the termination of present members.

Employer Contributions

At the time of this valuation, the total employer contribution rate for normal costs and amortization of the UAAL was 11.76% of members' salaries. The employer contribution rate will increase by 0.10% each year beginning July 1, 2014 until the total employer contribution rate equals 11.96%.

Administrative and Investment Expenses

The investment expenses of the System are assumed to be funded by investment earnings in excess of 7.50% per year.

Administrative expenses are assumed to equal 0.46% of covered payroll.

Valuation of Assets - Actuarial Basis

The actuarial asset valuation method spreads asset gains and losses over four years. The expected return is determined each year based on the beginning of year market value and actual cash flows during the year. Any difference between the expected market value return and the actual market value return is recognized evenly over a period of four years. The actuarial value of assets is not allowed to be greater than 120% or less than 80% of the market assets. (Adopted effective July 1, 2007.)

Investment Earnings

The annual rate of investment earnings of the assets of the System is assumed to be 7.50% per year net of investment expenses, compounded annually. (Adopted effective May 18, 2018)

Interest on Member Contributions

Interest on member contributions is assumed to accrue at a rate of 5% per annum, compounded annually. This assumption was set as of July 1, 2004.

Postretirement Benefit Increases

Tier 1 Members:

> On January 1 of each year, the retirement allowance payable is increased by 1.5% if the retiree has received benefits for at least 36 months prior to January 1 of the year in which the adjustment is to be made.

Tier 2 Members:

> On January 1 of each year, the retirement allowance payable is assumed to increase by 0.5% if the retiree has received benefits for at least 36 months prior to January 1 of the year in which the adjustment is to be made.

Future Salaries

The rates of annual salary increase assumed for the purpose of the valuation are illustrated in Table A-2. In addition to increases in salary due to merit and longevity, this scale includes an assumed 3.25% annual rate of increase in the general wage level of the membership. The merit and longevity increases for the MUS members did not show a pattern of increasing or decreasing with service at the time of our most recent study. Therefore, the MUS members have a flat 1% merit and longevity assumption. The general wage increase assumption was adopted May 18, 2018 and the merit and longevity scales were adopted July 1, 2002.

Montana University System (MUS) members are assumed to have a 0.63% higher average final compensation to account for the larger than average annual compensation increases observed in the years immediately preceding retirement.

Service Retirement

Table A-3 shows the annual assumed rates of retirement among members eligible for service retirement. Separate rates are used when a member is eligible for reduced benefits, for the first year a member is eligible for full benefits, and for the years following the first year a member is eligible for full benefits. The rates for General Members were adopted May 18, 2018. The rates for University Members were adopted May 18, 2018.

Disablement

The rates of disablement used in this valuation are illustrated in Table A-4. These rates were adopted May 13, 2010.

Mortality

The mortality rates used in this valuation are illustrated in Table A-5. A written description of each table used is included in Table A-1. These rates were adopted May 18, 2018.

Other Terminations of Employment

The rates of assumed future withdrawal from active service for reasons other than death, disability or retirement are shown for representative ages in Table A-6. These rates were adopted May 18, 2018.

Benefits for Terminating Members

Members terminating with less than five years of service are assumed to request an immediate withdrawal of their contributions with interest. Table A-7 shows the assumed probability of retaining membership in the System among members terminating with five or more years of service. These rates were adopted July 1, 2002.

We estimated the present value of future benefits for terminated vested members based on the greater of the present value of their deferred benefit at age 60 or their available contribution account.

Part-Time Employees

The valuation data for active members identify part-time members. For part-time members earning more than $1,000, total credited service is adjusted based on the ratio of actual earnings to annualized earnings. The liability and normal cost calculations for these members are based on the adjusted service and actual earnings for the prior year.

Part-time members earning less than $1,000 during the last year were valued at their current member contribution balance.

Montana University System Retirement Program (MUS-RP)

MUS-RP payroll as of June 30, 2021 was $265,165,454.

Effective for fiscal years after June 30, 2007, the MUS-RP contribution rate is 4.72%, pursuant to MCA 19-20-621. It is our understanding the contribution will not stop unless legislative action is taken.

Buybacks, Purchase of Service, and Military Service

The active liabilities and normal cost (excluding liabilities and normal cost in respect of Return of Employee Contributions) were increased to 100.5% of their original value to fund this additional service based on a study of the System's experience for the five calendar years 1995 through 1999. Effective July 1, 2008.

Probability of Marriage & Dependent Children

If death occurs in active status, all members are assumed to have an eligible surviving spouse and two children. The spouse is assumed to be the same age as the member. For members who die prior to age 50, dependent children are assumed to be eight years old. For members who die after age 50 but prior to age 55, children are assumed to be 13 years old. Members who die after age 55 are assumed to have no dependent children under the age of 18.

Records with no Birth Date

New records with no birth date are assumed to be 25 years old. Records that are not new and have no birth date used the same birth date as the prior year's valuation.

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Table A-1
Summary of Valuation Assumptions

I.	Economic assumptions		
	A.	General wage increases* (Adopted May 18, 2018)	3.25%
	B.	Investment return (Adopted May 18, 2018)	7.50%
	C.	Price Inflation Assumption (Adopted May 18, 2018)	2.50%
	D.	Growth in membership	0.00%
	E.	Postretirement benefit increases (Starting three years after retirement)	
		Tier One	1.50%
		Tier Two	0.50%
	F.	Interest on member accounts (Adopted July 1, 2004)	5.00%
II.	Demographic assumptions		
	A.	Individual salary increase due to promotion and longevity (General Member assumptions adopted July 1, 2002) (University Member assumptions adopted July 1, 2000)	Table A-2
	B.	Retirement (adopted May 18, 2018)	Table A-3
	C.	Disablement (adopted May 13, 2010)	Table A-4
	D.	Mortality among contributing members, service retired members, and beneficiaries. The tables include margins for mortality improvement which is expected to occur in the future. For Males and Females: RP-2000 Healthy Combined Mortality Table projected to 2022 adjusted for partial credibility setback for two years (adopted May 18, 2018).	Table A-5
	E.	Mortality among disabled members For Males: RP 2000 Disabled Mortality Table, set back three years, with mortality improvements projected by Scale BB to 2022 (adopted May 18, 2018). For Females: RP 2000 Disabled Mortality Table, set forward two years, with mortality improvements projected by Scale BB to 2022 (May 18, 2018).	Table A-5
	F.	Other terminations of employment (adopted May 18, 2018)	Table A-6
	G.	Probability of retaining membership in the System upon vested termination (adopted July 1, 2002)	Table A-7

* Montana University System (MUS) members are assumed to have a 0.63% higher average final compensation to account for the larger than average annual compensation increases observed in the years immediately preceding retirement.

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Table A-2

Future Salaries

	General Members			University Members		
Years of Service	Individual Merit & Longevity	General Wage Increase	Total Salary Increase	Individual Merit & Longevity	General Wage Increase	Total Salary Increase
1	4.51%	3.25%	7.76%	1.00%	3.25%	4.25%
2	4.09	3.25	7.34	1.00	3.25	4.25
3	3.46	3.25	6.71	1.00	3.25	4.25
4	2.94	3.25	6.19	1.00	3.25	4.25
5	2.52	3.25	5.77	1.00	3.25	4.25
6	2.21	3.25	5.46	1.00	3.25	4.25
7	1.89	3.25	5.14	1.00	3.25	4.25
8	1.68	3.25	4.93	1.00	3.25	4.25
9	1.47	3.25	4.72	1.00	3.25	4.25
10	1.31	3.25	4.56	1.00	3.25	4.25
11	1.16	3.25	4.41	1.00	3.25	4.25
12	1.00	3.25	4.25	1.00	3.25	4.25
13	0.84	3.25	4.09	1.00	3.25	4.25
14	0.68	3.25	3.93	1.00	3.25	4.25
15	0.58	3.25	3.83	1.00	3.25	4.25
16	0.47	3.25	3.72	1.00	3.25	4.25
17	0.37	3.25	3.62	1.00	3.25	4.25
18	0.26	3.25	3.51	1.00	3.25	4.25
19	0.21	3.25	3.46	1.00	3.25	4.25
20	0.16	3.25	3.41	1.00	3.25	4.25
21	0.11	3.25	3.36	1.00	3.25	4.25
22 & Up	0.00	3.25	3.25	1.00	3.25	4.25

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Table A-3

Retirement
Annual Rates

	General Members			University Members		
Age	Eligible for Reduced Benefits	First Year Eligible for Full Benefits	Thereafter	Eligible for Reduced Benefits	First Year Eligible for Full Benefits	Thereafter
45		16.0%	8.0%		17.0%	8.0%
46		16.0	8.0		17.0	8.0
47		16.0	8.0		17.0	8.0
48		16.0	8.0		17.0	8.0
49	*	16.0	6.0	*	17.0	8.0
50	6.0%	9.0	5.5	7.0%	17.0	8.0
51	6.0	6.0	6.3	7.0	17.0	8.0
52	6.0	6.0	8.0	7.0	17.0	8.0
53	6.0	6.0	7.3	7.0	17.0	8.0
54	7.0	6.0	8.2	7.0	17.0	8.0
55	7.0	6.0	9.8	7.0	15.0	8.0
56	7.0	9.0	11.3	7.0	15.0	8.0
57	7.0	13.5	12.5	7.0	15.0	8.0
58	7.0	18.5	13.1	7.0	15.0	8.0
59	7.0	18.5	14.8	7.0	15.0	8.0
60	*	13.5	20.0	*	15.0	8.5
61		21.0	24.0		14.0	15.0
62		21.0	23.0		20.0	15.0
63		21.0	23.0		14.0	15.0
64		30.0	27.5		20.0	19.5
65		30.0	39.0		28.0	26.0
66		30.0	25.0		21.0	19.5
67		30.0	25.0		21.0	21.5
68		30.0	25.0		21.0	19.5
69		30.0	25.0		21.0	19.5
70		**	**		**	**

* All benefits are unreduced after attaining age 60. Reduced benefits are not available before age 50.
** Immediate retirement is assumed at age 70 or over.

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Table A-4

Disablement
Annual Rates

Age	All Members
25	.005%
30	.005
35	.008
40	.028
45	.044
50	.063
55	.084
60	.100

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Table A-5

Mortality
Annual Rates

	Contributing Members, Service Retired Members and Beneficiaries		Disabled Members	
Age	Men	Women	Men	Women
25	0.03%	0.02%	2.11%	0.70%
30	0.04	0.02	2.11	0.70
35	0.06	0.03	2.11	0.70
40	0.09	0.05	2.11	0.70
45	0.12	0.08	2.11	0.84
50	0.17	0.12	2.34	1.26
55	0.26	0.19	2.95	1.59
60	0.45	0.31	3.47	1.82
65	0.76	0.54	3.65	2.37
70	1.22	0.96	3.94	3.25
75	2.07	1.64	4.90	4.51
80	3.55	2.68	6.51	6.23
85	6.11	4.45	8.61	8.67
90	10.72	7.65	11.22	12.99
95	18.58	13.27	17.59	19.63

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Table A-6

Other Terminations of Employment Among Members Not Eligible to Retire
Annual Rates

Years of Service	Full-time Members	Part-time Members
1	31.7%	36.0%
2	17.4	26.7
3	11.4	24.0
4	10.5	22.0
5	8.0	20.5
6	6.7	19.3
7	5.5	18.2
8	4.1	16.9
9	3.7	15.1
10	3.3	14.2
11	3.0	13.5
12	2.7	12.5
13	2.5	12.0
14	2.3	11.0
15	2.2	10.1
16	2.0	10.1
17	1.9	9.9
18	1.8	9.1
19	1.7	9.0
20	1.6	9.0
21	1.5	9.0
22	1.4	9.0
23	1.4	9.0
24	1.3	9.0

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Table A-7

Probability of Retaining Membership in the System
Upon Vested Termination

Age	Probability of Retaining Membership
25	54%
30	54
35	58
40	58
45	60
50	70
55	75

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Appendix B

Summary of Benefit Provisions

Effective Date

September 1, 1937.

Vesting Period

Five years. No benefits are payable unless the member has a vested right, except the return of employee contributions with interest.

Tier One Member

A person who became a member before July 1, 2013 and who has not withdrawn the member's account balance.

Tier Two Member

A person who became a member on or after July 1, 2013, or who after withdrawing the member's account balance, became a member again after July 1, 2013.

Final Compensation

Tier One Members

Average of highest three consecutive years of earned compensation.

Tier Two Members

Average of highest five consecutive years of earned compensation.

Normal Form of Benefits

Life only annuity. All benefits cease upon death; however, in no event will the member receive less than the amount of employee contributions with interest.

Normal Retirement Benefits

Tier One Members

Eligibility: 25 years of service or age 60 with five years of service.

Benefit: The retirement benefit is equal to 1/60 of final compensation for each year of service.

Tier Two Members

Eligibility: Age 55 with 30 years of service or age 60 with five years of service.

Benefit: A member age 60 with at least 30 years of creditable service will receive a retirement allowance equal to 1.85% of final compensation for each year of service. Otherwise, the multiplier used to calculate the retirement allowance will equal 1/60 of final compensation for each year of service.

Early Retirement Benefits

Tier One Member

Eligibility: Five years of service and age 50.

Benefit: The retirement benefit is calculated in the same manner as described for normal retirement, but the benefit is actuarially reduced by the lesser of the number of years equal to the age of the participant at the early retirement subtracted from age 60 or the number of years of service at early retirement subtracted from 25 years of service.

Tier Two Member

Eligibility: Five years of service and age 55.

Benefit: The retirement benefit is calculated in the same manner as described for normal retirement, but the benefit is actuarially reduced by the lesser of the number of years equal to the age of the participant at the early retirement subtracted from age 60 or the number of years of service at early retirement subtracted from 30 years of service.

Death Benefit

Eligibility:	Five years of service.
Benefit:	The death benefit is equal to 1/60 of final compensation for each year of service accrued at date of death, with an actuarial adjustment based on the relation of the member's age at death to the beneficiary's age. A monthly benefit of $200 is paid to each child until age 18. In addition, a lump-sum benefit of $500 is paid upon the death of an active or retired member.

Disability Benefit

Eligibility:	Five years of service.
Benefit:	The disability benefit is equal to 1/60 of final compensation for each year of service accrued at date of disability. The minimum benefit is 1/4 of the final compensation. A Tier Two Member is not eligible for a disability retirement if the member is or will be eligible for a service retirement on or before the member's date of determination.

Withdrawal Benefits	With less than five years of service, the accumulated employee contributions with interest are returned. With more than five years, the member may elect a refund of contributions with interest or leave the contributions and interest in the System and retain a vested right to retirement benefits.
Contributions	Tier One Member: 7.15% of compensation. Tier One members are required to contribute a Supplemental Contribution equal to an additional 1% of compensation. The Board may decrease the Supplemental Contribution if the average funded ratio of the System based on the last three actuarial valuations is equal to or greater than 90% and the period necessary to amortize the unfunded liabilities of the System based on the most recent actuarial valuation is less than 15 years. Following one or more decreases in the supplemental contribution the Board may increase the supplemental contribution to a rate not to exceed 1% if the average funded ratio of the System based on the last three annual actuarial valuations is equal to or less than 80% and the period necessary to amortize all liabilities of the System based on the most recent annual actuarial valuation is greater than 20 years.

Tier Two Member: 8.15% of compensation. The Board may require a Tier Two member to contribute a Supplemental Contribution if the average funded ratio of the System based on the last three actuarial valuations is equal to or less than 80% and the period necessary to amortize the unfunded actuarial accrued liability is greater than 20 years and a State or employer contribution rate increase or a flat dollar contribution to the System has been enacted which is equivalent to or greater than the Supplemental Contribution Rate imposed by the Board. A singe Tier Two Supplemental Contribution Rate increase cannot exceed 0.5% of compensation and in total cannot exceed 9.15% of compensation. The Board may decrease the Supplemental Contribution if the average funded ratio of the System based on the previous three annual actuarial valuations is equal to or greater than 90%; and the period necessary to amortize the unfunded actuarial accrued liability is less than 15 years.

Employer: 9.96% of compensation. Employers are required to contribute a supplemental contribution equal to 1% for fiscal year 2014 and increase by 0.1% each fiscal year through 2024. The Board may decrease the Employer Supplemental Contribution if the average funded ratio of the System based on the last three actuarial valuations is equal to or greater than 90% and the period necessary to amortize the unfunded actuarial accrued liability based on the most recent valuation is less than 15 years and the GABA has been increased to the maximum allowable. Following one or more decreases in the Supplemental Contribution Rate the Board may increase the Supplemental Contribution Rate to a rate not to exceed 1% if the average funded ratio of the System based on the last three actuarial valuations is equal to or less than 80% and the period necessary to amortize the unfunded actuarial accrued liability is greater than 20 years.

MCA 19-20-604 specifies that the employer contribution rate will be reduced by 0.11% when the amortization period of the System's UAAL is 10 years or less according to the System's latest actuarial valuation.

State Supplemental Contribution: $25 million per year on an annual basis payable on July 1st of each year.

Re-employed Retirees: Each employer is required to contribute 9.85% of total compensation paid to all re-employed TRS retirees employed in a TRS reportable position. This amount shall increase by 1.00% for fiscal year 2014 and increase by 0.10% each fiscal year through 2024 until the total employer contribution is equal to 11.85% of re-employed retiree compensation.

Interest on Member contributions

Effective July 1, 2021, the interest credited on member contributions decreased from 0.85% to 0.25% per annum.

Guaranteed Annual Benefit Adjustment (GABA)

On January 1 of each year, if the retiree has received benefits for at least 36 months prior to January 1 of the year in which the adjustment is to be made, for Tier One Members, the retirement allowance will be increased by 1.5%.

For Tier Two Members, the retirement allowance will be increased by an amount equal to or greater than 0.5% but no more than 1.5% if the most recent actuarial valuation shows the System to be at least 90% funded and the provisions of the increase is not projected to cause the funded ratio to be less than 85%.

Appendix C

Valuation Data

This valuation is based upon the membership of the System as of July 1, 2021. Membership data were supplied by the System and accepted for valuation purposes without audit. However, tests were performed to ensure that the data are sufficiently accurate for valuation purposes.

Active Members	Number	Annual Salaries in Millions
Full-Time Members	13,803	$ 787.2
Part-Time Members*	5,358	93.6
Total Contributing Members*	19,161	$ 880.8
Active Members with Annual Compensation less than $1,000	497	
Total Active Members	19,658	

* Excludes part-time members with annual compensation less than $1,000.

Table C-1 contains summaries of the data for contributing members. For full-time members, values shown in the tables are the numbers of members and their total and average annual salaries. For part-time members, only the numbers of members are shown.

Table C-2 presents distributions of the following:

- Members receiving service retirement benefits.
- Members receiving disability retirement benefits.
- Survivors of deceased retired members receiving benefits.
- Survivors of deceased active members.
- Child beneficiaries.
- Terminated vested members.

Table C-3 is a reconciliation of membership data from July 1, 2020 to July 1, 2021.

The following is a summary of retired members and beneficiaries currently receiving benefits:

Type of Annuitant	Number	Annual Benefits in Thousands	Average Annual Benefits
Service Retirement	14,870	$ 381,626	$ 25,664
Survivors of Deceased Retired Members*	1,445	26,036	18,018
Total Service Retirement (including survivors)	16,315	$ 407,662	$ 24,987
Disability Retirement	182	2,403	13,205
Survivors of Deceased Active Members	478	5,456	11,412
Child Beneficiaries	10	24	2,400
Total Annuitants	16,985	$ 415,545	$ 24,465

Terminated Members with Contributions Not Withdrawn	Number
Vested Terminated Members	1,955
Non-Vested Terminated Members	7,869
Total Terminated Members	9,824

Deceased Members Pending Account Settlement	Number
Active/Terminated Deceased Pending	271
Retired Deceased Pending	72
Total Deceased Pending	343

* Includes 152 Alternate Payees

Teachers' Retirement System
State of Montana

Table C-1

Active Members Distribution of Full-Time Employees and Salaries as of July 1, 2021

Number of Employees

	Completed Years of Service												
Age	0	1	2	3 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40+	Totals
<25	90	239	103	14	1								447
25 to 29	42	234	294	496	337								1,403
30 to 34	26	131	142	284	931	159							1,673
35 to 39	39	115	116	205	621	650	156						1,902
40 to 44	22	118	99	151	494	468	555	133					2,040
45 to 49	30	85	52	145	348	344	375	511	92				1,982
50 to 54	23	64	57	79	251	218	257	366	390	66			1,771
55 to 59	18	44	40	70	156	130	180	221	226	210	43		1,338
60 to 64	14	26	28	49	100	94	116	142	122	93	95	25	904
65 to 69	12	15	18	19	35	28	17	34	23	26	19	17	263
70 and up	5	8	6	8	7	6	7	5	3	9	4	12	80
Totals	321	1,079	955	1,520	3,281	2,097	1,663	1,412	856	404	161	54	13,803

Teachers' Retirement System
State of Montana

Table C-1

Active Members Distribution of Full-Time Employees and Salaries as of July 1, 2021

Annual Salaries in Thousands

	Completed Years of Service												
Age	0	1	2	3 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40+	Totals
<25	2,196	8,524	3,819	497	19								15,055
25 to 29	1,070	8,981	11,608	20,662	15,797								58,118
30 to 34	655	5,183	5,895	12,798	47,041	9,266							80,838
35 to 39	959	4,908	5,262	10,008	33,284	39,952	10,249						104,622
40 to 44	464	5,007	4,455	6,834	26,630	29,538	39,021	9,895					121,845
45 to 49	811	3,681	2,285	7,227	19,558	21,494	25,955	37,591	6,862				125,464
50 to 54	730	2,592	2,402	3,924	13,930	13,522	17,383	26,642	29,562	5,153			115,841
55 to 59	547	1,884	1,891	3,226	8,734	7,828	11,549	15,380	16,794	15,788	3,221		86,841
60 to 64	534	997	1,227	2,390	5,739	5,363	7,129	9,190	8,793	6,966	7,167	1,820	57,315
65 to 69	379	696	808	912	1,806	1,620	973	2,270	1,770	2,059	1,458	1,786	16,534
70 and up	71	234	367	308	321	246	398	315	237	664	420	1,103	4,684
Totals	8,416	42,690	40,018	68,783	172,859	128,828	112,656	101,282	64,017	30,631	12,266	4,708	787,155

Teachers' Retirement System
State of Montana

Table C-1

Active Members Distribution of Full-Time Employees and Salaries as of July 1, 2021

Average Annual Salary

	Completed Years of Service												
Age	0	1	2	3 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40+	Totals
<25	24,398	35,667	37,076	35,477	18,872								33,679
25 to 29	25,472	38,381	39,483	41,656	46,876								41,424
30 to 34	25,203	39,562	41,512	45,063	50,528	58,275							48,319
35 to 39	24,592	42,681	45,361	48,817	53,597	61,465	65,699						55,006
40 to 44	21,091	42,435	45,001	45,258	53,908	63,116	70,308	74,402					59,728
45 to 49	27,044	43,311	43,941	49,838	56,201	62,481	69,214	73,563	74,588				63,301
50 to 54	31,751	40,505	42,148	49,667	55,497	62,028	67,639	72,791	75,800	78,083			65,410
55 to 59	30,388	42,828	47,268	46,082	55,986	60,212	64,160	69,591	74,309	75,183	74,916		64,904
60 to 64	38,144	38,357	43,806	48,770	57,391	57,050	61,455	64,721	72,072	74,905	75,443	72,802	63,401
65 to 69	31,576	46,432	44,872	47,982	51,595	57,856	57,221	66,758	76,936	79,173	76,712	105,033	62,868
70 and up	14,160	29,278	61,216	38,479	45,816	41,020	56,794	62,976	79,130	73,772	105,040	91,887	58,545
Totals	26,219	39,564	41,904	45,252	52,685	61,435	67,743	71,730	74,787	75,818	76,187	87,190	57,028

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Table C-1

Active Members Distribution of Part-Time Employees as of July 1, 2021

Number of Employees

Age	Completed Years of Service												
	0	1	2	3 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40+	Totals
<25	347	117	31	23									518
25 to 29	204	108	76	55	28								471
30 to 34	158	100	59	73	75	9							474
35 to 39	132	114	80	104	87	30	3						550
40 to 44	128	128	98	151	135	47	21	7					715
45 to 49	80	67	71	102	141	55	27	21	6				570
50 to 54	60	66	47	78	126	70	42	21	15	2			527
55 to 59	67	44	45	60	94	87	79	43	16	9	3		547
60 to 64	57	53	40	69	104	59	72	46	35	13	8		556
65 to 69	41	34	24	36	53	17	23	24	9	4	3		268
70 and up	21	23	11	20	39	15	16	8	5	2		2	162
Totals	1,295	854	582	771	882	389	283	170	86	30	14	2	5,358

Teachers' Retirement System
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Table C-2

Distribution of Inactive Lives

Members Receiving Service Retirement Benefits as of July 1, 2021

Age	Number of Persons	Annual Benefits in Thousands	Average Annual Benefits
<50	15	$ 475	$ 31,669
50 to 54	173	5,344	30,889
55 to 59	530	16,275	30,708
60 to 64	1,731	44,394	25,646
65 to 69	3,311	84,175	25,423
70 to 74	3,888	103,058	26,507
75 to 79	2,512	65,224	25,965
80 to 84	1,493	37,463	25,093
85 to 89	805	17,942	22,288
90 and up	412	7,276	17,659
Totals	14,870	$ 381,626	$ 25,664

Members Receiving Disability Retirement Benefits as of July 1, 2021

Age	Number of Persons	Annual Benefits in Thousands	Average Annual Benefits
<50	7	$ 75	$ 10,695
50 to 54	15	253	16,875
55 to 59	21	383	18,247
60 to 64	24	336	14,010
65 to 69	33	413	12,522
70 to 74	39	457	11,723
75 to 79	17	230	13,516
80 to 84	14	151	10,805
85 to 89	6	56	9,275
90 and up	6	49	8,119
Totals	182	$ 2,403	$ 13,205

Teachers' Retirement System
State of Montana

Table C-2

Distribution of Inactive Lives

Survivors of Deceased Retired Members as of July 1, 2021

Age	Number of Persons	Annual Benefits in Thousands	Average Annual Benefits
<50	89	$ 758	$ 8,518
50 to 54	20	158	7,925
55 to 59	39	448	11,498
60 to 64	74	1,168	15,782
65 to 69	129	2,098	16,266
70 to 74	225	4,566	20,291
75 to 79	262	5,161	19,697
80 to 84	242	5,150	21,282
85 to 89	196	3,526	17,989
90 and up	169	3,003	17,771
Totals	1,445	$ 26,036	$ 18,018

Survivors of Deceased Active Members as of July 1, 2021

Age	Number of Persons	Annual Benefits in Thousands	Average Annual Benefits
<50	117	$ 859	$ 7,340
50 to 54	18	218	12,094
55 to 59	33	379	11,491
60 to 64	56	565	10,087
65 to 69	64	828	12,942
70 to 74	81	1,126	13,897
75 to 79	45	696	15,465
80 to 84	30	410	13,680
85 to 89	15	119	7,920
90 and up	19	256	13,451
Totals	478	$ 5,456	$ 11,412

Teachers' Retirement System
State of Montana

Table C-2

Distribution of Inactive Lives

Terminated Vested Members as of July 1, 2021

Age	Number of Persons
<25	
25 to 29	11
30 to 34	116
35 to 39	215
40 to 44	267
45 to 49	265
50 to 54	347
55 to 59	425
60 to 64	205
65 to 69	79
70 and above	25
Total	1,955

Child Beneficiaries as of July 1, 2021

Age	Number of Persons
<5	
5 to 6	
7 to 8	1
9 to 10	2
11 to 12	1
13 to 14	2
15 to 16	4
17 to 18	
Total	10

Teachers' Retirement System
State of Montana

Table C-3

Data Reconciliation

	Active Contributing Members*	Terminated Vested Members	Service Retired Members	Disabled Members	Survivors and Beneficiaries
July 1, 2020 Valuation	19,046	1,828	14,566	190	1,849
Refunds and Non-Vested Terminations	(1,688)	(6)			
Change to Annual Pay Under $1,000	(146)	23			
Vested Terminations	(137)	314			
Service Retirements	(543)	(92)	635		
Disability Retirements	(4)	(1)		5	
Deaths with Beneficiary	(18)	(7)	(123)	(7)	155
Deaths without Beneficiary			(200)	(6)	(81)
New Entrants	2,175				
Rehires	460	(101)	(13)		
Other	16	(3)	5		10
July 1, 2021 Valuation	19,161	1,955	14,870	182	1,933

* Excludes active members with annual compensation less than $1,000

Teachers’ Retirement System
State of Montana

Appendix D

Comparative Schedules

This section contains tables that summarize the experience of the System shown in present and past valuation reports.

Table D-1 shows a summary of the active members covered as of the various valuation dates.

Table D-2 shows a summary of the retired and inactive members as of the various valuation dates.

Table D-3 summarizes the contribution rates determined by each annual actuarial valuation.

Teachers' Retirement System
State of Montana

Table D-1

Active Membership Data

Valuation Date (July 1)	Full-Time Members	Part-Time Members**	Total Contributing Members**	Part-Time Members Annual Compensation less than $1,000	Annual Full-Time Salaries in Thousands	Average Full-Time Annual Salary	Average Age**	Average Years of Service**	Average Hire Age**
2004	12,601	5,013	17,614	637	510,808	40,537	45.6	12.2	33.4
2005	12,523	5,019	17,542	697	523,909	41,836	45.8	12.4	33.4
2006	12,715	4,840	17,555	544	549,268	43,198	46.0	12.5	33.5
2007	12,634	4,994	17,628	548	568,351	44,986	46.2	12.5	33.7
2008	12,694	5,077	17,771	521	592,514	46,677	46.1	12.3	33.8
2009	12,673	5,270	17,943	513	613,077	48,377	46.2	12.4	33.8
2010	12,711	5,642	18,353	600	630,444	49,598	45.9	12.2	33.8
2011	12,506	5,400	17,906	578	633,005	50,616	46.2	12.4	33.8
2012	12,202	5,534	17,736	636	622,140	50,987	46.0	12.4	33.6
2013	12,229	5,387	17,616	633	628,832	51,421	45.8	12.2	33.6
2014	12,286	5,428	17,714	558	712,802	51,967	45.6	11.6	34.0
2015	12,468	5,337	17,805	511	729,653	52,551	45.4	11.3	34.1
2016	12,769	5,563	18,332	716	673,891	52,776	45.2	10.9	34.3
2017	12,808	5,576	18,384	533	689,638	53,844	45.0	10.8	34.2
2018	13,027	5,619	18,646	621	706,351	54,222	45.0	10.6	34.4
2019	13,196	5,798	18,994	692	728,831	54,231	44.9	10.4	34.5
2020	13,515	5,531	19,046	705	751,479	55,603	44.7	10.3	34.4
2021	13,803	5,358	19,161	497	787,155	57,028	44.2	10.1	34.1

* Not available.

** Excludes part-time active members with annual compensation less than $1,000.

Teachers' Retirement System
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Table D-2

Retired and Inactive Membership Data

Valuation Date (July 1)	All Annuitants: Number	All Annuitants: Annual Benefits in Thousands	All Annuitants: Average Annual Benefit	All Annuitants: Average Current Age	All Annuitants: Average Age at Retirement	All Annuitants: Average Service at Retirement	Terminated Members: Number Vested Terminated	Terminated Members: Number Non-Vested Terminated
2004	10,375	159,776	15,400	69.1	56.7	*	1,620	7,861
2005	10,664	170,129	15,954	69.3	56.7	*	1,649	8,569
2006	11,019	181,114	16,436	69.3	56.5	*	1,684	8,542
2007	11,356	195,237	17,192	69.3	56.6	*	1,671	8,963
2008	11,788	208,985	17,729	69.4	56.7	*	1,649	9,574
2009	12,036	219,267	18,218	69.7	57.5	25.5	1,640	9,868
2010	12,440	234,048	18,814	69.9	57.6	25.5	1,553	10,304
2011	12,899	250,500	19,420	70.0	57.8	25.5	1,580	10,727
2012	13,363	267,851	20,044	70.2	57.9	25.5	1,566	11,172
2013	13,868	284,333	20,503	70.4	58.0	25.5	1,566	11,710
2014	14,349	302,272	21,066	70.6	58.2	25.5	1,654	12,308
2015	14,839	321,511	21,667	70.9	58.3	25.4	1,664	12,839
2016	15,164	336,465	22,188	71.1	58.5	25.4	1,704	12,888
2017	15,566	352,005	22,614	71.4	58.6	25.3	1,779	13,712
2018	15,933	367,990	23,096	71.6	58.7	25.3	1,772	13,967
2019	16,256	383,495	23,591	72.0	58.9	25.2	1,791	14,261
2020	16,605	400,111	24,096	72.3	59.0	25.2	1,828	14,941
2021	16,985	415,545	24,465	72.6	59.1	25.1	1,955	7,869

* Not available

Teachers' Retirement System
State of Montana

Table D-3

Contribution Rates

Valuation Date (July 1)	Contribution Rates: Employee	Employer	Total	Normal Cost Rate[1]	UAAL Rate[2]
2005	7.15	7.58	14.73	10.35	4.38
2006	7.15	7.58	14.73	10.37	4.36
2007	7.15	9.58	16.73	10.40	6.33
2008	7.15	9.58	16.73	10.87	5.86
2009	7.15	9.96	17.11	10.69	6.42
2010	7.15	9.96	17.11	9.74	7.37
2011	7.15	9.96	17.11	9.64	7.47
2012	7.15	9.96	17.11	9.64	7.47
2013	8.15	10.96	19.11	9.20	9.91
2014	8.15	11.06	19.21	9.44	9.77
2015	8.15	11.16	19.31	9.49	9.82
2016	8.15	11.26	19.41	10.18	9.23
2017	8.15	11.36	19.51	10.15	9.36
2018	8.15	11.46	19.61	10.32	9.29
2019	8.15	11.56	19.71	10.14	9.57
2020	8.15	11.66	19.81	10.20	9.61
2021	8.15	11.76	19.91	10.13	9.78

[1] Effective July 1, 2014, the Normal Cost Rate includes the administrative expense load.
[2] The UAAL rate is the amount available to amortize the UAAL. It is equal to the total contribution rate, minus the normal cost rate.
[3] The 1999 Legislation which passed the 1.5% GABA, also added a 0.11% state general fund contribution.

Teachers' Retirement System
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Appendix E

Glossary

The following definitions are largely excerpts from a list adopted in 1981 by the major actuarial organizations in the United States. In some cases the definitions have been modified for specific applicability to the Montana Teachers' Retirement System. Defined terms are capitalized throughout this Appendix.

Accrued Benefit
The amount of an individual's benefit (whether or not vested) as of a specific date, determined in accordance with the terms of a pension plan and based on compensation and service to that date.

Actuarial Accrued Liability
That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of pension plan benefits and expenses which is not provided for by future Normal Costs.

Actuarial Assumptions
Assumptions as to the occurrence of future events affecting pension costs, such as: mortality, withdrawal, disablement, and retirement; changes in compensation, rates of investment earnings, and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; and other relevant items.

Actuarial Cost Method
A procedure for determining the Actuarial Present Value of pension plan benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

Actuarial Gain (Loss)
A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions during the period between two Actuarial Valuation dates, as determined in accordance with a particular Actuarial Cost Method.

Actuarial Present Value

The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions.

Actuarial Valuation

The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a pension plan.

Actuarial Value of Assets

The value of cash, investments and other property belonging to a pension plan, as used by the actuary for the purpose of an Actuarial Valuation.

Actuarially Equivalent

Of equal Actuarial Present Value, determined as of a given date with each value based on the same set of Actuarial Assumptions.

Amortization Payment

That portion of the pension plan contribution which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Entry Age Actuarial Cost Method

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an Actuarial Valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

Market Value of Assets

The fair value of cash, investments and other property belonging to a pension plan that could be acquired by exchanging them on the open market.

Normal Cost

That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

Projected Benefits

Those pension plan benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits.

Unaccrued Benefit

The excess of an individual's Projected Benefits over the Accrued Benefits as of a specified date.

Unfunded Actuarial Accrued Liability

The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

Cavanaugh Macdonald
CONSULTING, LLC
The experience and dedication you deserve

Montana Public Employees' Retirement Board

Valuation Results
June 30, 2021

Presented October 7, 2021

Benefit Financing

- Basic Retirement Funding Equation

$$C + I = B + E$$

C	=	Contributions
I	=	Investment Income
B	=	Benefits Paid
E	=	Expenses (administration)

Benefit Financing

$$C + I = B + E$$

B depends on

- Plan Provisions
- Experience

C depends on

- Short Term: Actuarial Assumptions
  Actuarial Cost Method
- Long Term: I, B, E

Results

Comments on Valuation

- Asset returns
  - Market asset returns averaged 27.48% vs. 7.65% expected (19.83% more than expected)
  - Actuarial asset returns averaged 10.67% vs. 7.65% expected (3.02% more than expected)
    - Actuarial value of assets smooth investment gains and losses on a market value basis over a four-year period
    - The actuarial value of assets indicates unrecognized investment gains will be recognized over the following three years

Comments on Valuation

- Funded Ratios
  - Funded ratios increased for all plans
- Amortization Periods for Unfunded Liability
  - Amortization periods decreased for all systems
  - The amortization period for GWPORS exceeds 30 years

Comments on Valuation

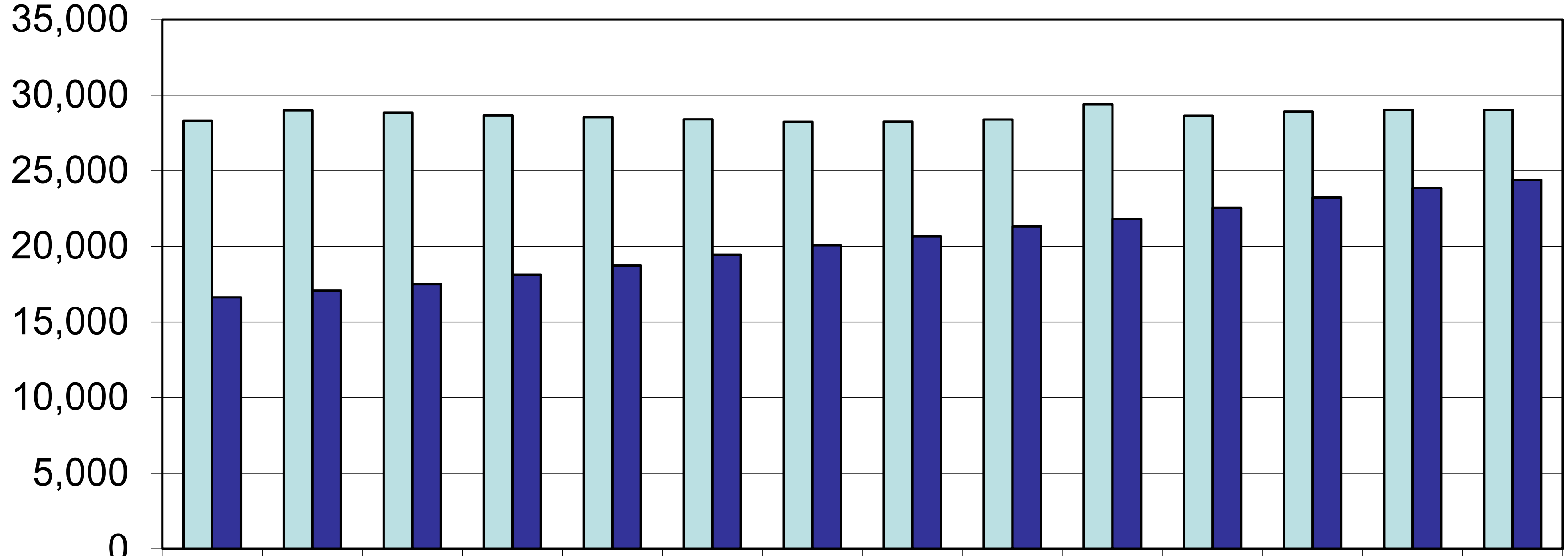
- Actuarial Experience
  - Overall experience gain of $169.0 million across all plans
  - Actuarial value of assets investment gain of $244.4 million due to investment returns greater than the assumed rate of 7.65%
  - Demographic experience gain of $18.6 million
  - Experience loss of $94.0 million due to salary increases that were greater than anticipated

Comments on Valuation

- PERS
  - In accordance with statute, the employer contribution rate was increased by 0.1%.
- HPORS
  - State special revenue fund to transfer $4,000,000 by August 15, 2021, $2,000,000 by August 15, 2022, and $500,000 by August 15th for each fiscal year thereafter until the plan is 100% funded.
- JRS
  - Contribution holiday July 1, 2021 through June 30, 2023. Beginning July 1, 2023 employer contributions will resume at 14.00% until the funded ratio drops below 120%.

PERS Valuation Results

PERS Active and Retired Membership



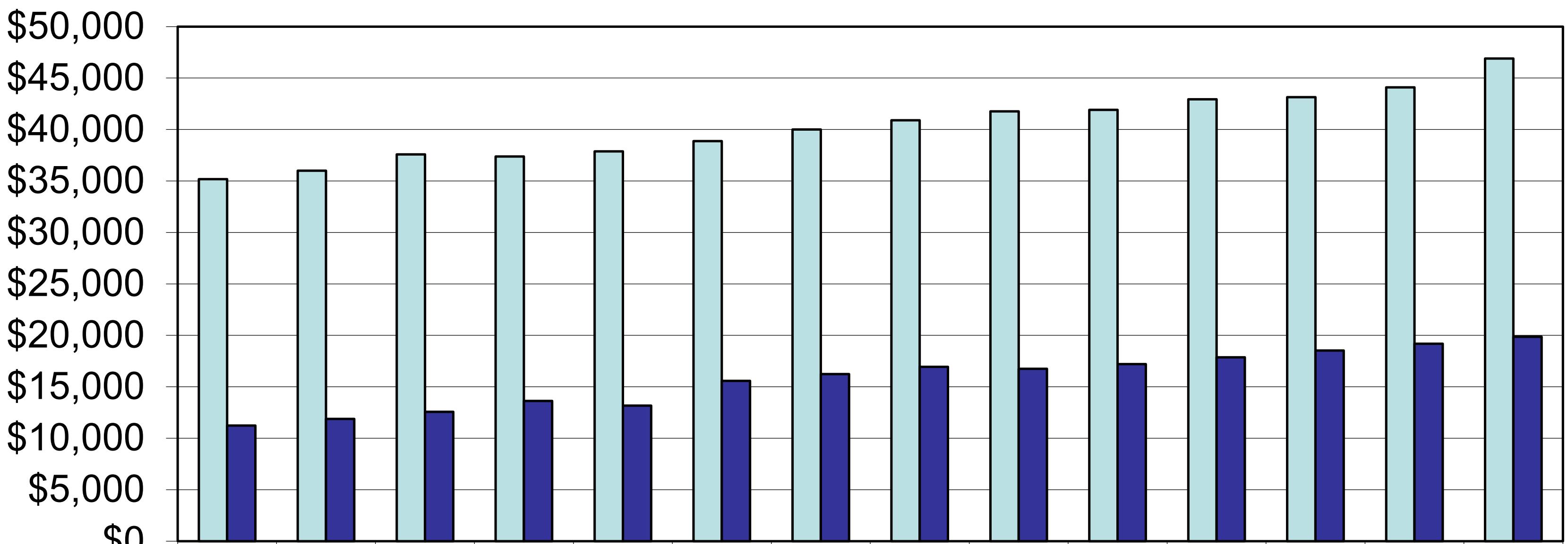
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actives	28,293	28,983	28,834	28,659	28,548	28,401	28,229	28,237	28,390	29,395	28,646	28,908	29,039	29,028
Retirees	16,627	17,075	17,512	18,123	18,738	19,451	20,081	20,681	21,333	21,805	22,556	23,245	23,856	24,403

0.2% annual increase for active members since 2008; 0.04% decrease for 2021.

3.0% annual increase for retired members since 2008; 2.3% increase for 2021.

0.6 retirees per active 13 years ago; 0.84 retirees per active now.

PERS Average Salary and Benefits

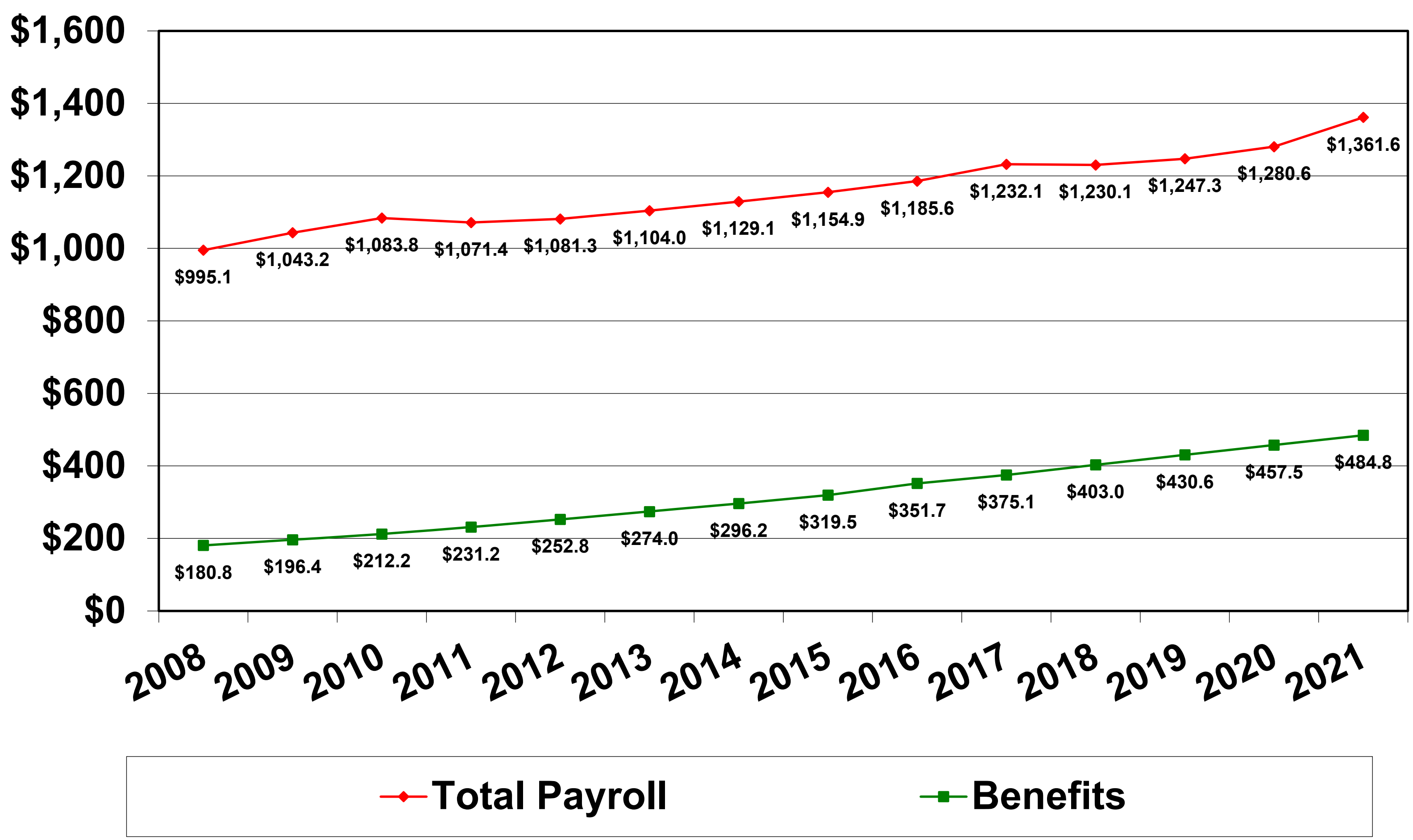


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actives	$35,172	$35,994	$37,587	$37,384	$37,876	$38,872	$39,998	$40,899	$41,763	$41,914	$42,942	$43,149	$44,098	$46,906
Retirees Benefits	$11,231	$11,884	$12,575	$13,625	$13,177	$15,574	$16,230	$16,945	$16,748	$17,201	$17,866	$18,522	$19,178	$19,865

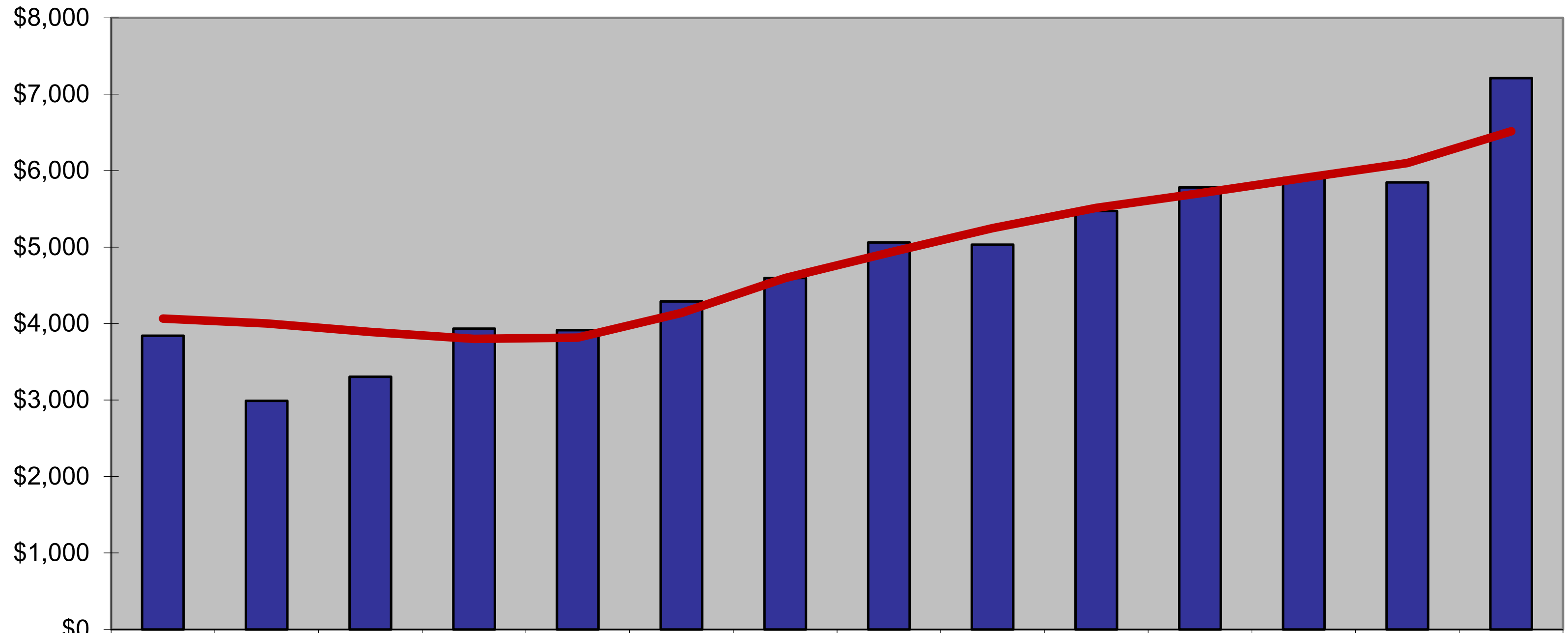
2.2% annual increase for average salary since 2008; 6.4% increase for 2021.

4.9% annual increase for average benefits since 2008; 3.6% increase for 2021.

PERS Payroll & Benefits
($ Millions)



PERS Assets
($ Millions)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Market Value	$3,841	$2,988	$3,304	$3,933	$3,913	$4,290	$4,596	$5,061	$5,033	$5,473	$5,780	$5,903	$5,845	$7,210
Actuarial Value	$4,065	$4,002	$3,890	$3,801	$3,817	$4,140	$4,596	$4,927	$5,248	$5,514	$5,705	$5,903	$6,099	$6,515

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Market Return	**(4.9)%**	**(20.9)%**	**12.9%**	**21.7%**	**2.3%**	**13.0%**	**17.1%**	**4.6%**	**2.0%**	**11.9%**	**8.9%**	**5.7%**	**2.7%**	**27.8%**
Actuarial Return	**7.6%**	**(0.2)%**	**(1.2%)**	**(0.1)%**	**3.3%**	**11.9%**	**13.2%**	**9.6%**	**9.3%**	**8.1%**	**6.7%**	**7.1%**	**7.1%**	**10.8%**

PERS Funding Results

	July 1, 2020 Valuation	July 1, 2021 Valuation
Total Normal Cost Rate	9.81%	9.71%
Administrative Expense Load	0.28%	0.29%
Rate to Amortize UAL	6.64%	6.83%
Transfer to DB Education Fund	0.04%	0.04%
Statutory Funding Rate*	16.77%	16.87%
Actuarial Accrued Liability	$8.234.0 million	$8.534.6 million
Actuarial Value of Assets	$6,099.4 million	$6,515.0 million
Unfunded Accrued Liability	$2,134.6 million	$2,019.6 million
Funded Ratio	74.08%	76.34%
Amortization Period*	35 Years	28 Years

* Reflects anticipated increases in employer supplemental contribution rates and projected State revenue. Payable in fiscal year immediately following the valuation date.

Valuation Results – Other Plans

System	Funded Ratio 2020	Funded Ratio 2021	Amortization Period 2020	Amortization Period 2021	Statutory Rate	30-Year Funding Rate 2020	30-Year Funding Rate 2021
JRS***	163%	177%	0	0	7.00%	(5.93%)	(11.97%)
HPORS**	65%	67%	39	26	51.38%	54.99%	48.81%
SRS	81%	83%	21	18	23.61%	22.14%	21.36%
GWPORS	84%	85%	40	35	19.56%	20.13%	19.85%
MPORS	71%	74%	16	15	52.78%	44.29%	43.13%
FURS	82%	86%	8	6	57.67%	36.88%	34.03%
VFCA*	87%	99%	4	1	5% of premium taxes	$913,824	$351,815

* The actual contributions for the fiscal year ending 2020 and 2021 were $2,486,772 and $2,591,791, respectively.

** Calculation of amortization period Includes state special revenue transfers

*** Employer contribution holiday beginning July 1, 2021 through June 30, 2023. Beginning July 1, 2023, employer contributions will resume at a reduced rate of 14.00% until the funded ratio drops below 120%.

PERS DCRP Long Term Disability Plan

	July 1, 2020 Valuation	July 1, 2021 Valuation
Total Normal Cost Rate	0.29%	0.29%
Rate to Amortize UAL	0.01%	0.01%
Statutory Funding Rate	0.30%	0.30%
Actuarial Accrued Liability	$5,202,583	$5,778,856
Actuarial Value of Assets (Market Value)	$5,753,289	$7,992,719
Unfunded Accrued Liability	($550,706)	($2,013,863)
Funded Ratio	110.59%	134.85%
Amortization Period	0 Years	0 Years
30-Year Funding Rate	0.28%	0.25%

Upcoming Projects

- Experience Study

Actuarial Certifications & Disclosures

- Todd B. Green, is a member of the American Academy of Actuaries, Associate of the Society of Actuaries, and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

- Additional information regarding the assumptions and methods can be found in the June 30, 2021 actuarial valuation reports.

MONTANA
BOARD OF INVESTMENTS

To: Board of Directors
From: Doug Hill-Director In-State Loan Programs
Date: November 30, 2021
Subject: Commercial and Residential Loan Portfolios

As of November 1, 2021, the Commercial loan portfolio balance was $192,669,712 and represents 108 loans. There are currently four loan reservations that total $16,875,000 and seven loans committed that total $5,043,986. The commercial loan portfolio, excluding the Veterans Home Loan Program, Multifamily Coal Trust Homes Program, and Intermediary Relending Program has a yield of 2.61%. There are no loans past due over 30 days.

The Residential loan portfolio reflected an outstanding balance, as of October 21, 2021, of $2,057,404 and represents 58 loans with a yield of 6.26%. There are no outstanding reservations. There are two loans, with an FHA guaranty, over 90 days past due totaling $122,271 or 5.94% of the portfolio.

The Veterans Home Loan Mortgage portfolio reflected an outstanding balance, as of October 21, 2021, of $47,840,613 and represents 274 loans with a yield of 1.69%. There are three reservations totaling $712,930 with a projected yield of 0.95%. There are four loans over 90 days past due totaling $547,215, or 1.14% of the portfolio. The remaining available funds is $1,446,457.

The Multifamily Coal Trust Homes Program reflected an outstanding balance, as of November 1, 2021, of $5,113,482 and represents four loans with a yield of 2.65%. There are three reservations totaling $9,293,995 with a projected yield of 2.53%. There are no past due loans. The remaining available funds is $592,523.

The Intermediary Relending Program reflected an outstanding balance, as of November 1, 2021, of $4,832,371 and represents 37 loans with a yield of 2.00%. There is $538,601 available to advance. There are two loans committed that totals $750,000. There are no past due loans. The remaining available funds is $3,879,028.

Montana Non-Core Fixed Income

Asset Class Review

Presented by:
Jason Brent, CFA, CAIA

Date:
December 1, 2021

Non-Core Fixed Income

Contents

- Non-Core Fixed Income Asset Class Overview 3
- Description of Approved Investments 4
- Asset Class Objectives 5
- Non-Core Fixed Income Risks 6
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- Preferred Securities 8
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- Current Portfolio 11
- Current Exposures 12
- Current Environment 13
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- Appendix 15

Non-Core Fixed Income

- Approved Pension Plan Allocation Range of 4%-8%
- Montana Public Retirement Plans Investment Policy Statement allows for:
  - *US High Yield Fixed Income*
  - *Preferred Securities*
  - *Emerging Markets Debt*
  - *Convertible Debt*
- High Yield Strategies will make up at least 25% and no more than 75% of the Non-Core Fixed Income Asset Class
- No strategy other than High Yield will comprise more than 50% of the asset class
- Long history in US High Yield
- Added a Preferred Securities and an Emerging Market Debt manager in 2020
- Considering adding an allocation to Convertible Bonds

Non-Core Fixed Income

Description of Approved Non-Core Fixed Income Investments

- High Yield Bonds
  - *Below-investment grade debt of corporate issuers*
  - *Higher yields to compensate for higher credit risk than investment grade bonds*
- Preferred Securities
  - *Income comes from dividend payments, not coupon interest*
  - *Higher income comes from subordination, not from higher issuer credit risk*
- Emerging Markets Debt
  - *Bonds of sovereign, quasi-sovereign and corporate issuers in less developed countries*
- Convertible Bonds
  - *Pay fixed coupon payments and can be converted to common stock*
  - *Subordinate to senior debt*

Non-Core Fixed Income

Asset Class Objectives

- Current Income
  - *Consistent cash flow stream from coupon payments/preferred dividends*
- Return Enhancement
  - *Higher yields than Core Fixed Income*
- Diversification
  - *Diverse subset of issuers, sectors, geographies*
- Outperformance vs. the benchmark is not the ultimate measure of success
  - *Passive investment is not a viable alternative*
  - *Conscious of the risk/reward dynamics*

Non-Core Fixed Income

Non-Core Fixed Income Risks

- Credit risk
  - *High-yield bonds have higher credit risk than investment-grade bonds*
- Interest rate risk
  - *Bond prices may change in reaction to changes in market interest rates*
- Call Risk
  - *A callable security allows the issuer to repay the bond before maturity. The security holder would then likely have to reinvest the proceeds at lower interest rates*
- Liquidity risk
  - *Smaller issue sizes and smaller trading volumes may lead to diminished ability to sell a high-yield bond*
- Political risk (EMD)
  - *Government instability and lack of central bank credibility can have a large impact on returns*

Non-Core Fixed Income

High Yield Bonds

- Debt Issued by corporations
- Higher credit risk than investment grade bonds due to:
  - *Higher leverage*
  - *Companies experiencing financial difficulties*
  - *Smaller or emerging companies*
- Short to intermediate term maturities
- Callable
- Below-investment grade credit ratings

CREDIT RATING SCALES		
Grade	**S&P, Fitch**	**Moody's**
Investment grade	AAA	Aaa
	AA	Aa
	A	A
	BBB	Baa
Below-investment grade (High Yield)	BB	Ba
	B	B
	CCC	Caa
	CC	Ca
	C	C

Non-Core Fixed Income

Preferred Securities

- Pay a dividend, not coupon interest
  - *Preferred dividend is paid before common dividends*
  - *In times of severe stress, issuer can stop paying preferred dividend*
- Variety of structures
  - *Can be perpetual, floating rate, or fixed-to-floating rate*
  - *Contingent Convertibles ("CoCos")*
- Junior in capital structure
  - *Rank lower than senior debt and higher than common equity*
- High quality issuers
  - *Typically have investment grade senior debt*
  - *Securities may be rated investment grade or non-investment grade*
- Predominantly financial sector issuers (Banks, Insurance Companies)

Non-Core Fixed Income

Emerging Market Debt (EMD)

- Issuer types
  - *Governments (sovereign issuers) of less-developed countries*
  - *Quasi-sovereign entities (whole/partially government owned or government guaranteed)*
  - *Corporations in countries classified as Emerging Markets*
- Sovereign debt types
  - *Hard currency=bonds issued in US Dollars (or Euros)*
  - *Local currency=bonds issued in the currency of the issuer's country*
- Lower credit ratings than Developed Market countries
  - *Due to greater economic and/or political risks*
  - *Ratings range from investment grade to non-investment grade*
- Strategy focus
  - *MBOI has a blended portfolio, which has a mix of both hard currency and local currency bonds, plus an allocation to EM corporate bonds*

Non-Core Fixed Income

Convertible Bonds

- Pay a low, fixed-rate coupon and have a fixed maturity date
- "Convertible"
  - *Bonds may be converted into common equity*
  - *Conversion ratio determines how many shares may be converted from each bond*
- "Hybrid" security
  - *Fixed income attributes (coupon payments), which provide downside protection*
  - *Upside potential related to equity value, but capped due to callability*
- *Issuer types*
  - *Predominantly high-growth companies with no rated debt*
- *Risk & Return profile*
  - *Tend to have higher returns and higher volatility than high yield bonds*

Non-Core Fixed Income

Current Portfolio

PERFORMANCE NET OF FEES AS OF 9/30/20									
MANAGER NAME	STRATEGY	MARKET VALUE AS OF 9/30/2021 (000 USD)	INCEPTION DATE		QTR	1 YEAR	3 YEARS	5 YEARS	SINCE INCEPTION
Neuberger Berman	US High Yield	$180,757	1/1/2010	Net returns	0.41%	9.94%	6.42%	5.64%	6.98%
				VS. BENCHMARK	-0.49%	-1.34%	-0.48%	-0.86%	-0.44%
Shenkman	US High Yield	$192,357	12/1/2017	Net returns	0.81%	9.62%	6.50%	---	5.42%
				VS. BENCHMARK	-0.08%	-1.66%	-0.39%	---	-0.72%
Oaktree	US High Yield	$219,553	12/6/2017	Net returns	0.81%	10.28%	6.69%	---	5.49%
				VS. BENCHMARK	-0.08%	-1.00%	-0.20%	---	-0.64%
Cohen & Steers	Preferred Securities	$158,160	10/22/2020	Net returns	1.11%	---	---	---	7.89%
				VS. BENCHMARK	0.52%	---	---	---	1.37%
Payden & Rygel	Emerging Market Debt	$147,830	12/15/2020	Net returns	-1.06%	---	---	---	-1.84%
				VS. BENCHMARK	0.36%	---	---	---	0.18%

- Approved range of 4%-8% for Non-Core Fixed Income
  - *Current exposure=6.13%*
  - *High Yield = 66% of the asset class*

Non-Core Fixed Income

Current Exposures

EXPOSURE BY CREDIT RATING	Port %	BM %	+/-
BBB or higher	18.9%	0.5%	18.4%
BB	34.9%	51.0%	-16.1%
B	33.0%	35.3%	-2.3%
CCC & Lower	9.6%	11.2%	-1.6%
NR/NC	3.7%	2.0%	1.7%
TOTAL	**100.0%**	**100.0%**	

TOP 5 OVERWEIGHTED SECTORS	Port %	BM%	+/-
Banking	11.4%	1.6%	9.8%
Hard Currency Sovereign Bonds	7.5%	0.0%	7.5%
Local Currency Sovereign Bonds	3.6%	0.0%	3.6%
Insurance	4.3%	2.2%	2.1%
Gov't Owned, No Guarantee	2.1%	0.0%	2.1%

TOP 5 UNDERWEIGHTED SECTORS	Port %	BM%	+/-
Consumer Cyclical	12.5%	20.5%	-8.0%
Communications	11.0%	16.1%	-5.1%
Consumer Non-Cylical	9.7%	13.4%	-3.7%
Energy	9.9%	13.4%	-3.5%
Capital Goods	5.0%	8.4%	-3.4%

Non-Core Fixed Income

Current Environment

- While HY spreads remain tight, default expectations are exceptionally low (<1%).
- Composition of HY benchmark is now higher quality (>BB %)
- Fundamentals for Preferred Securities are good, with a banking system that is healthy and well capitalized
- EMD
    - Growth and inflation concerns have weighed on EMD returns
    - Strength of USD has hurt local bonds in 2021
- Global demand for yield is supportive of Non-Core Fixed Income

Non-Core Fixed Income

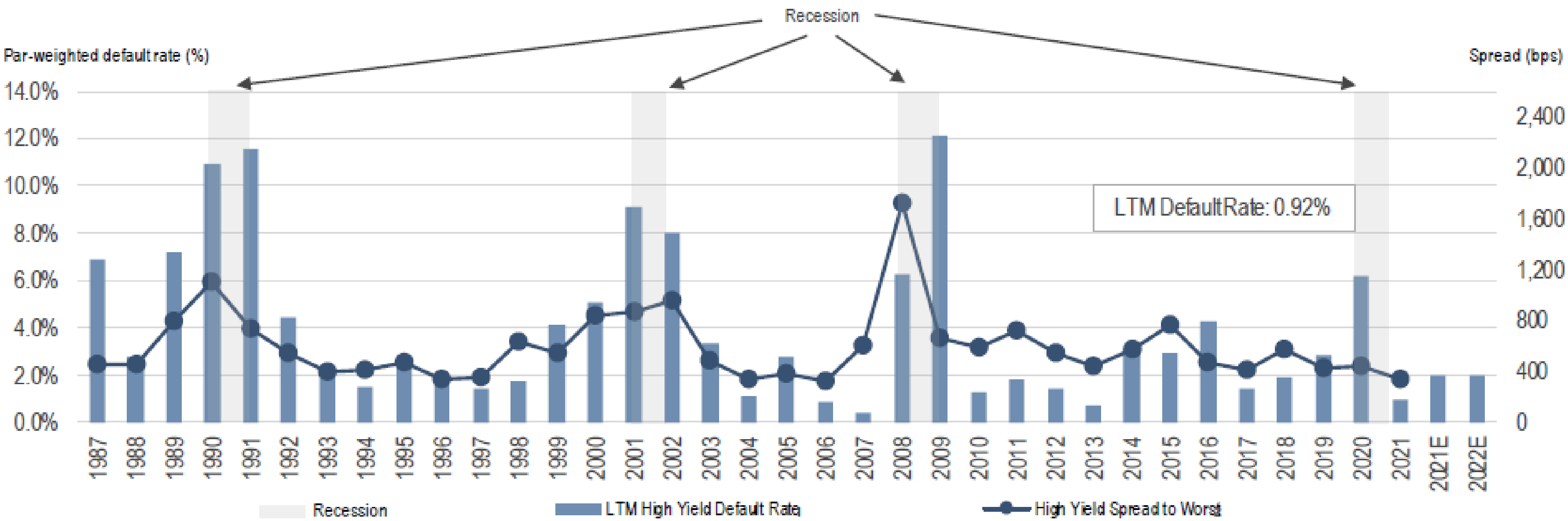
Summary

- Non-Core Fixed Income Asset Class Objectives
    - *Current income*
    - *Return enhancement over Core Fixed Income*
    - *Diversification*
- Strategy focus
    - *Have historically had a conservative bias in High Yield managers*
    - *Preferred Securities manager with flexibility among security types and structures*
    - *Blended Emerging Market Debt (hard and local currency bonds)*

Non-Core Fixed Income

Appendix

High Yield Spreads and Default Rates



ANNUAL HIGH YIELD RETURNS (%)[3]

1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	YTD
4.5	13.4	2.3	-4.4	39.2	17.4	16.7	-1.0	20.5	11.3	13.3	3.0	2.5	-5.1	4.5	-1.9	28.1	10.9	2.7	11.8	2.2	-26.4	57.5	15.2	4.4	15.6	7.4	2.5	-4.6	17.5	7.5	-2.3	14.4	6.2	4.7

Average Return During Sell Off[4]: -7.2% Median Return During Sell Off[4]: -4.5%	Average Return During Recovery[4]: 27.9% Median Return During Recovery[4]: 24.3%	Average HY Spread to Worst[2]: 590 Bps Median HY Spread to Worst[2]: 538 Bps	Long-Term Average Default Rate[5]: 3.92% Long-Term Median Default Rate[5]: 2.82%