

MONTANA

BOARD OF INVESTMENTS

REGULAR BOARD MEETING
FEBRUARY 25-26, 2026

COMMITTEE MEETINGS

A. **Audit Committee – Mark Barry, Chair**

Committee Members – Younkin, Iverson

9:30 AM

1. Public Comment – *Public Comment on issues with Committee Jurisdiction*
2. Approval of December 10, 2025, Committee Minutes
3. Executive Director Comments
4. Audit Checklist
5. Ethics Policy – Staff Compliance
6. Financial Audit Reports

BREAK

10:00 AM

Tab 1 **CALL TO ORDER – Jeff Meredith, Chairman**

10:15 AM

- A. Notice of Video Recording of Meeting
- B. Roll Call
- C. Public Comment – *Public Comment on issues with Board Jurisdiction*
- D. Approval of December 10, 2025, Meeting Minutes
- E. Administrative Business
 1. Audit Committee Report
- F. Comments from TRS and PERS Board Members
- G. Comments from Board Legislative Liaisons

Tab 2 **EXECUTIVE DIRECTOR REPORTS – Dan Villa**

10:30 AM

- A. Member Requests from Prior Meeting
- B. Monthly Snapshot
- C. Disaster Recovery and Emergency Preparedness
- D. Board Member Ethics Training
- E. Outreach Efforts – Commercial and Municipal Loan Programs
- F. Budget Status FYTD

Tab 3 **COMMERCIAL LOAN PROGRAM – Doug Hill, Director of Commercial Loans**

11:00 AM

- A. Commercial and Residential Portfolios Report

Tab 4 **MUNICIPAL LOAN PROGRAM – Louise Welsh, Director of Municipal Loans**

11:15 AM

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

Tab 5 **DC/457 MANAGEMENT**

11:30 AM

1. Public Comment
2. **Decision**

BREAK FOR LUNCH

12:15 PM

Tab 6 SHORT TERM INVESTMENT POOL REVIEW	1:00 PM
BREAK	2:00 PM
Tab 7 INVESTMENT POLICY STATEMENT	2:15 PM
1. Public Comment	
2. Decision	
Tab 8 RVK	2:30 PM
Tab 9 INVESTMENT UPDATE	3:15 PM
ADJOURN	

February 26, 2026

CALL TO ORDER – Jeff Meredith, Chairman	9:00 AM
A. Notice of Video Recording of Meeting	
B. Roll Call	
C. Public Comment – <i>Public Comment on issues with Board Jurisdiction</i>	
Tab 9 BOARD TRAINING – RVK	9:15 AM
RECAP OF STAFF TO DO LIST AND ADJOURNMENT – Jeff Meredith, Chairman	

MONTANA

BOARD OF INVESTMENTS

AUDIT COMMITTEE MEETING MINUTES DECEMBER 10, 2025 9:00 a.m.

Call to Order

The Board of Investments Audit Committee meeting was called to order by Committee Chair Mark Barry at 9:00 a.m. on Wednesday, December 10, 2025.

Committee Members Present: Mark Barry, Cindy Younkin, Dwaine Iverson

Committee Members Absent: None

Board Members Present: Jeff Meredith, Maggie Peterson, Tim Kober, Porter Bennett, John Milanovich, Dan Trost

Board Members Absent: None

Legislative Liaisons Present: Representative Larry Brewster

Legislative Liaisons Absent: Senator Shane Morigeau

Board Staff Present: Brenda Thomas, Cort Jensen, Dan Villa, Doug Hill, Eron Krpan, Ethan Hurley, Ethan Kittle, Jason Brent, Jessilynn Salois, John Carpenter, John Romasko, Jon Putnam, Julie Feldman, Kirsten Haswell, Louise Welsh, Mark Lodman, Matt Hoffman, Peggy MacEwen, Peggy Saarela, Polly Boutin, Savannah Morgan, Sheli Jacoby, Steve Strong, Tammy Lindgren, Thomas Winkler, Tim House, Willie Gross

Interested Parties Present: Cyril Espanol - With Intelligence

1. Public Comment

Chair Barry called for public comment on issues within the Committee's jurisdiction. There was no public comment.

2. Approval of Committee Meeting Minutes

Chair Barry called for comments and a motion to approve the October 14, 2025, Audit Committee meeting minutes. Member Younkin moved to approve. Chair Barry seconded the motion, which passed unanimously.

3. Executive Director Comments

Executive Director Villa noted that there will be a change in reporting going forward for the new and expired/ending investment commitments. Beginning in 2026, they will be reported at each quarterly meeting during the Audit Checklist portion of the Audit Committee.

4. Audit Committee Checklist

Comptroller Julie Feldman presented the Audit Committee Checklist. The Legislative Audit Division (LAD) is nearing completion of its fieldwork for both the Unified Investment and Enterprise Financial Statements for fiscal year 2025 (FY25). The unaudited STIP financial statements for FY25 were posted to the BOI website in October for the local governments to reference. The FY25 Annual Report will be presented later in this meeting. The staff who were not in attendance at the internal control training during the October 14, 2025, Board meeting have since completed the training, therefore bringing BOI staff into full compliance. Representatives from the Teachers' Retirement System (TRS) and Montana Public Employees Retirement Administration (MPERA) will present at today's meeting, as required by statute. BOI will present to MPERA on December 11 and previously presented to TRS on December 5. A report on Securities Litigation will be presented later in the Board meeting.

5. Annual Statutory Compliance Checklist

The Annual Statutory Compliance Checklist addresses only the statutory reporting requirements of BOI, as outlined in the Annual Report and Financial Statements. Numerous other statutes mention the Board of Investments; they are not included within this checklist as they do not have a BOI reporting requirement. The FY25 Statutory Compliance Checklist has been completed except for a few end-of-year items. The Annual Report will be presented to the Governor's Office and Legislature once finalized and will be posted to the BOI website before the December 31 deadline.

Board Member Peterson noted that on page 7 of the checklist, the item "estimate of the levels of activities for the next year" was not checked off. Ms. Feldman replied that it had been completed and that she would revise the checklist accordingly.

Chair Barry called for a motion to recommend approval of the Annual Statutory Compliance Checklist, pending any audit changes, as well as the open items mentioned by Ms. Feldman. Member Younkin moved to recommend approval. Chair Barry seconded the motion, which passed unanimously.

6. Audit Committee Charter Review

Ms. Feldman presented the Audit Committee Charter Compliance memo. This memo confirms that BOI staff have met the requirements of the Audit Committee Charter.

Chair Barry called for a motion to recommend approval of the staff's affirmation of compliance with the Audit Committee Charter, as well as affirming the Audit Committee Charter, policy 10.161. Member Younkin moved to recommend approval. Chair Barry seconded the motion, which passed unanimously.

7. Draft FY25 Annual Report

Director of Municipal Loans Louise Welsh presented the FY25 Annual Report, highlighting notable changes. The Real Estate Investment Services (REIS) Pool was added this fiscal year to manage legislatively mandated real properties in the state. A new section has been added for Economic Assistance Programs that the Board operates. In accordance with the 2025 Legislature, House Bill 924, the Veteran's Home Loan Mortgage Program and the Multifamily Coal Trust Homes Program were transferred to the Montana Board of Housing's administration in June 2025, removing them from the Coal Tax Permanent Fund reporting for BOI. Information has been added to the report regarding the Montana Housing Infrastructure Revolving (MHIR) Bond

Guarantee Program, which was established during the 2025 Legislative Session in House Bill 505.

Chair Barry called for a motion to recommend approval of the FY25 Annual Report, pending any audit changes, to the full Board. Member Younkin moved to recommend approval. Chair Barry seconded the motion, which passed unanimously.

8. Draft FY25 Financial Statements

Accounting Bureau Manager John Carpenter presented the draft FY25 Financial Statements. The first draft of the Unified Investment Program (UIP) and Enterprise Financial Statements was delivered to Ms. Feldman on September 9, 2025. They were reviewed by a GASB consultant, resulting in audit-ready statements on September 29, ahead of the October 1 regulatory deadline. There were no new GASB implementations for the Enterprise Financial Statements this year. Additional graphs and pictures were added to the Management's Discussion and Analysis (MD&A) section to enhance its readability and engagement. Interest expense was moved out of the operating expenses on the statement of cash flows. This had no impact on ending cash or net assets. The total change in net position for the Program was \$240,000. The total assets for the Program were \$72,000,000, with an ending net position of \$5.8 million. This statement was provided to the Department of Administration (DOA) on September 30, two weeks ahead of their deadline. The UIP Statement has a similar tale, with no new GASB implementations and the MD&A being revised to make it easier for readers to digest. The most significant change was the inclusion of the Real Estate Investment Services (REIS) Pool. The total change in net position for the Program was \$1.2 billion. The total assets for the Program were \$31.1 billion, with an ending net position of \$29.6 billion.

Chair Barry called for a motion to recommend approval of the FY25 UIP and Enterprise Financial Statements, subject to any audit changes, to the full Board. Member Younkin moved to recommend approval. Chair Barry seconded the motion, which passed unanimously.

With no further business before the Committee, the meeting adjourned at 9:43 a.m.

			Audit Committee Responsibilities	Updated for February 2026
<u>2026</u>	<u>2025</u>			<u>Comments</u>

<i>Financial Statements</i>				
		A.	Review with management and the external auditors:	
	X		1. The results of the audit, including any difficulties encountered;	<p>For the FY25 SOC audit, the report was presented and accepted during the October 2025 Audit Committee meeting. An entrance conference was held on March 12, 2025. Walk-throughs were scheduled for the week of June 2nd and on-site testing the week of July 21st. BOI has provided the requested sampling/testing documentation and updates to Wipfli on the control section of the report.</p> <p>For FY25, LAD has completed started their work on the financial statement audits for the UIP and Enterprise (Municipal) funds. The draft financial statements were will be presented during the December 2025 Audit Committee meeting, with the caveat that they were are subject to change as part of the completion of the audit process. <u>LAD issued unmodified opinions with no recommendations on both the UIP and Enterprise statements on January 12, 2026. An exit conference was held with LAD on January 14, 2026. The audit reports will be presented at the Legislative Audit Committee sometime in the future.</u></p> <p>LAD began their work on the FY24/FY25 biennial Federal Single Audit Report. The Montana Down Payment Loan Assistance Program managed by BOI will be included as a major federal program.</p>
	X		2. Significant accounting and reporting issues, including complex or unusual transaction and highly judgmental areas;	Ongoing – staff keeps Committee members informed if matters arise.
	X		3. Recent professional and regulatory pronouncements, and understand their impact on the financial statements;	Ongoing – staff keeps Committee members informed if matters arise. GASB statements to be implemented for FY25 presented during May 2025 meeting.
	X		4. The annual financial statements, and consider whether they are complete, consistent with	The draft FY25 UIP statements were presented to LAD and DOA by October 1, 2025, as required by MOM. The draft FY25 Enterprise statements were also

			Audit Committee Responsibilities	Updated for February 2026
<u>2026</u>	<u>2025</u>			<u>Comments</u>

			information known to Committee members, and reflect appropriate accounting principles;	presented to LAD and DOA on October 1, 2025, which is ahead of the MOM deadline of October 13, 2025.
	X		5. Review the annual report before release and consider the accuracy and completeness of the information; and	The draft FY25 Annual Report was will be presented during the December Audit Committee meeting. The final report was will be posted to the web prior to the statutory deadline of December 31, 2025.
	X		6. All matters required to be communicated to the Committee under generally accepted auditing standards.	Ongoing – The FY25 SOC report was presented and accepted by -the Audit Committee during the October meeting.
	X		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.	Ongoing – staff keeps Committee members informed if matters arise. Interim financial statements not prepared at this time.
			<i>Internal Control</i>	
	X	A.	Consider the effectiveness of the Board’s internal control systems, including financial reporting and information technology security and control.	Ongoing – During October 2025 Audit Committee Internal Control presentation all staff required to attend. During FY25, board staff have reviewed all IPS, and all recommended changes were presented to the Board for approval. During May 2025, a COOP tabletop exercise was conducted. During FY25, the annual review of the Internal Control Procedures was completed.
	X	B.	Understand the scope of internal and auditors’ review of internal control over financial reporting, and obtain reports on significant	Ongoing – The SOC Audit contract will run from May 31, 2025 through May 31, 2026, and may renewedbe renewed for up to a total contract period of seven years.

			Audit Committee Responsibilities	Updated for February 2026
<u>2026</u>	<u>2025</u>			<u>Comments</u>

			findings and recommendations, together with management’s responses.	<p>The GASB Consulting Services contract will run from November 5, 2024, through December 31, 2027.</p> <p>The Desk Manual project consolidated existing processes into the standard format. Standardizing the process documentation across BOI increases collective knowledge and consistency while mitigating risk by retaining process knowledge.</p>
			External Audits	
	X	A.	Review any external auditors’ proposed audit scope and approach, including coordination of audit effort with management.	LAD performs a Financial Compliance Audit in even numbered years.
	X	B.	Review the performance of the external auditors.	Ongoing.
	X	C.	Review and confirm the independence of the external auditors.	<p>LAD is a separate branch of government.</p> <p>The Board’s SOC auditor and GASB Consultant are two independent contractors that do not perform accounting, financial reporting, or other functions for the Board.</p>
	X	D.	Meet separately with the external auditors to discuss any matters that the committee or auditors believe should be discussed privately.	This can be done during the Entrance Conference, the Exit Conference, or at any other time the Committee chooses.
			Compliance	
	X	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 and instances of noncompliance.	<p>The Committee’s Statutory Compliance Checklist for FY2025 was <u>will be</u> presented at the Committee’s December 2025 meeting.</p> <p>LAD performs a Financial Compliance Audit in even numbered years. The next Financial Compliance Audit is scheduled for FY26.</p>

			Audit Committee Responsibilities	Updated for February 2026
<u>2026</u>	<u>2025</u>			<u>Comments</u>

	X	B.	Review the findings of any examinations by regulatory agencies, and any auditor observations.	<p>Ongoing – staff keeps Committee members informed if matters arise.</p> <p>For FY25, staff completed review of SOC reports for 3rd party service providers to BOI. No deficiencies impacting BOI were noted within the reports.</p> <p>Wipfli conducted a review of the Employee Workforce Housing Lottery Drawing work thru April 15, 2025. In their opinion the work was fairly presented in accordance with or based on the State Employee Housing Desk Manual and Lottery Criteria in all material respects and no exceptions or findings were identified.</p>
	X	C.	Review the process for communicating the Code of Ethics to Board personnel, and for monitoring compliance therewith.	<p><u>All staff have signed the Ethics Policy and Confidentiality of Use of Position Policies for 2026. As part of the BOI staff on-boarding process, new staff members are asked to sign the policy. All Board voting members have signed the Ethic and Confidentiality of Use of Position Policy during the February meeting.</u></p> <p>All staff have signed the Ethics Policy and Confidentiality of Use of Position Policies for 2025. As part of the BOI staff on-boarding process, new staff members are asked to sign the policy. All Board voting members have signed the 2025 Ethics Policy.</p>
	X	D.	Obtain regular updates from management regarding compliance matters.	<p>Ongoing – staff keeps Committee members informed if matters arise.</p> <p>During May 2025, the annual STIP confirmation letters were sent to both state agency (360) and local government (189) accounts. For state agencies, the letters were sent to the agency director. For local governments, the letters were sent to both the governing body and the authorized representative. The confirmation letters for the TFIP participants’ accounts were sent in May to 60 Trust Funds Investment Pool participants.</p>
	X	E.	Obtain a written report from Board staff if any audit issued contains findings, deficiencies, or recommendations.	No report required for FY25 audit reports.

			Audit Committee Responsibilities	Updated for February 2026
<u>2026</u>	<u>2025</u>			<u>Comments</u>

<i>Reporting Responsibilities</i>				
	X	A.	Provide an open avenue of communication between internal audit, the external auditors, and the Board.	Ongoing.
	X	B.	Report at least annually to the Board how the committee has fully discharged all responsibilities for the period being reported.	The Audit Committee reviews and updates this Audit Charter Checklist at each of its meetings to track its responsibilities and determine what has been completed. The Committee Chair regularly reports at Board meetings and annually affirms it has fulfilled its responsibilities. Annual affirmation takes place at the November/December meeting. Annual affirmation for CY2025 took will take place during the December 2025 meeting.
	X	C.	Review any other reports the Board issues that relate to Committee responsibilities.	Ongoing – staff keeps Committee members informed if matters arise. For FY25, the STIP unaudited financial statements were posted to the web during October 2025 for use by state agencies and local governments. During December 2025 meeting, TRS and MPERA representatives will speak with Board members, as statutorily required. BOI will report to the MPERA Board on December 11, 2025, and the TRS Board <u>on</u> December 5, 2025, as statutorily required.
<i>Securities and Litigation Policy</i>				
	X	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.	The custodial bank on behalf of BOI handles filing class actions related to domestic securities. BOI also has contracts with third-party entities to handle filing anti-trust and global security class actions on behalf of BOI.
	X	B.	Approve settlement of separate litigation or class action in which the Board is lead plaintiff or co-lead plaintiff.	Ongoing – staff keeps Committee members informed if matters arise.

			Audit Committee Responsibilities	Updated for February 2026
<u>2026</u>	<u>2025</u>			<u>Comments</u>

	X	C.	Authorize opting out of a class settlement.	Ongoing – staff keeps Committee members informed if matters arise.
	X	D.	Authorize filing of objections and comments on settlements	Ongoing – staff keeps Committee members informed if matters arise.
	X	E.	At least annually, receive and review staff reports on the status of matter other than passive claim filings.	During December 2025 meeting, report will be provided to Board on status of security litigation activity.
			<i>Other Responsibilities</i>	
	X	A.	Review on an annual basis the custodial bank’s rating from at least two nationally recognized statistical rating organizations.	During FY25, the custodial bank’s ratings were reviewed from at least two nationally recognized statistical rating organizations and were within Governance Policy requirements. During a special meeting on March 24, 2022, the Board approved the final custodial bank contract as negotiated by BOI and custodial staff.
	X	B.	Review and assess the adequacy of the committee charter annually, requesting Board approval for proposed changes.	During December 2025 Committee meeting, annual audit charter review will occur <u>red. No changes recommended to charter.</u>
	X	C.	Performing other activities related to the committee charter as requested by the Board.	During FY24 and FY25 <u>and FY26</u> , all staff were occasionally required to work from home to ensure continual connectivity. Board offices have satellite wi-fi access.
			<i>Committee Reports</i>	
	X	A.	Keep the Board informed on a timely basis on the actions taken, recommendations, and decisions made by the Committee.	The Audit Committee Chair regularly reports at Board meetings; these reports are included in Board meeting minutes. CEM will be provided data on a bi-annual basis with report being generated in even years. The CEM report was discussed during October 2024 meeting.

MONTANA

BOARD OF INVESTMENTS

To: Members of the Board
From: Dan Villa, Executive Director
Date: February 25, 2026
Re: Policy 10.217 Authorization of Investment Managers

The Board unanimously approved Resolution No. 217 at the November 2007 Board meeting. The Board subsequently approved Policy 10.217 at the June 2022 Board meeting, which now governs.

Policy 10.217 “designates its Executive Director as agent of the Board to deal with investment managers.” This is accomplished through the execution of Agent/Account Authorization Signatory Lists for each asset class. These are updated regularly whenever a BOI staff member is added or removed, new managers are hired, or business relationships end.

The tables below show the asset classes and the accounts added to or deleted from, along with the date of the addition or deletion, as required.

I am happy to answer any questions you may have.

MANAGER/NEW COMMITMENT	COMMITMENT DATE	ASSET CLASS
Golden Tree Tactical Opportunities Fund, LP	November 17, 2025	Private Investments
Highland Rim Capital Fund I, LP	December 11, 2025	Private Investments
Walton Street Real Estate Debt Core Fund LP	December 16, 2025	Real Estate

MANAGER/CLOSED COMMITMENT	CLOSED DATE	ASSET CLASS



A REPORT
TO THE
MONTANA
LEGISLATURE

FINANCIAL AUDIT

Montana Board of Investments

*For the Fiscal Year Ended
June 30, 2025*

JANUARY 2026

LEGISLATIVE AUDIT
DIVISION

25-04

**LEGISLATIVE AUDIT
COMMITTEE**

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MEMBERS SERVE UNTIL A
MEMBER'S LEGISLATIVE TERM
OF OFFICE ENDS OR UNTIL A
SUCCESSOR IS APPOINTED,
WHICHEVER OCCURS FIRST.

§5-13-202(2), MCA

FRAUD HOTLINE
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1-800-222-4446
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444-4446
LADHotline@legmt.gov
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FINANCIAL AUDITS

Financial audits are conducted by the Legislative Audit Division to determine if the financial statements included in this report are presented fairly and the agency has complied with laws and regulations having a direct and material effect on the financial statements. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States Government Accountability Office. Financial audit staff members hold degrees with an emphasis in accounting and many staff members hold Certified Public Accountant (CPA) certificates.

The Single Audit Act Amendments of 1996 and the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards require the auditor to issue certain financial, internal control, and compliance reports in addition to those reports required by *Government Auditing Standards*. This individual agency audit report is not intended to comply with these reporting requirements and is therefore not intended for distribution to federal grantor agencies. The Legislative Audit Division issues a statewide biennial Single Audit Report which complies with the above reporting requirements. The Single Audit Report for the two fiscal years ended June 30, 2023, was issued August 19, 2024. The submission deadline for the Single Audit Report for the two fiscal years ended June 30, 2025, is March 31, 2026.

AUDIT STAFF

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Reports can be found in electronic format at:
<https://legmt.gov/lad/audit-reports>

LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:
Alexa O'Dell
William Soller
Miki Cestnik

January 2026

The Legislative Audit Committee
of the Montana State Legislature:

It is a pleasure to provide our financial audit report of the Montana Board of Investments (board) for the fiscal year ended June 30, 2025. This report includes financial statements of the board's Unified Investment Program (UIP) and Enterprise Fund Program. We issued unmodified opinions on the financial statements for each of these programs.

We performed this audit of the board to comply with the Montana Constitution and state law. Our audit work included analyzing financial statements, note disclosures, and required supplementary information, examining the underlying financial activity, and testing selected control systems. This included performing work to determine whether investments in the UIP and loans and notes receivable in the Enterprise Fund Program were appropriately recorded on the financial statements. This report does not contain any recommendations to the board. The report includes a disclosure issue related to how the Pintler Meadows Workforce Housing Development is recorded in the board's new Real Estate Investment Service internal investment pool.

The board's written response to the audit is included in the audit report on page C-1. We thank the Executive Director and his staff for their cooperation and assistance throughout the audit.

Respectfully submitted,

/s/ Angus Maciver

Angus Maciver
Legislative Auditor

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Montana Board of Investments	C-1

FIGURE AND TABLE

Figure

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Table

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APPOINTED AND ADMINISTRATIVE OFFICIALS

	<u>Name</u>	<u>Representative of</u>	<u>City</u>	<u>Term Expires</u> <u>January</u>
Montana Board of Investments	Jeff Meredith, Chair	Small Business	Kalispell	2029
	Mark Barry	Financial Community	Helena	2029
	Porter Bennett	Agriculture	Pony	2027
	Dwaine Iverson	Financial Community	Shelby	2027
	Tim Kober	Labor	Butte	2027
	John Milanovich	Financial Community	Helena	2029
	Maggie Peterson	PERS	Anaconda	2029
	Daniel Trost	TRS	Helena	2029
	Cindy Younkin	Law	McAllister	2027
	Shane Morigeau	Senate Liaison	Missoula	2026
Larry Brewster	House Liaison	Billings	2026	
Administrative Officials	Dan Villa, Executive Director			
	Peggy MacEwen, Chief Operating Officer			
	Jon Putnam, Chief Investment Officer			
	Julie Feldman, Comptroller			

For additional information concerning the Montana Board of Investments, contact:

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MONTANA LEGISLATIVE AUDIT DIVISION

FINANCIAL AUDIT
 Montana Board of Investments
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025

A report to the Montana Legislature

BACKGROUND

Article VIII, Section 13 of the Montana Constitution requires the Legislature to provide for a Unified Investment Program (UIP) for public funds, and §17-6-201, MCA, requires the Montana Board of Investments (board) to administer the program. The board has sole authority to invest the funds and assets of the Montana Public Employees' Retirement Board, the Teachers' Retirement Board, and the Montana State Fund. State agencies and certain local governments, such as cities, counties, and school districts, also participate in the UIP. The UIP consists of four internal and external investment pools, Separately Managed Accounts for state agencies, and the treasurer's cash pool.

The board also administers the Enterprise Fund Program, consisting of the state's Municipal Finance Consolidation Act and the Economic Development Bond Act programs.

State law allocates the board to the Department of Commerce for administrative purposes. The board employs an executive director and chief investment officer who hire and manage staff.

The Unified Investment Program's net position grew by approximately \$1.28 billion over the year, driven largely by strong investment returns in the Short-Term Investment Pool (4.8 percent), the Trust Fund Investment Pool (6.0 percent), and the Consolidated Asset Pension Pool (9.5 percent). However, those gains were offset by changes from the 2025 legislative session related to moving activity from the Coal Tax Trust to the new Montana Growth and Opportunity Trust, which resulted in approximately \$83 million being removed from the Separately Managed Accounts investment balance and replaced with cash in the Coal Tax Trust at fiscal year-end.

AUDITOR'S OPINION (page A-1 and A-47):

Unified Investment Program: **UNMODIFIED**
 Enterprise Fund Program: **UNMODIFIED**

This means you can rely on the information in the financial statements and notes for both programs included in this report.

For the full context of the board's financial activity, see the financial statements and notes beginning on pages A-1 and A-47 for the UIP and Enterprise Fund Program, respectively.

RECOMMENDATIONS:

In this report, we issued the following recommendations:

To the board: 0

To the legislature: 0

SUMMARY OF AUDIT WORK:

The purpose of our audit is to determine whether the board's Unified Investment Program and Enterprise Fund Program financial statements and related note disclosures are free from material misstatement.

(continued on back)

For the full report or more information, contact the Legislative Audit Division.

legmt.gov/lad

Room 171, State Capitol
PO Box 201705
Helena, MT 59620-1705
(406) 444-3122

The mission of the Legislative Audit Division is to increase public trust in state government by reporting timely and accurate information about agency operations, technology, and finances to the Legislature and the citizens of Montana.

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Our audit efforts over the UIP focused primarily on cash and cash equivalents and investment balances, purchases and sales by participants, the net change in fair value of investments, dividend and interest income, and income distributions to participants. Audit work on the Enterprise Fund Program focused primarily on notes and loans receivable and bonds payable balances and their related cash flows.

We also analyzed the financial statements, note disclosures, and required supplementary information for both programs, as well as examined the underlying financial activity.

Unified Investment Program

To manage the UIP, the board has created the following investment pools, which operate similarly to mutual funds:

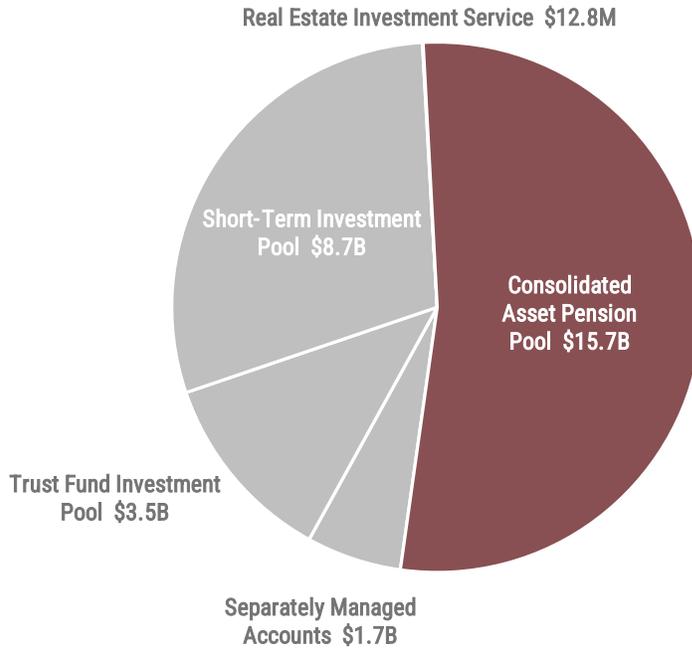
- **Short-Term Investment Pool (STIP):** This pool is designed to preserve capital and maintain high liquidity. State agencies, the state's retirement systems, and local governments are eligible to participate.
- **Trust Fund Investment Pool (TFIP):** This pool is designed to provide participants exposure to a portfolio of diversified income-producing assets. State agencies and local governments meeting eligibility criteria may participate.
- **Consolidated Asset Pension Pool (CAPP):** This pool is designed to achieve a high level of investment performance compatible with its risk tolerance and prudent investment practices. The board maintains a long-term perspective in formulating and implementing investment policies for the pool and in evaluating investment performance within the pool. The state's retirement systems are the only eligible participants.
- **Real Estate Investment Service Pool (REIS):** This pool is designed to manage legislatively mandated real estate direct investment projects in the state. The pool was created in fiscal year 2025 and has one participant.

In addition to these pools, the board manages direct investments in fixed-income securities, equity index funds, and commercial loans for approximately eight state agencies, including the treasurer's cash pool. These investments are reported collectively in the board's UIP financial statements as Separately Managed Accounts (SMA).

Figure 1 (page S-3) presents information on the investments managed in the pools and SMA on June 30, 2025.

Figure 1
UIP Investments by Pool
June 30, 2025

The **Consolidated Asset Pension Pool** makes up a little over half the board's investments.



Source: Compiled by the Legislative Audit Division.

Enterprise Fund Program

The board also administers the Enterprise Fund Program, consisting of the state’s Municipal Finance Consolidation Act and Economic Development Bond Act programs. Under this umbrella, the board administers the Intermediate Term Capitalization Program (INTERCAP), which uses bond proceeds to provide loans to local Montana governments to finance capital expenditures for up to 15 years. During most of fiscal year 2025, the INTERCAP rate was 6.25 percent and decreased to 5.82 percent in February 2025. The board funded \$21.1 million in new loans and received payments of \$36.3 million during the year, resulting in the program’s outstanding receivables decreasing from \$80.7 million on June 30, 2024, to \$69.6 million on June 30, 2025.

REPORT ON INTERNAL CONTROL AND COMPLIANCE

(page B-1):

- In this report, we identified the following:
- Material Weaknesses in Internal Control: 0
- Significant Deficiencies in Internal Control: 0
- Material Non-Compliance: 0
- Other Matters: 0

For the full context of this information, including the distinction between the types of items reported, see the report beginning on page B-1.

Chapter I - Disclosure Issue

Real Estate Investment Service Pool

In fiscal year 2025, the Board of Investments (board) created a new internal investment pool: the Real Estate Investment Service (REIS). The pool is designed to manage legislatively mandated real estate direct investments within the state. As of June 30, 2025, the pool had total assets of just over \$13,000,000. Table 1 below shows the breakdown of the pool's assets.

The Investments at Fair Value amount comprises the Pintler Meadows workforce housing development in Deer Lodge. This development was created in response to the affordable housing shortage for employees of the Montana State Prison and Montana State Hospital as part of House Bill 819 in the 2023 legislative session. While building a housing development was not the only allowable use of the General Fund appropriation created in the bill, the board determined it was the best way to meet the affordable housing need. The other allowable uses of the funds included providing matching funds to the state workforce housing community reinvestment organization revolving loan fund, making loans for eligible infrastructure projects, and providing funds to discount housing costs for eligible employees.

Type of Asset	Amount
Cash & Cash Equivalents	\$8,795,821
Investments at Fair Value	\$3,989,282
Dividend & Interest Receivable	\$223,771
Total Assets	\$13,008,874

Source: Compiled by the Legislative Audit Division.

Under Generally Accepted Accounting Principles (GAAP), investments and capital assets serve different purposes. Investments help governments generate income or earn returns, which they can then use to support services. In contrast, capital assets such as buildings, vehicles, or infrastructure are used directly to provide those services. GAAP further defines an investment for financial reporting purposes that is distinct from any legal determination. To qualify, the asset must be held primarily to earn income or profit, and its present service capacity must come from its ability to generate cash or be sold for cash. However, not all assets that generate cash are considered investments. The key factor is how the government intended to use the asset when it acquired it. That classification does not change, even if the asset's use changes later.

To determine whether the Pintler Meadows housing development meets this definition, we analyzed documents and hearings surrounding the development in the 2023 and 2025 legislative sessions.

- Held Primarily for the Purpose of Income or Profit:** At no point in any of the hearings was the income from the housing discussed. In fact, in hearings related to Senate Bill 223 in February of 2025, legislators and board staff discussed how the income would be used for upkeep and maintenance and to provide down payment assistance to tenants at the end of their leases in order to continue to use the housing as a recruiting tool for the state-owned facilities. It is clear from these hearings that the purpose of the Pintler Meadows housing development is to provide affordable housing to state employees at the Montana State Prison and the Montana State Hospital and not to provide income for either the board or the state in general.

- **Present Service Capacity Solely to Generate or be Sold for Cash:** The Pintler Meadows workforce housing is being used by the board to provide affordable housing to state employees, which is a direct service. While cash is generated through the future rental payments, which will be partially used to further affordable housing through down payment assistance to tenants, the housing was not built to fund the down payment assistance, it is more of a byproduct.

Based on this information, we determined that the Pintler Meadows housing development does not meet the definition of an investment under GAAP. Additionally, because the development is being operated as affordable housing, BOI is not maximizing the return to the REIS participants as is required under state law for the Unified Investment Program (UIP). Thus, it should not be included in the UIP and should instead be reported as a capital asset within the General Fund.

We believe this housing is distinct from other buildings held by the board. For instance, they purchased a building in December 2024 that houses several state agencies. The building is considered an investment for financial reporting purposes because it enables the state to collect rental income rather than paying rent to an external party. Likewise, the present service capacity of this building is to generate a cash return for the Trust Fund Investment Pool, which holds the building in its portfolio.

We present this information for informational purposes only and make no recommendation to the board, as the dollar amounts are 0.013 percent of the total Unified Investment Program investments managed by the board. However, as the legislature has shown continued interest in having the board construct and manage other state building projects, such as the new behavioral health facility authorized in House Bill 5 of the 2025 session, we believe proper classification for financial reporting purposes is important to discuss in this report. The legislature should understand that placing these projects with the board does not automatically mean they will be reported as an investment in the board's financial statements or the state's Annual Comprehensive Financial Report. Additionally, the board should understand its responsibility to analyze each purchase to determine whether it meets the definition of an investment under GAAP for financial reporting purposes.

**Independent Auditor's Report and
Unified Investment Program
Financial Statements**

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:
Alexa O'Dell
William Soller
Miki Cestnik

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of the Montana Board of Investment's Unified Investment Program, which are comprised of the Statement of Fiduciary Net Position as of June 30, 2025, the related Statement of Changes in Fiduciary Net Position for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Montana Board of Investment's Unified Investment Program as of June 30, 2025, and the changes in net position for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the accompanying financial statements are intended to present the financial position and the changes in financial position of only the Montana Board of Investments' Unified Investment Program. They do not purport to, and do not, present fairly the financial position of the State of Montana, as of June 30, 2025, or the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unified Investment Program's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Unified Investment Program's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page A-5 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Combining Statement of Fiduciary Net Position on pages A-41 and A-42, and the Combining Statement of Changes in Fiduciary Net Position on pages A-43 and A-44 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2026, on our consideration of the board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the board's internal control over financial reporting and compliance.

Respectfully submitted,

/s/ Alexa O'Dell

Alexa O'Dell, CPA
Deputy Legislative Auditor
Helena, MT

January 12, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis for the Unified Investment Program (UIP) of the Board of Investments (the Board) of the State of Montana, (the State), presents our discussion and analysis of the financial statements for the UIP.

In addition to the UIP, the Board also administers an Enterprise Fund to account for its programs created by the Municipal Finance Consolidation Act and the Economic Development Bond Act. This report represents only the UIP. The Enterprise Fund financial statements are presented separately.

FINANCIAL HIGHLIGHTS

The fiduciary net position of the UIP increased to \$29.6 billion in comparison to a beginning fiduciary net position of \$28.3 billion. Regarding the underlying components of the UIP:

- Consolidated Asset Pension Pool (CAPP) increased in fiduciary net position benefiting from positive returns in most public market asset classes, including domestic equity, international equity, and non-core fixed income. The annual investment return for CAPP was 9.5%.
- The Trust Funds Investment Pool (TFIP) realized an increase in fiduciary net position with positive cash contributions and annual return of 6.0%.
- The Short-Term Investment Pool (STIP) value increase was driven by increased yields and positive flows from STIP participants. The annual investment return for STIP was 4.8%.
- The Separately Managed Accounts (SMA) decrease in fiduciary net position was primarily due to the transfer of the Veterans' Home Loan Program and Multifamily Coal Trust Homes Program from the Coal Trust to management under the Montana Board of Housing as part of 2025 House Bill 924.
- The Real Estate Investment Services (REIS) pool was created during the fiscal year to manage legislatively mandated real properties in the State. The REIS returns were exclusively related to STIP. The first occupants of the workforce housing project related to 2023 HB 819 moved in on August 1, 2025. Construction is scheduled to be completed in February 2026.

The increase in fiduciary net position was driven by positive investment returns for all investment pools. We expect periods of extreme market volatility and continually manage risks. Current factors leading to uncertainty in the market include:

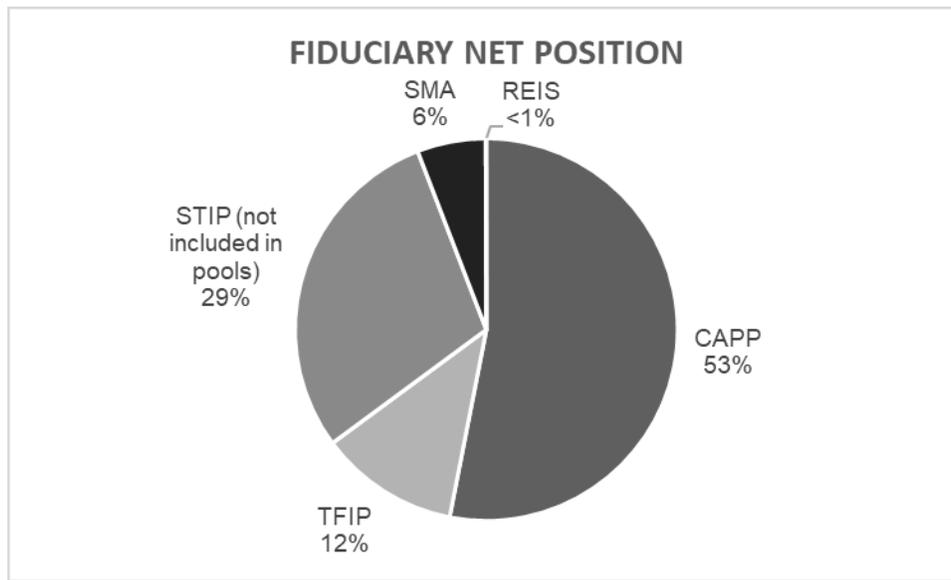
- Persistent inflation,
- Elevated global debt,
- International trade tensions,
- Slower growth, and
- Aging demographics.

The Board continues its disciplined execution of our investment processes to help us achieve our long-term investment objectives while mitigating losses during economic downturns.

The following is a summary of the condensed Changes in Fiduciary Net Position by pool and for the SMA from the prior to current fiscal year with amounts in thousands:

	CONDENSED CHANGES IN FIDUCIARY NET POSITION FOR POOL AND SMA PARTICIPANTS	
	For Fiscal Years Ending	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Consolidated Asset Pension Pool (CAPP)	\$ 870,910	\$ 855,493
Trust Funds Investment Pool (TFIP)	440,383	63,198
Short Term Investment Pool (STIP)	147,364	232,844
STIP Included in Investment Pools	(135,270)	(49,917)
Separately Managed Accounts (SMA)	(53,015)	82,881
Real Estate Investment Services (REIS)	13,009	-
Total Change in Net Position by Pool and SMA Participants	<u>\$ 1,283,381</u>	<u>\$ 1,184,499</u>

Assets of the UIP by pool were as follows:



The investment return net of fees of UIP is best characterized by describing the investment returns of the underlying pools due to the different goals of each pool.

<u>POOL</u>	1-YEAR TOTAL RETURN	
	<u>2025</u>	<u>2024</u>
CAPP	9.5%	9.1%
TFIP	6.0%	0.7%
STIP	4.8%	5.5%

The investment returns are based on data made available by the custodial bank. Performance calculations were prepared using time-weighted rates of return and are net-of-fees. SMA investment returns vary depending on the account specific investment allocations and the cash flows in and out of the account during the period.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB).

The UIP is comprised of a combination of two internal investment pools, two external investment pools and the SMA to meet the financial goals and expectations of the state and local government agencies and entities which entrust these funds to the Board as a fiduciary. The CAPP and REIS are internal investment pools, and TFIP and STIP are external investment pools. The UIP is presented on a pool basis. The amounts reported within these financial statements become part of the governmental, proprietary, and fiduciary fund categories of the State's Annual Comprehensive Financial Report (ACFR) on a participant basis. The State's ACFR is separately issued from these financial statements.

The CAPP seeks to meet the actuarial determined benchmark. 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. The core of this strategy is maintaining a diversified portfolio across asset classes compatible with the Board's risk tolerance and prudent investment practices.

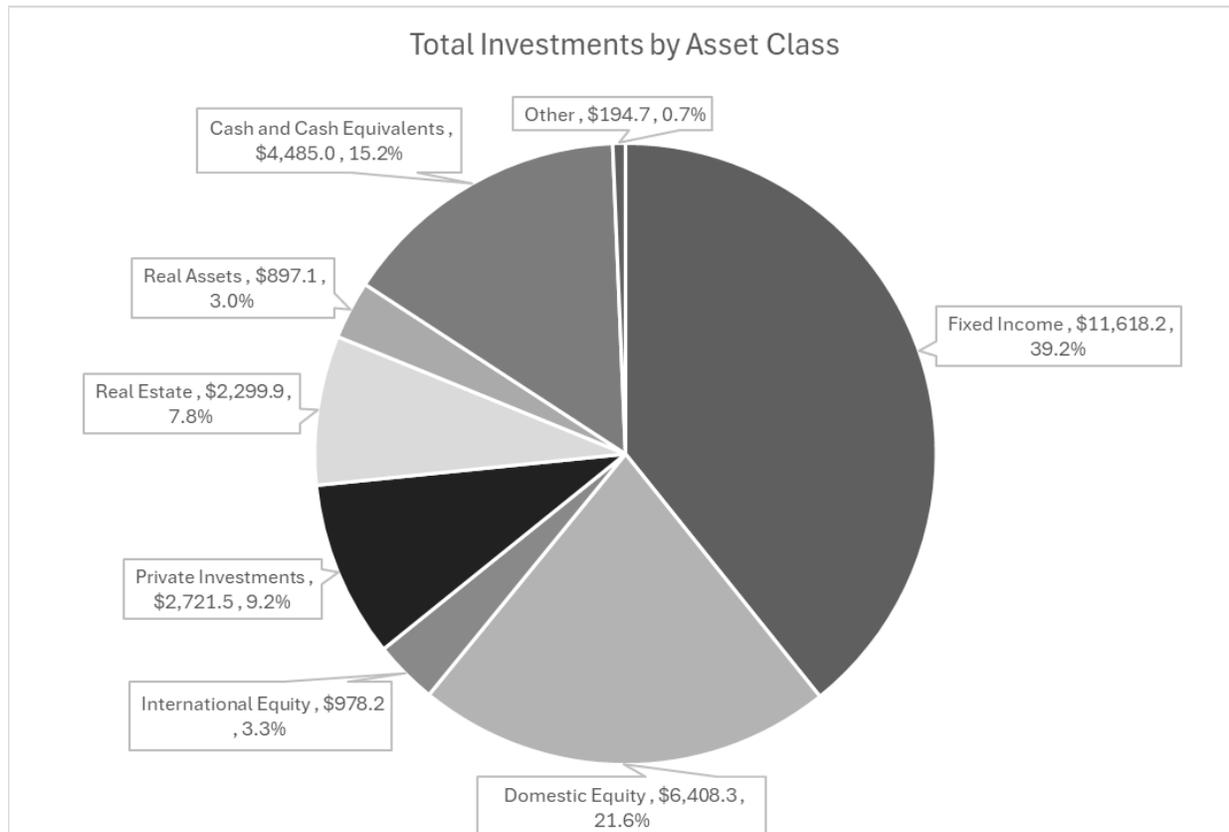
The TFIP is designed to provide participants exposure to a portfolio of income-producing assets. The use of a commingled pool allows for simplified investing and accounting, broader diversification, and thus, less risk than would otherwise be available for individual participants.

The STIP provides participants with a high level of investment income that is compatible with the preservation of principal, providing STIP participants with liquidity with one day notification, and the prudent investment practices of the Board.

The REIS is an internal investment pool designated to manage real estate direct investment projects on behalf of the state.

The SMA investments are combined for reporting purposes in the SMA portion of the UIP. SMA participants include the State Treasurer's Cash Fund, state agency insurance reserves and several other state agencies. SMA participation is at the discretion of the Board staff for those state agencies allowed to participate in the UIP.

As of June 30, the investments held in the UIP by asset class were as follows (amounts in millions):



The financial statements and notes to the financial statements follow this section of the report. The **STATEMENT OF FIDUCIARY NET POSITION** provides information on the types of investments, capital assets, and liabilities of the pools and SMA.

The **STATEMENT OF CHANGES IN FIDUCIARY NET POSITION** provides information on investment performance and other increases (additions) and decreases (deductions) in the fiduciary net position of the pools and SMA.

The **NOTES TO THE BASIC FINANCIAL STATEMENTS** provide additional information that is essential to a full understanding of the data provided in the financial statements. Additional supplementary information presented is not required by GAAP but is included for transparency.

FINANCIAL ANALYSIS

FIDUCIARY NET POSITION

The fiduciary net position is the cumulative excess of assets over liabilities since inception. The following is a Condensed Statement of Fiduciary Net Position of the UIP as of June 30 as compared to the prior year with amounts presented in thousands:

CONDENSED STATEMENT OF FIDUCIARY NET POSITION HELD IN TRUST FOR POOL AND SMA PARTICIPANTS		
	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Assets		
Total Investments	\$ 29,602,874	\$ 28,238,309
Receivables and Other Assets	1,516,610	1,223,860
Capital Assets, Net	<u>61</u>	<u>344</u>
Total Assets	<u>31,119,545</u>	<u>29,462,513</u>
Liabilities		
Payables and Other Liabilities	1,533,838	1,159,925
Subscription Liabilities	<u>62</u>	<u>324</u>
Total Liabilities	<u>1,533,900</u>	<u>1,160,249</u>
Fiduciary Net Position	<u>\$ 29,585,645</u>	<u>\$ 28,302,264</u>

As of June 30, most of the assets were composed of investments at either fair value or at net asset value (NAV). There is a large measure of unpredictability in these balances from year-to-year due to constant changes in the value of the investments.

The receivables and other assets include amounts for broker receivable for securities sold but not settled, accrued interest and dividends, net capital assets, and collateral held for securities lending transactions. The payables are similar but also include income due to participants and other liabilities.

The Board manages the State Treasurer's Cash Fund which consists of fund balances of all the funds of the State which are not invested in other cash pools or outside financial institutions. All earnings on the Treasurer's Cash Fund were permitted by law to flow to the State's Debt and Liability Free account until June 30, 2025, at which point these earnings will revert to the general fund.

CHANGES IN FIDUCIARY NET POSITION

The change in fiduciary net position represents the aggregated annual additions and deductions of the UIP. As of June 30, the UIP had a change in fiduciary net position of \$1.3 billion compared to the prior year's change of \$1.2 billion as investment returns remained positive. The following is a Condensed Statement of Changes in Fiduciary Net Position of the UIP as of June 30, compared to the prior year (amounts in thousands):

CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION HELD IN TRUST FOR POOL AND SMA PARTICIPANTS		
	For Fiscal Years Ending	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Additions		
Purchases by Participants	\$ 12,867,508	\$ 13,402,567
Investment Earnings	2,193,570	1,898,770
Investment Costs	(79,848)	(75,064)
Other Investment Expenses	(17,341)	(25,298)
Net Investment Income (Loss)	2,096,381	1,798,408
Securities Lending Income, Net of Expense	9,503	6,045
Total Additions	<u>14,973,392</u>	<u>15,207,020</u>
Deductions		
Sales by Participants	13,096,124	13,426,443
Income Distributions to Participants	593,887	596,078
Total Deductions	<u>13,690,011</u>	<u>14,022,521</u>
Change in Fiduciary Net Position	<u>1,283,381</u>	<u>1,184,499</u>
Fiduciary Net Position, Beginning of Year	<u>28,302,264</u>	<u>27,117,765</u>
Fiduciary Net Position, End of Year	<u>\$ 29,585,645</u>	<u>\$ 28,302,264</u>

Purchases, Sales, and Distributions. Purchases, sales, and distributions to participants vary annually based on participant activity and their cash flow needs.

Investment Returns. Returns across asset classes were positive in the fiscal year, with several classes exceeding their historical averages. The portfolio benefited from the diversification and strong returns, especially with the outperformance of both domestic and international equities. Returns by asset class for the fiscal year were as follows for CAPP:

TOTAL RETURN BY ASSET CLASS		
<u>ASSET</u>	<u>1 YEAR</u>	<u>SINCE INCEPTION</u>
Domestic Equity	14.5%	10.5%
International Equity	18.7%	5.3%
Core Fixed Income	5.5%	5.0%
Non-Core Fixed Income	10.2%	6.7%
Private Investments	4.0%	12.1%
Real Estate	1.5%	4.1%
Real Assets	7.7%	6.0%
Cash	5.7%	2.8%

Investment Costs. Investment fees include the Board management fees, investment expenses to manage the investments in the pools and SMA, and external management fees. Board management fees are set by the State Legislature biennially and approved by the Board as part of an annual budget. External manager fees are paid directly from the accounts they manage, and investment expenses are directly allocated to the pools and SMA they impact. These flows comprise the 'overhead' of the UIP. For the fiscal year ended June 30, these flows represented 0.27% of ending fiduciary net position (or 27 basis points), holding steady from the prior year. The

primary component relates to external manager fees, which the Board continues to aggressively monitor and seek to reduce through economies of scale and relationship management.

OPERATIONAL HIGHLIGHTS

The Board's focus on disciplined investment driven by strategic asset allocations remains the foundation of our work. Special attention is given to cost containment, fee reductions as appropriate, increasing operational scale and efficiencies, and transparency to participants and the public. Major operational highlights include expansion of the Board's affordably housing portfolio and purposes.

ECONOMIC FACTORS AND CURRENTLY KNOWN FACTS THAT MAY IMPACT UIP'S OPERATIONS IN THE FUTURE

The Board will transition from an internal service fund to an enterprise fund in FY26 which will result in a near 16% reduction in participant fees. In addition, the Board will be responsible for managing the new Growth and Opportunity Trust (GO Trust) and its respective sub trusts established with the passage of 2025 House Bill 924.

Going forward, the market faces multiple obstacles including persistent inflation, elevated global debt, trade tensions, slower growth, and aging demographics. Key inflation, payroll, and wage growth metrics continue to be a focus for investors as they watch for signs of economic weakness.

The market is expecting the Federal Reserve to lower interest rates over the next few quarters to support economic growth. Enthusiasm around AI, technology, and the infrastructure to support this wave of innovation remains high.

Despite the challenges, the Board continues to pursue attractive investment opportunities that are additive to the portfolio over an extended period. The Board prioritizes prudent diversification as a critical pillar of the portfolio to guard against unmanageable losses during economic downturns. The Board believes that disciplined execution of our investment process will help us achieve the long-term objective of the pension plans. This has been demonstrated by the results since inception.

REQUESTS FOR INFORMATION AND TRANSPARENCY

This financial report is designed to provide a general overview of UIP's operations. Questions concerning any of the information contained in this report or requests for additional information about the Board's operations should be addressed to the Board at 2401 Colonial Drive, 3rd Floor, PO Box 200126, Helena, Montana 59620-0126. The Board may be reached by phone at (406) 444-0001, fax at (406) 449-6579 or TDD at (406) 841-2702. Investment policies and Board Meeting agendas and minutes are posted at <http://investmentmt.com/>.

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MONTANA UNIFIED INVESTMENT PROGRAM
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2025
(amounts in thousands)

Assets

Investments

Cash and Cash Equivalents	\$ 4,484,955
Investments at Cost	193,426
Investments at Fair Value	<u>24,924,493</u>
Total Investments	<u>29,602,874</u>

Securities Lending Cash Collateral	<u>1,265,415</u>
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Receivables

Broker Receivable for Securities Sold but not Settled	52,377
Dividend / Interest Receivable	<u>198,436</u>
Total Receivables	<u>250,813</u>

Prepaid Expenses	382
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Capital Assets, Net	<u>61</u>
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Total Assets	<u>31,119,545</u>
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Liabilities

Payables

Broker Payable for Securities Purchased but not Settled	203,634
Income Due Participants	53,230
Other Payables	8,367
Administrative Fee Payable	<u>3,192</u>
Total Payables	<u>268,423</u>

Securities Lending Obligations	1,265,415
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Subscription Liabilities	<u>62</u>
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Total Liabilities	<u>1,533,900</u>
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Net Position Held in Trust for Pool and Separately Managed Accounts (SMA) Participants	<u>\$ 29,585,645</u>
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The accompanying notes are an integral part of these financial statements.

MONTANA UNIFIED INVESTMENT PROGRAM
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR YEAR ENDING JUNE 30, 2025
(amounts in thousands)

Additions

Purchases by Participants	\$ 12,867,508
Net Investment Earnings	
Investment Earnings	
Net Increase / (Decrease) on Fair Value of Investments	1,347,949
Dividend / Interest Income	845,195
Other Investment Income	<u>426</u>
Investment Earnings	<u>2,193,570</u>
Investment Costs	(79,848)
Other Investment Expenses	<u>(17,341)</u>
Net Investment Income (Loss)	<u>2,096,381</u>
Securities Lending Income	65,479
Securities Lending Expense	<u>(55,976)</u>
Net Securities Lending Income	<u>9,503</u>
Total Additions	<u>14,973,392</u>

Deductions

Sales by Participants	13,096,124
Income Distributions to Participants	<u>593,887</u>
Total Deductions	<u>13,690,011</u>
Change in Net Position	<u>1,283,381</u>
Net Position Held in Trust for Pool and SMA Participants - Beginning of Year	<u>28,302,264</u>
Net Position Held in Trust for Pool and SMA Participants - End of Year	<u>\$ 29,585,645</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

These financial statements present only the activity of the Unified Investment Program (UIP) as managed by the Board of Investments (the Board). The financial information pertaining solely to the UIP administrative operations of the Board can be found in the Investment Division internal service fund contained within the State of Montana's (the State) Annual Comprehensive Financial Report (ACFR). The external participation for Short-Term Investment Pool (STIP) and the Trust Funds Investment Pool (TFIP) is reported as Investment Trust Funds within the State's ACFR. The State's ACFR is available from the Montana Department of Administration's State Financial Services Division website <http://sfsd.mt.gov/SAB/acfr/index>; at Room 250 Mitchell Building, 125 North Roberts Street, PO Box 200102, Helena, MT 59620-0102 or at 406-444-3092.

1. DESCRIPTION OF FUNDS AND SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF FUNDS

The UIP is, by statute, comprised of involuntarily participating State funds, including pensions, trusts, insurance, operating funds, and by statute, voluntarily participating local government funds. To facilitate the management of the UIP, the Board uses a combination of investment pools and Separately Managed Accounts (SMA) to meet the financial goals and expectations of the agencies and entities who entrust these funds to the Board. The balances within these financial statements become part of the participant's applicable fund category or component unit of the State's ACFR.

BASIS OF ACCOUNTING

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB).

CASH AND CASH EQUIVALENTS HELD WITHIN POOLS

Cash and cash equivalents generally are short-term, highly liquid investments with maturities of three months or less at the time of purchase. The CAPP, the TFIP, the STIP, the REIS, and SMAs hold cash and cash equivalents measured at cost.

VALUATION OF INVESTMENTS

Investments reported at fair value are on a trade date basis. Quoted market prices, when available, have been used to value investments. The fair values for securities that have no quoted market price represent estimated fair value. Alternative investment securities are valued using the most recent estimates of fair value from the investment managers. Fair value measurements are

reviewed monthly, and third-party valuations are reviewed for reasonableness and compliance with approved price source authorization policy. Additional information on how the Board reports fair value measurements can be found in Note 6 - Fair Value Measurement.

As further disclosed in Note 6 – Fair Value Measurement and Note 10 – SMA Montana Loans and Bonds, \$193.4 million of investments are reported at cost. These include bonds authorized in the Municipal Finance Consolidation Act of 1983 (INTERCAP Bonds) and SMA Montana Loans and Bonds which are nonparticipating contracts.

PREPAID EXPENSES

Certain payments to vendors reflect investment costs applicable to future accounting periods and are recorded as prepaid expenses.

CAPITAL AND RIGHT-TO-USE ASSETS

Capital and right-to-use asset contracts which meet certain conditions and are considered noncancelable with an amortized cost greater than \$100 thousand and greater than one year in term are included on the Statement of Fiduciary Net Position as Capital Assets, Net. Such assets are amortized on a straight-line basis over the shorter of the life of the contract or the useful life of the underlying asset(s). The assets are reported net of accumulated amortization. The related subscription liabilities are included within Subscription Liabilities on the Statement of Fiduciary Net Position and are measured at the present value of expected payments over the contract terms. The amortization expense is a component of investment costs. See Note 8 – Capital and Right-to-Use Assets for more information.

REVENUE RECOGNITION

Unrealized gains and losses are included as a component of investment income in the Statement of Changes in Fiduciary Net Position. Unrealized gains and losses are computed based on changes in the fair value of investments held from the beginning of the year, but unsold at the fiscal year-end. The net change in the fair value of investments also consists of the realized gains and losses. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

INVESTMENT COSTS

The State Legislature sets the management fees the Board charges. The maximum fee is set at the aggregate level at the beginning of each fiscal year. These Board management fees are allocated to the pools and SMA based on direct costs when related to a specific pool and according to their proportionate share of the total UIP for indirect costs.

Investment costs charged to each pool and the SMA investments are shown in the following table with amounts in thousands:

TOTAL FISCAL YEAR 2025 INVESTMENT COSTS				
	Board Management <u>Fees</u>	External Manager <u>Fees</u>	<u>Total</u>	Investment <u>Fee Ratio</u>
Consolidated Asset Pension Pool (CAPP)	\$ 4,933	\$ 65,126	\$ 70,059	0.45%
Trust Funds Investment Pool (TFIP)	912	6,044	6,956	0.20%
Short Term Investment Pool (STIP)	719	-	719	0.01%
Separately Managed Accounts (SMA)	<u>1,262</u>	<u>852</u>	<u>2,114</u>	<u>0.12%</u>
Total	<u>\$ 7,826</u>	<u>\$ 72,022</u>	<u>\$ 79,848</u>	<u>0.27%</u>

SECURITIES LENDING

The collateral received under securities lending agreements where the pools and SMA can spend, pledge, or sell collateral without borrower default is included in the Statement of Fiduciary Net Position. Liabilities resulting from these transactions are also included in the Statement of Fiduciary Net Position. Costs associated with the securities lending transactions, including broker commissions, and lending fees paid to custodians are reported as components of investment expenses in the Statement of Changes in Fiduciary Net Position. Securities lending income reported for the fiscal year was \$65.5 million, and expenses associated with securities lending were \$56.0 million. For further detail, see Note 4 - Securities Lending.

PURCHASES AND SALES BY PARTICIPANTS AND INCOME DISTRIBUTIONS

Purchases and sales by participants are recorded when received or paid. TFIP and STIP participants receive monthly income distributions. SMA distributes income when received. SMA distributable income is total net investment earnings less the net increase (decrease) on the fair value of investments. TFIP and STIP distributable income is total net investment earnings less the net increase (decrease) on the fair value of investments not attributable to amortization. TFIP and SMA distributable income also includes net securities lending earnings. CAPP and REIS retain all investment earnings; therefore, do not distribute to participants.

REGULATORY OVERSIGHT

The Board was created by the State Legislature to manage the UIP established by the State Constitution. The Board is not registered with the U.S. Securities and Exchange Commission as an investment company.

POOL PARTICIPANT UNITS

Pool units are purchased and sold in the same manner as individuals investing in mutual funds. Therefore, the pool unit price is computed based on market prices on securities in the pool plus any additional assets, minus liabilities. The STIP participants purchase and sell units at \$1 per unit, at the participant's discretion. Additional information on STIP can be found in Note 13 – STIP Reserve. CAPP and TFIP units are purchased and sold based on the prior day ending price. SMA investments and REIS are purchased and sold at their respective fair values at the dates of transaction. CAPP and TFIP units, SMA investments, and REIS are purchased and sold at the discretion of Board investment staff based on asset allocations and Investment Policy Statements (IPS) approved by the Board. Individual investments in the pools are not specifically identified to the respective participants. Gains and losses on the sale of CAPP, TFIP, and REIS participant units are reflected at the participant level. SMA is not a pool; therefore, there are neither units outstanding, nor unit values calculated.

2. INVESTMENT COMMITMENTS

Investments in alternative financial assets are usually made via limited partnership agreements that involve many limited partners and a general partner who is responsible for all investment decisions. The limited partners make an original commitment, after which capital is called as needed by the general partner to make investments. These agreements will usually last several years. The following table is presented in thousands. The Board's remaining commitments as of June 30 to active alternative investment funds include \$2.5 billion related to CAPP, \$192.8 million related to TFIP and \$36.4 million related to SMA. Additional information on such commitments can be found in Note 6 – Fair Value Measurement.

COMMITMENTS TO FUND MANAGERS	
	<u>Commitment Remaining</u>
Private Investments	\$ 1,615,743
Real Assets	450,976
Real Estate	<u>674,695</u>
Total	<u>\$ 2,741,414</u>

3. INVESTMENT RISK DISCLOSURES

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Board will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Per policy, the Board's custodial bank must be rated at least at the sixth highest investment grade rating by at least two Nationally Recognized Statistical Rating Organizations (NRSRO) annually.

As of June 30, all the public securities as well as securities held by the separate public equity account managers were registered in the nominee's name for the Montana Board of Investments and held in the possession of the Board's custodial bank. The equity index funds, securities and demand deposit accounts held at non-custodial banks, direct real estate, mortgage, and loan investments were purchased and recorded in the Board's name. Commingled fund investments are registered in the name of the Montana Board of Investments. Therefore, the Board is not subject to custodial credit risk.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributable to the magnitude of any single investment per issuer name. Investments explicitly guaranteed by the U.S. Government are excluded from the concentration of credit risk requirement. The concentration of credit risk is addressed within all IPSs as set by the Board. A maximum of 4% of the net asset value of any internally managed core fixed income portfolio may be held in a single corporate parent issuer, foreign/quasi-governmental issuer, or securitized specific pool at any time. STIP has additional concentration of credit risk provisions by asset class. Please refer to Note 5 – Summary of Investment Policy – Legal and Contractual Provisions for further detail.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Except for U.S. Government securities, the pools and SMA fixed income instruments have credit risk as measured by NRSRO ratings. Credit risk is contemplated for each individual portfolio in the IPS. Credit risk is managed by constraining portfolio purchases around investment grade NRSRO ratings as appropriate. The U.S. Government guarantees its securities directly or indirectly. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit risk. Please refer to Note 5 – Summary of Investment Policy – Legal and Contractual Provisions for further detail.

Of the CAPP's cash equivalents position on June 30, \$187.0 million was held in unrated money market funds.

As a matter of STIP investment policy, the Board's fixed income investment staff can only purchase securities from a pre-approved "Approved Issuer" list. By STIP policy, permitted money market

investments include only SEC registered 2a-7 Institutional Money Market Funds that are considered “US Treasury” or “US Government” money market mutual funds according to the SEC regulations or short-term investment vehicle available through the custodial bank. As of June 30, all the STIP money market investments were in US Governmental Money Markets and \$424.4 million was held on deposit in short-term investment vehicles. NRSRO provides the credit ratings presented in the following table as of June 30 (amounts in thousands):

STIP CASH EQUIVALENT CREDIT QUALITY RATINGS		
<u>Cash Equivalent Investment Type</u>	<u>Total Cash Equivalents</u>	<u>Credit Quality Rating</u>
Agency or Government Related	\$ 61,708	A-1+
Asset Backed Commercial Paper	2,949,872	A-1+
Corporate:		
Commercial Paper	849,964	A-1+
Interest Bearing Demand Deposit Accounts	424,424	A-1+
Total Cash Equivalents	<u>\$ 4,285,968</u>	

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The Board uses effective duration as a measure of interest rate risk for all fixed income portfolios. Please refer to Note 5 – Summary of Investment Policy – Legal and Contractual Provisions for further detail.

CAPP, TFIP, and SMA investments at fair value are categorized to disclose credit and interest rate risk on the following table (amounts in thousands) for fixed income securities as of June 30. Credit risk is disclosed using the weighted credit quality rating by investment type. Interest rate risk is disclosed using weighted effective duration.

CREDIT QUALITY RATING AND EFFECTIVE DURATION FAIR VALUES						
<u>Security Investment Types</u>	<u>CAPP</u>	<u>TFIP</u>	<u>SMA</u>	<u>Total Fixed Income Investments at Fair Value</u>	<u>Credit Quality Ratings Range</u>	<u>Effective Durations (Years)</u>
Treasuries	\$ 683,848	\$ 839,269	\$ 302,081	\$ 1,825,198	AA+	10.42-11.58
Agency or Government Related	401,838	213,299	98,931	714,068	AA+ to A-	3.60-6.27
Asset Backed Securities	78,916	75,716	57,853	212,485	AAA	1.27-1.54
Mortgage Backed Securities:						
Noncommercial	435,694	484,792	251,350	1,171,836	AA+	4.87-5.48
Commercial	77,231	58,957	26,530	162,718	AAA to AA+	2.14-3.44
Corporate:						
Financial	476,032	292,751	235,601	1,004,384	A+ to BBB+	2.32-3.64
Industrial	865,384	618,558	286,113	1,770,055	A- to BB+	3.59-4.71
Utility	60,799	16,919	6,725	84,443	A+ to BBB-	3.63-5.98
Total Fixed Income Investments at Fair Value	<u>\$ 3,079,742</u>	<u>\$ 2,600,261</u>	<u>\$ 1,265,184</u>	<u>\$ 6,945,187</u>		

Credit risk reflects the weighted security quality rating by investment type as of the June 30 report date. Although the STIP investments have been rated by investment security type, STIP, as an external investment pool, has not been rated. STIP has \$65 million in investments reported at cost that are not rated. STIP interest rate risk is determined using the weighted average maturity (WAM) method. The WAM measure expresses investment time horizons – the time when investments are due or reset and payable in days, months, or years – weighted to reflect the dollar size of the individual investments within an investment type. Inclusive of cash and cash equivalents, the WAM averages 58 days for the portfolio. STIP investments at fair value are categorized to disclose credit risk and (WAM) as of June 30 on the following table (amounts in thousands):

STIP CREDIT QUALITY RATINGS AND WEIGHTED AVERAGE MATURITY			
<u>Security Investment Type</u>	<u>Total Fixed Income Investments at Fair Value</u>	<u>Credit Quality Rating</u>	<u>WAM (Days)</u>
Treasuries	\$ 1,877,840	A-1+	85
Agency or Government Related	350,679	A-1+	296
Corporate:			
Commercial Paper	401,605	A-1+	186
Notes	882,990	A-1+	319
Certificates of Deposit	1,159,893	A-1+	129
Total STIP Fixed Income Investments at Fair Value	<u>\$ 4,673,007</u>		

Based on their short weighted average maturity and the relative immaterial difference from their cost to fair value as of June 30, the Board deemed the cash equivalents to have little discernible interest rate risk.

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment. The Board's foreign currency exposure by denomination and investment type are reported as of June 30, in U.S. dollars, at fair value and is limited to CAPP. The following table excludes the foreign investments denominated in U.S. dollars for the American Depositary Receipts (ADRs), sovereign debt and commingled index funds. The following table is in thousands.

FOREIGN CURRENCY EXPOSURE BY COUNTRY INVESTMENT TYPE IN U.S. DOLLAR EQUIVALENT						
<u>Foreign Currency Denomination</u>	<u>Currency</u>	<u>Fixed Income</u>	<u>International Equities</u>	<u>Private Investments</u>	<u>Real Estate</u>	<u>Real Assets</u>
Argentine Peso	\$ -	\$ 708	\$ -	\$ -	\$ -	\$ -
Australian Dollar	-	-	30,433	-	-	-
Brazilian Real	76	18,473	21,048	-	-	-
Canadian Dollar	293	-	76,176	-	-	-
Chilean Peso	33	2,115	338	-	-	-
Chinese Yuan	238	161	33,149	-	-	-
Columbian Peso	66	783	-	-	-	-
Czech Koruna	-	3,488	4,142	-	-	-
Danish Krone	-	-	16,809	-	-	-
Dominican Peso	-	226	-	-	-	-
Egyptian Pound	17	3,402	230	-	-	-
EMU-Euro	370	4,794	322,879	5,440	123	120,056
Hong Kong Dollar	219	-	97,664	-	-	-
Hungarian Forint	-	2,963	177	-	-	-
Indian Rupee	-	5,659	-	-	-	-
Indonesian Rupiah	194	8,799	8,151	-	-	-
Japanese Yen	668	-	184,153	-	-	-
Kazakhstan Tenge	-	514	-	-	-	-
Kuwaiti Dinar	94	-	7,435	-	-	-
Malaysian Ringgit	154	3,825	2,931	-	-	-
Mexican Peso	(403)	10,788	16,158	-	-	-
New Israeli Sheqel	6	-	5,559	-	-	-
New Taiwan Dollar	266	-	97,467	-	-	-
Norwegian Krone	575	-	8,879	-	-	-
Paraguay Guarani	-	471	-	-	-	-
Peruvian Sol	1	10,013	31	-	-	-
Philippine Peso	23	-	319	-	-	-
Polish Zloty	15	2,953	16,040	-	-	-
Pound Sterling	173	-	119,692	39,266	-	-
Romanian Leu	35	1,494	-	-	-	-
Russian Ruble	19	-	-	-	-	-
Singapore Dollar	2	-	23,872	-	-	-
South African Rand	11	7,549	2,852	-	-	-
South Korean Won	27	-	46,004	-	-	-
Swedish Krona	17	-	46,080	-	-	-
Swiss Franc	54	-	61,581	-	-	-
Thailand Baht	71	3,361	11,762	-	-	-
Turkish Lira	1	2,233	1,468	-	-	-
UAE Dirham	227	-	20,179	-	-	-
Ukrainian Hryvnia	-	362	-	-	-	-
Uruguayan Peso	-	1,158	-	-	-	-
Total	\$ 3,542	\$ 96,292	\$ 1,283,658	\$ 44,706	\$ 123	\$ 120,056

4. SECURITIES LENDING

The Board is authorized by law to lend its securities and has contracted with the custodial bank to lend the Board's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. On any day, including June 30, the markets may move in a positive or negative direction resulting in under or over collateralization. The custodial bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. The Board and the custodial bank split the earnings 85% and 15%, respectively, on securities lending activities. The Board retains all rights and risks of ownership during the loan period. The custodial bank indemnifies the Board's credit risk exposure to the borrowers. The custodial bank cannot sell collateral securities unless the borrower defaults.

During the fiscal year, the custodial bank loaned the Board's public securities and received as collateral the following instruments:

- Cash (U.S. and foreign currency),
- Securities issued or guaranteed by the United States government or its agencies or Instrumentalities,
- Canadian provincial debt,
- All other sovereign debt,
- Convertible bonds,
- U.S. and non-U.S. equities (which shall include (i) equity securities in the form of exchange-traded funds ("ETFs") and, for the avoidance of doubt, shall include, but not be limited to, ETFs of the custodial bank or other custodial bank affiliates and (ii) American Depositary Receipts and Global Depositary Receipts),
- Covered bonds,
- Preferred securities,
- Certificates of Deposit,
- Money market instruments,
- Asset-backed securities,
- Asset-backed commercial paper,
- Commercial paper,
- Collateralized mortgage obligations,
- Mortgage-backed securities,
- Supra-nationals,
- Irrevocable bank letters of credit issued by a person other than the borrower, or an affiliate of the borrower may be accepted as collateral, if the custodial bank has determined that it is appropriate to accept such letters of credit as collateral under the securities lending programs it administers,
- Assets permissible under Rule 15c3-3 under the Exchange Act of 1934, and
- Such other collateral as the parties may agree to in writing.

The Board has an established schedule with the custodial bank that identifies the minimum credit rating and margin requirements for each instrument:

COLLATERAL TYPE	MINIMUM CREDIT RATING	MARGIN REQUIREMENT
US Treasuries, including Treasury Inflation Priced Securities		102%
US Federal Agency Debt, including agency mortgage-backed securities		102%
Municipal Bonds	A-/A3	105%
Canadian Provincial & Australian Semi-Regional Debt	A-/A3	105%
Asset-Backed Securities	AA-Aa3	110-115%
Collateralized Mortgage-Backed Securities	AA-Aa3	110-115%
Commercial Mortgage-Backed Securities	AA-Aa3	110-115%
Supranational Debt	AAA/Aaa	102%
Sovereign Debt	AA-/Aa3	102%
Sovereign Debt	A-/A3	105%
Commercial Paper, Certificates of Deposit, Banker's Acceptances and Time Deposits	A1/P1	105%
Corporate Debt	AA-/Aa3	102-115%
Corporate Debt	BBB-/Baa3	102-115%
Convertible Bonds (convertible on call against loans of underlying stock, only) Matched/Hedged	No Floor	105%
Convertible Bonds (US issuers only) Outright	No Floor	110-115%
Equities (generally traded on well-established exchanges)		108%-110%

The cash collateral received for each loan was invested in a highly-liquid, separately managed portfolio. The Board and the borrowers maintain the right to terminate all securities lending transactions on notice. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower. The portfolio had a weighted average duration of 21 days and a weighted average final maturity of 103 days.

The security on loan and pledged collateral is disclosed as of June 30 while the security lending income and expense are disclosed for the year ended June 30: The following two tables are in thousands, except for percentages.

SECURITIES ON LOAN AND PLEDGED COLLATERAL					
	Fair Value <u>On Loan</u>	Collateral <u>Cash</u>	Collateral <u>Securities</u>	Collateral <u>Total</u>	% of <u>Fair Value</u>
Consolidated Asset Pension Pool (CAPP)					
Domestic	\$ 1,774,530	\$ 684,861	\$ 1,166,854	\$ 1,851,715	104%
International	166,018	93,668	81,600	175,268	106%
Short Term Investment Pool (STIP)	1,437,393	350,784	1,146,518	1,497,302	104%
Trust Funds Investment Pool (TFIP)	942,743	97,153	903,473	1,000,626	106%
Separately Managed Accounts (SMA)	336,516	38,949	318,245	357,194	106%
Total	<u>\$ 4,657,200</u>	<u>\$ 1,265,415</u>	<u>\$ 3,616,690</u>	<u>\$ 4,882,105</u>	

SECURITIES LENDING INCOME AND EXPENSE			
	<u>Gross Income</u>	<u>Expenses</u>	<u>Net Income</u>
Consolidated Asset Pension Pool (CAPP) \$	35,935	\$ (31,232)	\$ 4,703
Short Term Investment Pool (STIP)	18,054	(15,709)	2,345
Trust Funds Investment Pool (TFIP)	7,758	(6,065)	1,693
Separately Managed Accounts (SMA)	<u>3,732</u>	<u>(2,970)</u>	<u>762</u>
Total	<u>\$ 65,479</u>	<u>\$ (55,976)</u>	<u>\$ 9,503</u>

5. SUMMARY OF INVESTMENT POLICY – LEGAL AND CONTRACTUAL PROVISIONS

The Board manages the Investment Program pursuant to the “Prudent Expert Principle” mandated by state law, which requires an investment manager to:

- “(a) Discharge the duties with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity with the same resources and familiar with like matters exercises in the conduct of an enterprise of a like character with like aims,
- (b) Diversify the holdings of each fund within the UIP to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so, and
- (c) Discharge the duties solely in the interest of and for the benefit of the funds forming the UIP.”

ALLOWED INVESTMENTS

Permissible investments are discussed in Note 1 – Description of Funds and Significant Accounting Policies and Note 4 – Securities Lending, the Board approves all Investment Policy Statements (IPs).

State agencies and local government entities may participate in one or more pools. By investing in pools, participants are provided broad diversification. State agencies may also have direct fixed income, equity, or loan investments. These investments are combined and reported as SMA. Currently, only the nine retirement funds that participate in CAPP, the Defined Contribution Disability Plan, and the Montana State Fund (Workers’ Compensation) may invest in public corporate capital stock. Neither State law nor the State Constitution place restrictions on retirement fund investments. The Board approves a separate IPS for each pool and SMA participant, which provides board staff with a broad strategic framework under which the investments are managed. The IPs also reflect the Board approved asset allocation ranges.

By statute, local government entities can voluntarily invest in the STIP. By statute, with a qualifying event, local government entities may also voluntarily invest in the TFIP.

CAPP

The CAPP IPS contains prescribed asset allocation ranges among the allowable asset classes and is subject to change as modifications are adopted by the Board. The Board annually affirms or revises the asset allocation ranges for the retirement plans. The CAPP IPS also contains investment objectives and guidelines for each underlying asset class, with a purpose of providing diversified exposure within the asset class in a prudent and cost-effective manner. Due to a longer-term focus, CAPP's Pension Asset Classes (PAC) differ from other classes that are allowable for other programs. CAPP's underlying asset classes are as follows:

- Domestic Equities
- International Equities
- Private Investments
- Real Assets
- Real Estate
- Core Fixed Income
- Non-Core Fixed Income
- Cash

The CAPP IPS is the only IPS that allows for investments that can be held in non-U.S. securities in a foreign currency. Per the CAPP IPS, the Core Fixed Income Asset Class and Non-Core Fixed Income Asset Class sections have maximum restrictions that can be held. Currency exposures may be hedged in a defensive manner at the discretion of the active managers to preserve the U.S. dollar value of investments made.

TFIP

The TFIP IPS provides for a 10% portfolio limit for non-core fixed income securities. TFIP invests primarily in investment grade, U.S. dollar denominated fixed income securities. The portfolio has high-yield and real estate exposure.

STIP

The STIP IPS limits concentration of credit risk exposure by limiting exposure to individual issuers by asset class as follows (as a percentage of STIP Units Value at purchase):

- 3% to in any issuer for any permitted investments excluding U.S. Treasury and U.S. agency securities and repurchase agreements with a financial institution,
- 30% to any single issuer for U.S. agency securities,
- 5% to any single SEC registered 2a-7 fund for money market funds or FDIC-insured deposits,
- 5% to any single primary dealer or financial institution for repurchase agreements,
- 3% to any Montana domiciled bank for collateralized demand deposit accounts,
- 5% to the custodial bank for interest-bearing demand deposit accounts.

STIP invests primarily in short-term, high quality, fixed income securities with a maximum maturity of 397 days or less. Variable securities shall have a maximum maturity of 2 years. STIP shall maintain a dollar-weighted average portfolio maturity of 120 days or less. STIP is managed to preserve principal while providing daily liquidity for state agency and local government participants.

Per the STIP IPS, “The STIP portfolio will minimize interest rate risk by:

- 1) Structuring the investment portfolio so securities mature to meet cash requirements for ongoing operations thereby normally avoiding the need to sell securities on the open market prior to maturity,
- 2) Maintaining a WAM of 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), and
- 3) STIP will maintain a reserve account.”

SMA

SMA invests primarily in investment grade, U.S. dollar denominated fixed income securities and custodial bank interest bearing demand deposit account. However, one participant portfolio has exposure to public equity, core real estate, real assets, and non-core fixed income. The SMA portfolio includes loans funded by the Coal Severance Tax Trust Fund, as authorized by statute. Please refer to Note 10 – SMA Montana Loans and Bonds for further detail.

REIS

REIS is created for the management of private real estate direct investment. The pool is also allowed to hold STIP or fully collateralized demand deposit accounts at Montana domiciled banks and credit unions. There was only one participant in the pool on June 30.

OTHER POLICY CONSIDERATIONS

For other risk, the Board approves both the IPS, and benchmark used for each portfolio. Per the CAPP IPS, the internally managed Core Fixed average duration will be maintained in a range within 20% of the Bloomberg US Aggregate Bond Index duration. The externally managed Core Fixed Income PAC and Non-Core Fixed Income PAC average duration will be maintained in a range within 25% of the Bloomberg US Aggregate Bond Index duration and Bloomberg Barclays US High Yield 2% Issuer Cap Index duration, respectively. Per the TFIP IPS, the average duration for Investment Grade Fixed Income Asset Class will be maintained in a range within 20% of the Bloomberg US Aggregate Bond Index duration while the average duration of the Non-Core Fixed Income Asset Class will be maintained within 25% of the Bloomberg Barclays US High Yield 2% Issuer Cap Index duration. Interest rate risk for SMA is contemplated in each individual IPS and is managed by limiting the maturity of individual securities and/or matching liabilities to maturities per estimated cash flows.

CAPP, TFIP, STIP, REIS, and SMA may hold fixed and variable rate securities. Interest payments on variable securities are based on an underlying reference rate, for example, Secured Overnight Financing Rate (SOFR).

6. FAIR VALUE MEASUREMENT

The Board categorizes its fair value measurements within the fair value hierarchy established by GAAP as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets that the Board can access as of June 30.

Level 2 - Prices are determined using inputs other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly. These inputs can include quoted prices for similar assets or liabilities in active or inactive markets, or market-corroborated inputs.

Level 3 - Prices are determined using unobservable inputs, which generally results in the Board using the best information available and may include the Board's own data.

Valuations not classified within these levels are further explained in the Investments at Net Asset Value section of this footnote.

FAIR VALUE LEVEL

Fixed income and equity investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fixed income investments classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Residential Mortgages classified in Level 3 of the fair value hierarchy are present value adjusted.

Direct real estate classified in Level 3 of the fair value hierarchy are based on the latest appraised value. In years with no updated appraisal, the Montana Department of Revenue calculated growth rate is used to determine the adjusted value. The Board's internal procedures require a third-party appraisal on direct real estate every four years.

Investments measured at cost are included to account for all investments within each pool and SMA. These assets represent cash equivalents, INTERCAP Bonds, and Montana Loans and Bonds.

For each of the pools and SMA, the Board has the following value measurements as of June 30: The following tables are presented in thousands.

INVESTMENTS MEASURED AT FAIR VALUE		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
<u>Investments by Fair Value Level</u>				
Fixed Income Investments:				
Treasuries	\$ 3,703,038	\$ 3,703,038	\$ -	\$ -
Agency or Government Related	1,064,746	-	1,064,746	-
Asset Backed Securities	212,484	-	212,484	-
Mortgage Backed Securities:				
Noncommercial	1,171,836	-	1,171,836	-
Commercial	162,719	-	162,719	-
Corporate:				
Commercial Paper	401,605	-	401,605	-
Notes	882,990	-	882,990	-
Certificates of Deposit	1,159,893	-	1,159,893	-
Financial	1,004,384	-	1,004,384	-
Industrial	1,770,056	-	1,770,056	-
Utility	84,443	-	84,443	-
Domestic Equity Investments	6,408,334	6,408,334	-	-
International Equity Investments	978,215	978,215	-	-
Direct Real Estate	43,721	-	-	43,721
Residential Mortgages	458	-	-	458
Investment Derivative Instruments	786	-	786	-
Total Investments by Fair Value Level	19,049,708	\$ 11,089,587	\$ 7,915,942	\$ 44,179
<u>Investments Measured at Net Asset Value (NAV)</u>				
Private Investments	2,721,461			
Core Real Estate	1,146,962			
Non-Core Real Estate	927,421			
Real Assets	897,124			
Real Estate High Income Fund	181,817			
Total Investments Measured at NAV	5,874,785			
Total Investments Measured at Fair Value	24,924,493			
<u>Investments at Cost</u>				
Cash and Cash Equivalents	4,484,955			
INTERCAP Bonds	65,000			
SMA Montana Loans and Bonds	128,426			
Total Investments not Categorized	4,678,381			
Total Investments	\$ 29,602,874			

INVESTMENTS AT NET ASSET VALUE (NAV)

The investments measured at NAV for the fiscal year are further detailed below as of June 30 (amounts in thousands):

INVESTMENTS MEASURED AT NAV	Net Asset Value	Unfunded Commitments	Redemption	Redemption
			Frequency (If Currently Eligible)	Notice Period
Private Investments	\$ 2,721,461	\$ 1,615,743		
Core Real Estate	1,146,962	242,914	Monthly, Quarterly	45-90 Days
Non-Core Real Estate	927,421	292,253		
Real Assets	897,124	450,976		
Real Estate High Income Fund	181,817	139,528	Daily	1 -3 Days
Total Investments Measured at NAV	\$ 5,874,785	\$ 2,741,414		

PRIVATE INVESTMENTS - This type includes investments in limited partnerships. Typically, the types of partnership strategies included in this portfolio: venture capital, growth equity, buyouts, special situations, private credit, mezzanine, and distressed debt. These investments are considered long-term. Redemptions are restricted over the life of the partnership. During the life of the partnerships, distributions are received as underlying partnership investments are realized. It is expected that the underlying assets of the funds will be liquidated over 10 years. It is probable all the investments in this type will be sold at an amount different from the NAV per share (or its equivalent) of the Board's ownership interest in partners' capital.

CORE REAL ESTATE - This type includes funds that make equity investments in operating and substantially leased institutional quality real estate in traditional property types (apartments, office, retail, industrial and hotel) via commingled funds. The primary investment objectives of these core real estate funds are to invest in real estate that will generate income from predictable sources of revenue and not to realize gains on the underlying assets. This investment type receives distributions of generated income and occasionally through the liquidation of the underlying assets of the fund. The fair values of the investments in this category have been determined using the NAV per share (or its equivalent) of the Board's ownership interest in the partners' capital. Redemption of these investments is restricted based on the availability of cash flow arising from investment transactions, sales, and other fund operations occurring in the ordinary course of business. Therefore, requested redemptions from a fund will be redeemed as funds become available.

NON - CORE REAL ESTATE - This type includes private partnership funds that primarily invest in value added and opportunistic real estate funds. These funds assume more risk than the core real estate funds to achieve a greater return on investment. Returns are driven both by current income and by expected capital appreciation. This investment type receives distributions of generated income and occasionally through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the funds will be liquidated over 7 to 10 years. Assets held under separate investment agreements can be held in perpetuity. The fair values of the investments in this category have been determined using the NAV per share (or its equivalent) of the Board's ownership interest in the fund.

REAL ASSETS - This type includes private partnership funds that primarily invest in timber, energy, broad natural resource funds and infrastructure. This investment type receives distributions of generated income and occasionally through the liquidation of the underlying assets of the fund. It is expected that the underlying assets of the funds will be liquidated over 10 to 20 years. The fair values of the investments in this category have been determined using the NAV per share (or its equivalent) of the Board's ownership interest in the partners' capital.

REAL ESTATE HIGH INCOME FUND - This type consists of predominantly of real estate related instruments with an emphasis in U.S. corporate credits, whether in the form of bonds or loans that are rated below investment grade. These assets carry a higher risk of default than investment grade securities and accordingly provide a higher level of income or yield commensurate with that risk. The fair values of the investments of this type have been determined using the NAV per share

(or its equivalent) of the investments.

7. FAIR VALUE OF DERIVATIVE INSTRUMENTS

Within CAPP, the UIP invests in currency forward contracts, credit default swaps, interest rate swaps, index futures (long and short duration), rights, and warrants which are classified as investment derivative instruments. The investment derivative instruments are shown on following table, which is presented in thousands.

INVESTMENT DERIVATIVE INSTRUMENTS				
<u>Security Investment Types</u>	<u>Classification</u>	Changes in Fair Value Included in Investment		Notional Amount
		<u>Income</u>	<u>Fair Value</u>	
Fixed Income Futures Long	Investment	\$ 80	\$ -	\$ 1,500
Fixed Income Futures Short	Investment	107	-	-
FX Forwards	Investment	(414)	(9)	73,569
Index Futures Long	Investment	1,210	-	3
Pay Fixed Interest Rate Swaps	Investment	(34)	21	1,133
Receive Fixed Interest Rate Swaps	Investment	739	585	39,516
Rights	Investment	57	2	-
Warrants	Investment	(328)	187	411
Totals		<u>\$ 1,417</u>	<u>\$ 786</u>	<u>\$ 116,132</u>

CREDIT RISK – DERIVATIVE INSTRUMENTS

Credit risk is the risk that the counterparty will not fulfill its obligations.

The maximum amount of loss to the Board in case of default of all counterparties as of June 30 was \$1.0 million.

The following table reflects the Board's applicable counterparty credit ratings and risk concentrations as of June 30:

RISK CONCENTRATIONS - CREDIT DEFAULT SWAPS				
<u>Counterparty Name</u>	<u>Percentage of Net Exposure</u>	<u>S&P Rating</u>	<u>Fitch Rating</u>	<u>Moody's Rating</u>
UBS SECURITIES LLC	45%	A+	A+	Aa2
BARCLAYS BANK PLC WHOLESAL	23%	A+	A+	A1
BNP PARIBAS	21%	A+	A+	A1
HSBC BANK USA	10%	A+	AA-	Aa3
UBS LCH	1%	A+	A+	Aa2

INTEREST RATE RISK – DERIVATIVE INSTRUMENTS

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment.

The following table reflects the Board's interest rate risk in derivative instruments, which is presented in thousands, except for years.

Investment Type	Fair Value	Investment Maturities (in years)		
		Less Than 1	1 - 5	6 - 10
Pay Fixed Interest Rate Swaps	\$ 21	\$ -	\$ -	\$ 21
Receive Fixed Interest Rate Swaps	585	10	608	(33)
Total	<u>\$ 606</u>	<u>\$ 10</u>	<u>\$ 608</u>	<u>\$ (12)</u>

FOREIGN CURRENCY RISK – DERIVATIVE INSTRUMENTS

Foreign currency risk is the risk that changes in the exchange rates will adversely affect the fair value of an investment. The Board is exposed to foreign currency risk on its currency forward contracts because they are denominated in foreign currencies.

The following table reflects the Board's foreign currency risk associated with forward currency contracts (amounts in thousands).

FOREIGN CURRENCY RISK					
<u>Currency Name</u>	<u>Options</u>	<u>Currency Forward Contracts</u>		<u>Swaps</u>	<u>Total Exposure</u>
		<u>Net Receivables</u>	<u>Net Payables</u>		
BRAZILIAN REAL	\$ -	\$ 6	\$ (128)	-	\$ (122)
CHILEAN PESO	-	-	(3)	-	(3)
YUAN RENMINBI OFFSHORE	-	9	(5)	-	4
YUAN RENMINBI	-	-	-	161	161
COLOMBIAN PESO	-	-	(11)	-	(11)
CZECH KORUNA	-	64	(41)	-	23
EURO CURRENCY	-	41	(75)	21	(13)
HUNGARIAN FORINT	-	(2)	(5)	-	(7)
INDONESIAN RUPIAH	-	(1)	(11)	-	(12)
INDIAN RUPEE	-	-	-	(10)	(10)
SOUTH KOREAN WON	2	12	-	-	14
KAZAKHSTAN TENGE	-	(6)	(22)	-	(28)
MEXICAN PESO	-	(4)	(14)	468	450
MALAYSIAN RINGGIT	-	134	-	-	134
SOL	-	63	(186)	-	(123)
POLISH ZLOTY	-	109	(34)	-	75
ROMANIAN LEU	-	18	-	-	18
THAILAND BAHT	-	72	7	-	79
TURKISH LIRA	-	5	-	-	5
SOUTH AFRICAN RAND	-	25	(26)	-	(1)
Sub Total	<u>2</u>	<u>545</u>	<u>(554)</u>	<u>640</u>	<u>633</u>
US DOLLAR	<u>187</u>	<u>-</u>	<u>-</u>	<u>(34)</u>	<u>153</u>
Total	<u>\$ 189</u>	<u>\$ 545</u>	<u>\$ (554)</u>	<u>\$ 606</u>	<u>\$ 786</u>

8. CAPITAL AND RIGHT-TO-USE ASSETS

Capital and right-to-use assets include subscription-based information technology arrangements (SBITA) assets. SBITAs consist of agreements that grant the Board use of property in exchange for payments over a specified period. The Board's SBITA payables are associated with the subscriptions of underlying IT assets provided by the SBITA vendors. All expenses related to SBITA agreements are allocated to individual pools based on proportionate use. Amortization expense is included as Investment Costs on the Statement of Changes in Fiduciary Net Position.

SBITA contracts are recorded as right-to-use assets and amortized using the effective interest rate method (amortizes at the same rate as the liability reduction). Interest expense is recognized ratably over the contract term. Capitalized implementation costs associated with right-to-use assets are recorded at cost and amortized using the straight-line method over the contract term or estimated useful life of the asset. Capital Asset account balances table are below (amounts in thousands):

CAPITAL AND RIGHT-TO-USE ASSET ACCOUNT BALANCES				
	Beginning Balances	Increases	Decreases	Ending Balance
<u>Cost:</u>				
Capital Assets Being Depreciated and Amortized:				
Right-To-Use Subscriptions	\$ 1,162	\$ -	\$ (1,015)	\$ 147
Total Capital Assets Being Depreciated	1,162	-	(1,015)	147
Less Accumulated Depreciation and Amortization For:				
Right-To-Use Subscriptions	(818)	(283)	1,015	(86)
Total Accumulated Depreciation and Amortization	(818)	(283)	1,015	(86)
Capital Assets, Net	\$ 344	\$ (283)	\$ -	\$ 61

Principal and interest requirements to maturity for SBITAs on June 30 were as follows (amounts in thousands):

SBITA PRINCIPAL AND INTEREST REQUIREMENTS TO MATURITY		
Year Ended	Principal	Interest
2026	30	1
2027	32	-
Total	\$ 62	\$ 1

9. COAL SEVERANCE TAX TRUST FUND LOAN AND MORTGAGE COMMITMENTS

The Board makes firm commitments to fund commercial loans and residential mortgages from the Coal Severance Tax Trust Fund. These commitments have expiration dates and may be extended per Board policies. As of June 30, the Board had committed, but not yet purchased, \$4.1 million in loans from Montana lenders. In addition to the above commitments, lenders had reserved \$11.8 million for loans as of June 30.

The Board makes reservations to fund residential mortgages from the State's pension funds. As of June 30, there were no residential mortgage reservations. All Board residential mortgage purchases are processed by the Montana Board of Housing (MBOH). The MBOH does not differentiate between a residential mortgage reservation and a funding commitment.

10. SMA MONTANA LOANS AND BONDS

The program invests Coal Severance Tax Trust (Coal Trust) funds in Montana to stimulate the state's economy. State law authorizes the Board to invest Coal Trust dollars in Montana to increase employment and business opportunities while maintaining and improving the state's physical environment. The SMA portfolio includes loans funded by the Coal Severance Tax Trust Fund. The Veterans' Home Loan Mortgage Program and the Multifamily Coal Trust Homes Program were

transferred to the Montana Board of Housing on June 26, 2025. Montana Housing Infrastructure Bond was funded with the passage of 2023 House Bill 819. Loans and Bonds shown in the following table are reported at cost as of June 30 which is presented in thousands:

MONTANA LOANS AND BONDS	
Science and Technology Alliance	\$ 273
Montana Facility Finance	11,518
Local Government Infrastructure	8,438
Montana Housing Infrastructure Bond	2,010
Intermediary Relending Program (IRP) Loans	5,444
Commercial Loans	<u>100,743</u>
 Total Montana Loans and Bonds at Cost	 <u><u>\$ 128,426</u></u>

11. TAX ABATEMENTS

Within the Board’s SMA Commercial Loan Program, by statute, the Infrastructure Loan Program is funded by an \$80 million allocation. Eligible local governments request a loan for constructing or purchasing infrastructure to be used by an eligible basic sector business. The business will pay a user fee to the local government that is pledged to the Board for the loan repayment. The Board reviews each loan and only upon verification that the entities meet the loan requirements is the loan approved by the Board.

To be eligible for the program, the business must create at least fifteen full-time jobs within identified sectors of the Montana economy. The maximum loan size is a principal amount of \$16,666 multiplied by the number of full-time jobs created with a minimum loan size of \$250 thousand. The maximum loan term is 25 years. There is also up to a 2.5% interest rate reduction for job creation. The reduction will be reflected in the user fee rate charged to the business upon Board review and approval. The business must create the required jobs within four years of the agreement. If the business does not create the required jobs within the four-year period, then the business must pay down the loan balance to the local government entity until the loan balance matches the eligible amount per the jobs created. The Board may increase the interest rate commensurate with the number of jobs eliminated if the borrower eliminates qualifying jobs. The business receiving the abatement must annually provide payroll documentation to the Board.

Pursuant to statute, a business that is created or expanded as the result of an Infrastructure Loan is entitled to a credit against either their State individual income taxes or corporate income taxes for the portion of the fees attributable to the use of the infrastructure. The total amount of tax credit claimed may not exceed the amount of the loan. The credit may be carried forward for seven years or carried back for three years.

During the fiscal year, eligible business entities made total user fee payments of \$1.5 million, representing \$1.2 million of principal and \$0.3 million in interest. During the fiscal year, \$5.1 million was claimed as a credit against the State individual and corporation tax liability. The following table details the credit claimed by tax type and the tax year (TY) it was applied against (amounts in thousands). When the number of credits is claimed by fewer than ten eligible businesses, the numbers are not reported due to confidentiality concerns, as identified by an asterisk in the following table.

INFRASTRUCTURE CREDITS CLAIMED FOR THE FISCAL YEAR 2025				
	<u>For TY 2024</u>		<u>For TY 2023</u>	
	<u>Corporate</u> <u>Income Tax</u>	<u>Individual</u> <u>Income Tax</u>	<u>Corporate</u> <u>Income Tax</u>	<u>Individual</u> <u>Income Tax</u>
Amount Claimed	\$ 16	\$ 130	\$ 230	\$ 4,736
Number of Credits	*	*	*	*

The local government entity must pass a resolution authorizing the acceptance of the commitment agreement. The Board indemnifies the local government regarding repayment of the loan.

12. BOND AND LOAN GUARANTEES

As of June 30, the Board had provided loan guarantees from the Coal Severance Tax Trust Fund and the Treasurer’s Cash Fund to the Municipal Finance Consolidation Act of 1983 program known as INTERCAP. Bond issues from INTERCAP totaled \$65 million.

STIP, TFIP, the Coal Severance Tax Trust Fund provided loan guarantees for the Montana Facility Finance Authority (MFFA) amounting to \$96.5 million. The amounts represent the potential liability of the Fund and guarantees are in effect for one year.

As of the end of the fiscal year, the Board has not had to perform on the guarantees. The amounts are merely commitments of the Board if debt service payments are required

MFFA is a discretely presented component unit of the State. MFFA guarantee requests are submitted to the Board for review and approval. The Board’s participation, either duration or any other consideration, to either purchase bonds or loans or to lend money for deposit into MFFA’s statutorily allowed capital reserve account is explicitly limited by statute which requires the Board to act prudently. The bond and loan guarantee requests from MFFA pertain to bonds issued by MFFA with a term of up to 40 years. The Board receives a credit enhancement fee at MFFA bond closing based on the term of the financing, the type of bond, the rating of the borrower, and the type of reserve fund. The Board and MFFA have entered into an agreement detailing repayment to the Board.

The following schedule summarizes the bond and loan guarantee activity during the fiscal year

with amounts in thousands.

BOND AND LOAN GUARANTEE ACTIVITY							
	<u>Beginning</u> <u>Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending Balance</u>
INTERCAP	\$ 75,207	\$	71,793	\$	(82,000)	\$	65,000
MFFA	\$ 103,963	\$	-	\$	(7,460)	\$	96,503

13. STIP RESERVE

The reserve account may be used to offset losses within the STIP portfolio. As previously discussed, refer to Note 5 – Summary of Investment Policy – Legal and Contractual Provisions for more detail on STIP. The following table details STIP Reserve activity for the year ended June 30 with amounts presented in thousands:

STIP RESERVE ACTIVITY	
Beginning STIP Reserve	\$ 86,425
Additions	
Investment Earnings:	
Net Increase (Decrease) on Fair Value of Investments	4,159
Interest Income	336
Other Investment Income	428
Transfer of STIP Income	16,189
Total Investment Earnings	<u>21,112</u>
Investment costs:	
Transfers to STIP	<u>-</u>
Total costs	<u>-</u>
Total STIP Reserve Activity	<u>21,112</u>
Ending STIP Reserve	<u><u>\$ 107,537</u></u>

14. SUBSEQUENT EVENTS

The Board has evaluated subsequent events through January 6, 2026. Since June 30, the Board has committed an additional \$265 million within Real Estate, \$100 million within Real Assets, and \$321 million within Private Investments, of which \$571 million is related to CAPP, \$100 million to TFIP, and \$15 million to SMA. Refer to Note 2 – Investments Commitments for further detail.

Since June 30, the Board has funded an additional \$1.9 million to Montana lenders from the Coal Severance Tax Permanent Fund's In-State Loan Program. The Board has also extended loan guarantees for an additional MFFA loan for \$15 million.

SUPPLEMENTARY INFORMATION

Statements continue onto the next page.

MONTANA UNIFIED INVESTMENT PROGRAM
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AS OF JUNE 30, 2025
 (amounts in thousands)

Assets	TFIP				
	Total	CAPP	State Agencies	Local Governments	SMA
Investments					
Cash and Cash Equivalents					
Cash Equivalent/STIP - Held Within Pools	\$ -	\$ 292,176	\$ 42,527	\$ 143	\$ -
Cash and Cash Equivalents	<u>4,484,955</u>	<u>192,103</u>	<u>5,993</u>	<u>20</u>	<u>871</u>
Total Cash and Cash Equivalents	<u>4,484,955</u>	<u>484,279</u>	<u>48,520</u>	<u>163</u>	<u>871</u>
Investments at Cost	193,426	-	-	-	128,426
Investments at Fair Value	<u>24,924,493</u>	<u>15,226,259</u>	<u>3,423,074</u>	<u>11,479</u>	<u>1,586,685</u>
Total Investments	<u>29,602,874</u>	<u>15,710,538</u>	<u>3,471,594</u>	<u>11,642</u>	<u>1,715,982</u>
Securities Lending Cash Collateral	<u>1,265,415</u>	<u>778,529</u>	<u>96,828</u>	<u>325</u>	<u>38,949</u>
Receivables					
Broker Receivable for Securities Sold but not Settled	52,377	51,048	1,053	4	272
Dividend and Interest Receivable	<u>198,436</u>	<u>123,593</u>	<u>23,279</u>	<u>78</u>	<u>9,750</u>
Total Receivables	<u>250,813</u>	<u>174,641</u>	<u>24,332</u>	<u>82</u>	<u>10,022</u>
Prepaid Expenses	382	301	18	-	11
Capital Assets	<u>61</u>	<u>59</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total Assets	<u>31,119,545</u>	<u>16,664,068</u>	<u>3,592,772</u>	<u>12,049</u>	<u>1,764,966</u>
Liabilities					
Payables					
Broker Payable for Securities Purchased but not Settled	203,634	171,091	2,148	7	563
Income Due Participants	53,230	-	11,799	40	8,931
Other Payable	8,367	7,060	1,303	4	-
Administrative Fee Payable	<u>3,192</u>	<u>3,010</u>	<u>157</u>	<u>1</u>	<u>24</u>
Total Payables	<u>268,423</u>	<u>181,161</u>	<u>15,407</u>	<u>52</u>	<u>9,518</u>
Securities Lending Obligations	1,265,415	778,529	96,828	325	38,949
Subscription Liabilities	<u>62</u>	<u>60</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total Liabilities	<u>1,533,900</u>	<u>959,750</u>	<u>112,235</u>	<u>377</u>	<u>48,469</u>
Net Position Held in Trust for Pool and SMA Participants	<u>\$ 29,585,645</u>	<u>\$ 15,704,318</u>	<u>\$ 3,480,537</u>	<u>\$ 11,672</u>	<u>\$ 1,716,497</u>

MONTANA UNIFIED INVESTMENT PROGRAM
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AS OF JUNE 30, 2025
 (amounts in thousands)

Assets	STIP				STIP Included in Investment Pools
	REIS	State Agencies	Local Governments	Reserve	
Investments					
Cash and Cash Equivalents					
Cash Equivalent/STIP - Held Within Pools	\$ 8,796	\$ -	\$ -	\$ -	\$ (343,642)
Cash and Cash Equivalents	-	3,333,287	940,300	12,381	-
Total Cash and Cash Equivalents	<u>8,796</u>	<u>3,333,287</u>	<u>940,300</u>	<u>12,381</u>	<u>(343,642)</u>
Investments at Cost	-	50,698	14,302	-	-
Investments at Fair Value	<u>3,989</u>	<u>3,570,626</u>	<u>1,007,252</u>	<u>95,129</u>	<u>-</u>
Total Investments	<u>12,785</u>	<u>6,954,611</u>	<u>1,961,854</u>	<u>107,510</u>	<u>(343,642)</u>
Securities Lending Cash Collateral	-	273,602	77,182	-	-
Receivables					
Broker Receivable for Securities Sold but not Settled	-	-	-	-	-
Dividend and Interest Receivable	<u>224</u>	<u>32,357</u>	<u>9,128</u>	<u>27</u>	<u>-</u>
Total Receivables	<u>224</u>	<u>32,357</u>	<u>9,128</u>	<u>27</u>	<u>-</u>
Prepaid Expenses	-	41	11	-	-
Capital Assets	-	-	-	-	-
Total Assets	<u>13,009</u>	<u>7,260,611</u>	<u>2,048,175</u>	<u>107,537</u>	<u>(343,642)</u>
Liabilities					
Payables					
Broker Payable for Securities Purchased but not Settled	-	23,263	6,562	-	-
Income Due Participants	-	25,318	7,142	-	-
Other Payable	-	-	-	-	-
Administrative Fee Payable	-	-	-	-	-
Total Payables	-	<u>48,581</u>	<u>13,704</u>	-	-
Securities Lending Obligations	-	273,602	77,182	-	-
Subscription Liabilities	-	-	-	-	-
Total Liabilities	-	<u>322,183</u>	<u>90,886</u>	-	-
Net Position Held in Trust for Pool and SMA Participants	<u>\$ 13,009</u>	<u>\$ 6,938,428</u>	<u>\$ 1,957,289</u>	<u>\$ 107,537</u>	<u>\$ (343,642)</u>

In the above table, STIP holdings, purchases, sales, and investment earnings within investment pools are offset to calculate a combining total. STIP Reserve investment earnings and reserve expense within STIP are offset to calculate a combining total.

Statements continue onto the next page.

MONTANA UNIFIED INVESTMENT PROGRAM
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDING JUNE 30, 2025
 (amounts in thousands)

	Total	CAPP	TFIP		SMA
			State Agencies	Local Governments	
Additions					
Purchases by Participants	\$ 12,867,508	\$ 72,833	\$ 430,089	\$ -	\$ 382,998
Net Investment Earnings					
Investment Earnings					
Net Increase (Decrease) on Fair Value of Investments	1,347,949	1,033,262	41,946	211	60,548
Dividend/Interest Income	845,195	438,512	139,814	482	56,011
Other Investment Income	426	(3)	-	-	-
Investment Earnings	<u>2,193,570</u>	<u>1,471,771</u>	<u>181,760</u>	<u>693</u>	<u>116,559</u>
Investment Costs	(79,848)	(70,059)	(6,932)	(24)	(2,114)
Other Investment Expenses	(17,341)	(16,482)	(177)	(1)	(118)
Short Term Investment Pool Reserve Expense	-	-	-	-	-
Net Investment Income (Loss)	<u>2,096,381</u>	<u>1,385,230</u>	<u>174,651</u>	<u>668</u>	<u>114,327</u>
Securities Lending Income	65,479	35,935	7,732	26	3,732
Securities Lending Expense	(55,976)	(31,232)	(6,045)	(20)	(2,970)
Net Securities Lending Income	<u>9,503</u>	<u>4,703</u>	<u>1,687</u>	<u>6</u>	<u>762</u>
Total Additions	<u>14,973,392</u>	<u>1,462,766</u>	<u>606,427</u>	<u>674</u>	<u>498,087</u>
Deductions					
Sales by Participants	13,096,124	591,856	27,520	-	499,631
Income Distributions to Participants	593,887	-	138,720	478	51,471
Total Deductions	<u>13,690,011</u>	<u>591,856</u>	<u>166,240</u>	<u>478</u>	<u>551,102</u>
Change in Net Position	<u>1,283,381</u>	<u>870,910</u>	<u>440,187</u>	<u>196</u>	<u>(53,015)</u>
Net Position Held in Trust for Pool and SMA Participants - Beginning of Year	<u>28,302,264</u>	<u>14,833,408</u>	<u>3,040,350</u>	<u>11,476</u>	<u>1,769,512</u>
Net Position Held in Trust for Pool and SMA Participants - End of Year	<u>\$ 29,585,645</u>	<u>\$ 15,704,318</u>	<u>\$ 3,480,537</u>	<u>\$ 11,672</u>	<u>\$ 1,716,497</u>

MONTANA UNIFIED INVESTMENT PROGRAM
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE FISCAL YEAR ENDING JUNE 30, 2025
 (amounts in thousands)

	STIP					STIP Included in Investment Pools
	REIS	State Agencies	Local Governments	Reserve	Reserve Included in STIP	
Additions						
Purchases by Participants	\$ 12,651	\$ 11,816,845	\$ 1,730,379	\$ -	\$ -	\$ (1,578,287)
Net Investment Earnings						
Investment Earnings						
Net Increase (Decrease) on Fair Value of Investments	-	167,773	44,209	4,159	(4,159)	-
Dividend/Interest Income	508	169,435	44,682	336	(336)	(4,249)
Other Investment Income	-	340	89	16,617	(16,617)	-
Investment Earnings	<u>508</u>	<u>337,548</u>	<u>88,980</u>	<u>21,112</u>	<u>(21,112)</u>	<u>(4,249)</u>
Investment Costs	-	(569)	(150)	-	-	-
Other Investment Expenses	(138)	(336)	(89)	-	-	-
Short Term Investment Pool Reserve Expense	-	(16,706)	(4,406)	-	21,112	-
Net Investment Income (Loss)	<u>370</u>	<u>319,937</u>	<u>84,335</u>	<u>21,112</u>	<u>-</u>	<u>(4,249)</u>
Securities Lending Income	-	14,286	3,768	-	-	-
Securities Lending Expense	-	(12,431)	(3,278)	-	-	-
Net Securities Lending Income	-	<u>1,855</u>	<u>490</u>	-	-	-
Total Additions	<u>13,021</u>	<u>12,138,637</u>	<u>1,815,204</u>	<u>21,112</u>	<u>-</u>	<u>(1,582,536)</u>
Deductions						
Sales by Participants	12	11,797,251	1,622,871	-	-	(1,443,017)
Income Distributions to Participants	-	322,437	85,030	-	-	(4,249)
Total Deductions	<u>12</u>	<u>12,119,688</u>	<u>1,707,901</u>	<u>-</u>	<u>-</u>	<u>(1,447,266)</u>
Change in Net Position	<u>13,009</u>	<u>18,949</u>	<u>107,303</u>	<u>21,112</u>	<u>-</u>	<u>(135,270)</u>
Net Position Held in Trust for Pool and SMA Participants - Beginning of Year	-	6,919,479	1,849,986	86,425	-	(208,372)
Net Position Held in Trust for Pool and SMA Participants - End of Year	<u>\$ 13,009</u>	<u>\$ 6,938,428</u>	<u>\$ 1,957,289</u>	<u>\$ 107,537</u>	<u>\$ -</u>	<u>\$ (343,642)</u>

In the above table, STIP holdings, purchases, sales, and investment earnings within investment pools are offset to calculate a combining total. STIP Reserve investment earnings and reserve expense within STIP are offset to calculate a combining total.

**Independent Auditor's Report and
Enterprise Fund Program
Financial Statements**

LEGISLATIVE AUDIT DIVISION

A-47

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



Deputy Legislative Auditors:
Alexa O'Dell
William Soller
Miki Cestnik

INDEPENDENT AUDITOR'S REPORT

The Legislative Audit Committee
of the Montana State Legislature:

Opinion

We have audited the financial statements of the Montana Board of Investments' Enterprise Fund Program, which are comprised of the Statement of Fund Net Position as of June 30, 2025, the related Statement of Revenues, Expenses and Changes in Fund Net Position, and the Statement of Cash Flows for the fiscal year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Montana Board of Investments' Enterprise Fund Program as of June 30, 2025, and the changes in net position and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1, the accompanying financial statements are intended to present the financial position, the changes in financial position, and cash flows of only the Montana Board of Investments' Enterprise Fund Program. They do not purport to, and do not, present fairly the financial position of the State of Montana, as of June 30, 2025, or the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Enterprise Fund Program's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Enterprise Fund Program's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on page A-51, the Schedule of Proportionate Share of Net Pension Liability on page A-85, the Schedule of Contributions on page A-85, and the Schedule of Total OPEB Liability and Related Ratios on page A-87 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Legal and Regulatory Requirements***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2026, on our consideration of the board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the board's internal control over financial reporting and compliance.

Respectfully submitted,

/s/ Alexa O'Dell

Alexa O'Dell, CPA
Deputy Legislative Auditor
Helena, MT

January 12, 2026

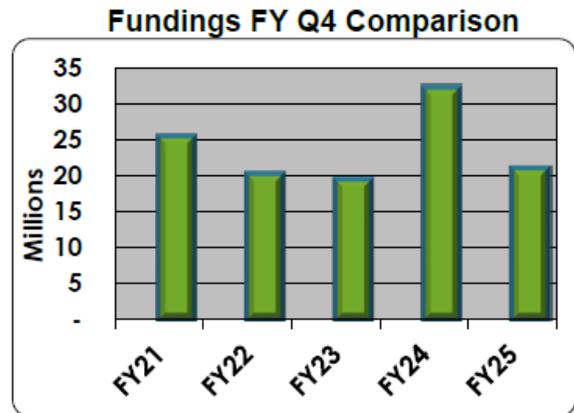
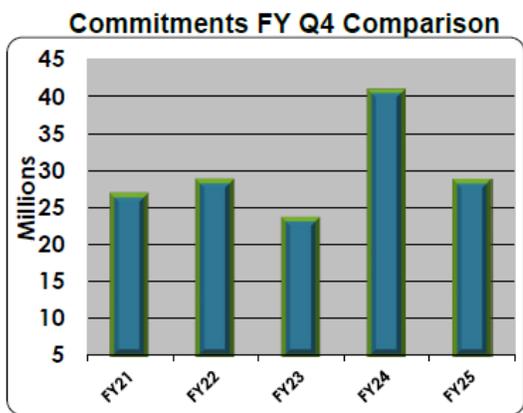
MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management’s Discussion and Analysis for the Enterprise Fund (the Fund) of the Board of Investments (the Board) of the State of Montana (the State) is presented as an introduction to the financial statements of the Fund. It is meant to help the reader understand the financial statements by providing an overall review of the financial activities during the year and to compare the prior year’s activities and results.

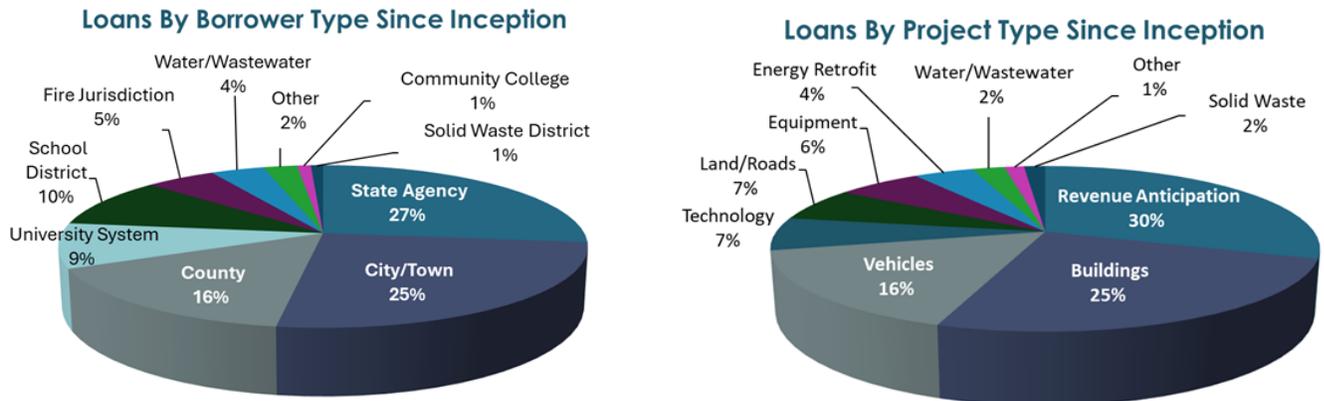
In addition to the Fund, the Board also administers the Unified Investment Program (UIP) to account for investing activities for local governments, component units, and state agencies. This report represents only the Fund. The UIP financial statements are presented separately.

FINANCIAL HIGHLIGHTS

- The Fund made new commitments of \$28.5 million to Montana state agencies, universities, and local governments during the fiscal year.
- The INTERCAP Loan Program has funded \$729 million statewide since its inception.
- As of June 30, 2025, there is \$65 million outstanding on the bonds used to fund the loans.
- Loan interest rates are reset every February. The loan rate from February 16th, 2024, to February 16th, 2025, was 6.25% (5.75% autopay). The loan rate for February 16th, 2025, to February 15th, 2026, is 5.82% (5.00% autopay).
- Demand for the program continues to be relatively consistent over the past five years. The following graphs illustrate the demand, noting a larger-than-usual municipal project bolstered FY24:



- INTERCAP loans have been very high credit quality, and the Board has never suffered a loss. This is attributed to underwriting standards and the credit soundness of state of Montana agencies, boards, authorities, and local governments.



OVERVIEW OF THE FINANCIAL STATEMENTS

The Fund is a Proprietary Fund of the State's Annual Comprehensive Financial Report (ACFR), which is separately issued from these financial statements. The Fund is not an entire reporting entity as described within accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). However, the Fund provides this statutorily required report to account for State programs created under the Municipal Finance Consolidation Act and Economic Development Bond Act of the State.

The financial statements and note disclosures follow this section of the report. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP.

The **STATEMENT OF FUND NET POSITION** provides information on the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the elements of the Fund's Net Position.

The **STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION** provides information on the various flows of operating revenues, operating expenses, non-operating revenues, and non-operating expenses.

The **STATEMENT OF CASH FLOWS** presents information on the sources and uses of cash during the most recent fiscal year. The Statement of Cash Flows is subdivided into three major sections to show cash provided or used by operating, non-capital financing, and investing activities. GAAP requires this statement to be reported utilizing a direct relationship of cash to sources of flows with a reconciliation of net cash provided by or used for operating activities to net operating income.

The **NOTES TO THE BASIC FINANCIAL STATEMENTS** provide additional information essential to a full understanding of the data provided in the Fund's financial statements.

Additional **REQUIRED SUPPLEMENTARY INFORMATION** is presented related to the defined benefit pensions and other post-employment benefits (OPEB).

FINANCIAL ANALYSIS

FUND NET POSITION The following is a condensed Statement of Fund Net Position as of June 30 as compared to the prior year, with amounts in thousands:

CONDENSED STATEMENT OF FUND NET POSITION

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Assets		
Non-Capital Assets	\$ 72,332	\$ 82,582
Total Assets	72,332	82,582
Deferred Outflows of Resources		
	70	75
Liabilities		
Current Liabilities	66,174	76,639
Noncurrent Liabilities	390	414
Total Liabilities	66,564	77,053
Deferred Inflows of Resources		
	49	55
Fund Net Position		
Restricted	5,789	5,549
Total Fund Net Position	<u>\$ 5,789</u>	<u>\$ 5,549</u>

The fund's net position increased \$240 thousand for the year ended June 30, 2025, as compared to a \$114 thousand increase in the fiscal year ended June 30, 2024. The Fund continues to benefit from decreased issuance costs since the signing of Resolution 249 in February 2023. The Fund was also able to pay down the outstanding obligation, which saved on interest expenses.

Due to the nature of the Fund's operations, its assets will typically consist of note and loan interest and principal receivable.

At the end of the fiscal year, the total note and loan principal and interest portfolio receivable was \$69.6 million compared to \$80.7 million at the beginning. Several borrowers, especially state and local governments, were taking advantage of higher reserves to pay down their obligations from the Fund. The Fund received repayments of \$36.3 million, including principal and interest, whereas total collections were \$25.8 million in the prior year. Loans funded during the fiscal year ended June 30, 2025, totaled \$21.1 million as compared to \$32.4 million in the preceding fiscal year.

The remaining assets comprise cash and cash equivalents, interest receivable on cash and cash equivalents, and security lending cash collateral.

Deferred outflows of resources and deferred inflows of resources are related to various elements of defined benefit pensions and OPEB recognized as part of future years' expenses due to time passage.

Most of the Fund's liabilities are bonds payable related to debt issuance that fund the INTERCAP loans for eligible Montana governmental units. As discussed in the Notes to the basic financial statements, the new bonds are considered short-term debt, with a one-year maturity from the date of issuance. New debt is renewed annually upon agreement between the Fund and the bondholder.

Restricted Fund Net Position comprises amounts related to the INTERCAP bonds and can only be reused in accordance with those provisions. There was an increase in Restricted Fund Net Position of \$240 thousand, solely related to the Fund's operations.

CHANGES IN FUND NET POSITION The following is a condensed Statement of Revenues, Expenses and Changes in Fund Net Position by major sources with amounts in thousands:

	For Fiscal Years Ending	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Operating Revenues		
Financing Income	\$ 4,022	\$ 4,105
Investment	199	240
Total Operating Revenues, as restated	<u>4,221</u>	<u>4,345</u>
Operating Expenses		
Personal Services	467	444
Other	129	216
Total Operating Expenses	<u>596</u>	<u>659</u>
Operating Income, as restated	3,625	3,685
Nonoperating Expenses, as restated		
Interest Expense	<u>3,385</u>	<u>3,571</u>
Change in Fund Net Postion	240	114
Total Fund Net Postion as of the Beginning of the Year	<u>5,549</u>	<u>5,435</u>
Total Fund Net Postiton as of the End of the Year	<u>\$ 5,789</u>	<u>\$ 5,549</u>

Operating revenues were primarily related to financing income from the INTERCAP portfolio. Financing income was down \$83 thousand, correlated with lower loans receivable balances and interest rates. More borrowers are taking advantage of the lower rates offered when they enroll in autopay, which benefits both the borrower and the Fund, as processing is considerably less manual through electronic payment methods.

The Fund previously included Debt Service expenses as operating expenses. See Note 1 of the financial statements for details. This change in classification does not affect the Fund's ending net position.

Operating expenses are primarily personal services. Personal services include employee compensation, compensated absence expense, sick leave, and other compensatory time recognized during the fiscal year. These amounts increased by \$23 thousand.

Other amounts include contracted services, supplies and materials, communications, travel, rent, pensions, post-employment benefits, and other overhead expenses. These expenses decreased by \$87 thousand during the year, mostly due to an \$80 thousand reduction in pension expense.

Debt service on the bonds includes interest expense on the outstanding bond, which decreased by \$184 thousand this year because of a lower interest rate environment and a lower bond outstanding balance.

The net of all the flows resulted in a \$240 thousand increase to the Total Fund Net Position for the fiscal year ended June 30, most of which relates to the increased operating income from the INTERCAP program.

OPERATIONAL HIGHLIGHTS

The Board's attractive rates in a challenging interest rate environment proved beneficial for Montana's state agencies, universities, and local governments. Highlights of the program include equipment upgrades, energy projects, remodeling of municipal buildings, and construction of new facilities. The Program continues to provide low-cost financing to serve Montana's communities and way of life.

ECONOMIC FACTORS AND CURRENTLY KNOWN FACTS THAT MAY IMPACT THE FUND'S OPERATIONS IN THE FUTURE

Program demand is affected by interest rates and the willingness of state and local governments to finance projects. The INTERCAP program will continue to offer competitive rates and low overhead costs to meet fluctuating demand.

Requests for Information and Transparency: This financial report is designed to provide a general overview of the Fund's operations. Questions concerning any of the information contained in this report or requests for additional information about the Board's operations should be addressed to the Board at 2401 Colonial Drive, 3rd Floor, PO Box 200126, Helena, Montana 59620-0126. The Board may be reached by phone at 406.444.0001. The Board Meeting agenda and minutes are posted at <http://investmentmt.com/Board/Meetings>.

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ENTERPRISE FUND (An Enterprise Fund of the State of Montana)
 STATEMENT OF FUND NET POSITION AS OF JUNE 30, 2025
 (amounts in thousands)

Restricted Assets	
Current Assets	
Cash And Cash Equivalents	\$ 2,610
Interest Receivable	8
Notes/Loans Receivable (Local Governments)	8,345
Notes/Loans Interest Receivable (Local Governments)	926
Interfund Loans Receivable (Other Funds of the State)	2,854
Interfund Interest Receivable (Other Funds of the State)	212
Component Unit of the State of Montana Notes/Loans Receivable	810
Component Unit of the State of Montana Interest Receivable	81
Security Lending Cash Collateral	101
Total Current Assets	15,947
Long-Term Assets	
Notes/Loans Receivable (Local Governments)	42,995
Interfund Loans Receivable (Other Funds of the State)	9,867
Component Unit of the State of Montana Notes/Loans Receivable	3,523
Total Long-Term Assets	56,385
Total Restricted Assets	72,332
Deferred Outflows of Resources	70
Liabilities	
Current Liabilities	
Accrued Expenses	22
Accrued Interest Payable	1,014
Security Lending Obligations	101
Compensated Absences	37
Current Bonds/Notes Payable	65,000
Total Current Liabilities	66,174
Long-Term Liabilities	
Compensated Absences	33
Total OPEB Liability	12
Net Pension Liability	345
Total Long-Term Liabilities	390
Total Liabilities	66,564
Deferred Inflows of Resources	49
Fund Net Position	
Restricted	5,789
Total Fund Net Position	\$ 5,789

The accompanying notes are an integral part of these financial statements.

ENTERPRISE FUND (An Enterprise Fund of the State of Montana)
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2025
 (amounts in thousands)

Operating revenue	
Investment Revenue	\$ 199
Financing Revenue	<u>4,022</u>
Total Operating Revenue	<u>4,221</u>
Operating Expenses	
Personal Services	467
Contracted Services	26
Supplies and Materials	1
Communications	3
Rent	42
Indirect and Other Costs	70
OPEB Expense	(3)
Pension Expense	<u>(10)</u>
Total Operating Expenses	<u>596</u>
Operating Income	<u>3,625</u>
Nonoperating Expenses	
Interest Expense	<u>3,385</u>
Change In Fund Net Position	<u>240</u>
Total Fund Net Position, July 1	<u>5,549</u>
Total Fund Net Position, June 30	<u><u>\$ 5,789</u></u>

The accompanying notes are an integral part of these financial statements.

ENTERPRISE FUND (An Enterprise Fund of the State of Montana)
 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025
 (amounts in thousands)

Cash Flows from Operating Activities	
Payments to Suppliers for Goods and Services	\$ (142)
Payments to Employees	<u>(479)</u>
Net Cash (Used for) Provided by Operating Activities	<u>(621)</u>
Cash Flows from Non-Capital Financing Activities:	
Payment of Interest on Bonds and Notes	(3,684)
Payment of Principal on Bonds	(82,000)
Proceeds from Issuance of Bonds and Notes	<u>71,793</u>
Net Cash (Used for) Provided by Non-Capital Financing Activities	<u>(13,891)</u>
Cash Flows from Investing Activities:	
Collections for Principal and Interest on Loans	36,287
Cash Payments for Loans	(21,140)
Interest on Deposits/Investments	<u>199</u>
Net Cash (Used for) Provided by Investing Activities	<u>15,346</u>
Net (Decrease) Increase in Cash and Cash Equivalents	834
Cash and Cash Equivalents, July 1	<u>1,776</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,610</u>

The accompanying notes are an integral part of these financial statements.

ENTERPRISE FUND (An Enterprise Fund of the State of Montana)
 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2025
 (amounts in thousands)

Reconciliation of Net Income to Net Cash (Used for) Operating Activities	
Net Operating Income (Loss)	\$ 3,625
Adjustments to Reconcile Net Income to Net Cash (Used for) Operating Activities	
Interest on Investments	(199)
Financing Income	(4,022)
Change in Assets, Liabilities, Deferred Inflows, and Deferred Outflows:	
Decrease (Increase) in OPEB Deferred Outflows	1
Decrease (Increase) in Pension Deferred Outflows	4
Increase (Decrease) in Accounts Payable	(5)
Increase (Decrease) in Other Payables	7
Increase (Decrease) in Compensated Absences Payable	10
Increase (Decrease) in Net Pension Liability	(39)
Increase (Decrease) in OPEB Deferred Inflows of Resources	(4)
Increase (Decrease) in Pension Deferred Inflows of Resources	(1)
Total Adjustments	<u>(4,246)</u>
Net Cash (Used for) Provided by Operating Activities	\$ <u><u>(621)</u></u>

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

These financial statements present only the activity of the Enterprise Fund (the Fund) as managed by the Board of Investments (the Board). The Fund is reported as a proprietary fund within the State of Montana's (the State) Annual Comprehensive Financial Report (ACFR). Component unit activity of the Fund solely represents transactions with component units of the State and not of component units of the Fund. For a complete presentation of the State's balances and results of operations, the State's ACFR is available from the Montana Department of Administration's State Financial Services Division website <http://sfsd.mt.gov/SAB/acfr/index>; at Room 250 Mitchell Building, 125 North Roberts Street, PO Box 200102, Helena, MT 59620-0102 or at 406.444.3092.

1. DESCRIPTION OF FUND AND SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF FUND

The Board uses the Fund to account for its programs created under the Municipal Finance Consolidation Act and the Economic Development Bond Act.

Municipal Finance Consolidation Act programs include:

- The INTERCAP Revolving Loan Program (INTERCAP) provides funds to eligible Montana state and local governments to finance capital expenditures for up to fifteen years or the useful life of the project, whichever is less.
- Qualified Zone Academy Bond (QZAB) Program provides a financial instrument that is a different form of subsidy from traditional tax-exempt bonds. The federal government pays the interest on the QZABs in the form of an annual tax credit to a bank (or other eligible financial institution) that holds the QZAB. The Board acts as a legal funding conduit only and is not liable for the repayment of the bonds.
- Qualified School Construction Bond (QSCB) Program provides a financial instrument that is a different form of subsidy from traditional tax-exempt bonds. The revenues of the borrower are pledged to repay the bonds. The Board acts as a legal funding conduit only and is not liable for the repayment of the bonds.

BASIS OF ACCOUNTING

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting and have been prepared in conformity with accounting principles generally accepted in the United States for governments (GAAP) as established by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are generally short-term, highly liquid investments with maturities of three months or less at the time of purchase and are reported at cost. For additional details, see Note 2 – Cash and Cash Equivalents.

SECURITIES LENDING

The collateral received under securities lending agreements related to the Short-Term Investment Pool (STIP) is included in the Statement of Fund Net Position. Liabilities resulting from these transactions are also included in the Statement of Fund Net Position. For additional details, see Note 2 – Cash and Cash Equivalents.

RECEIVABLES

Receivables primarily represent notes and loans classified in three categories as follows:

- 1) Notes and loans receivable from local governments.
- 2) Interfund notes and loans receivable from other funds of the State.
- 3) Component Unit notes and loans receivable from university units for which the State is financially accountable and are legally separate from the State.

Notes and loans generally have terms of less than 15 years. For additional details, see Note 3 - Receivables.

COMPENSATED ABSENCES

The Board offers sick leave and vacation time as part of its employee compensation package. Compensated absences include 100% of applicable unused and earned vacation leave, non-exempt comp time, and banked holidays, along with 25% of the employees' sick leave multiplied by the employee current pay rates as of the measurement date. The liability for compensated absences reported in the fund statements consists of applicable unpaid, accumulated annual and sick leave balances. Net compensated absence liabilities increased \$10 thousand in the current year. For additional details, see Note 8 – Compensated Absences.

PENSIONS AND OTHER POST EMPLOYMENT BENEFITS (OPEB)

Information about the fiduciary net position of the Montana Public Employees Retirement Administration (MPERA) and the State Group Benefits Plan, administered by the Montana Department of Administration, has been determined on the same basis as those systems. This includes additions to and deductions from the fiduciary net position, which are used to measure the net pension and net OPEB liabilities, deferred outflows and inflows of resources, and related pension and OPEB expenses. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms for this purpose.

Investments are measured at fair value. For additional details, see Notes 9 – Pensions and 10 – Other Post Employment Benefits.

FUND NET POSITION

Fund Net Position represents the accumulated net income or loss of the Fund's programs, which are restricted under bond provisions governing the use of these funds.

OPERATING AND NONOPERATING REVENUES AND EXPENSES

Operating revenues reflect interest income on loans and investments, change in fair value of investments, and related investment expenses offsetting investment income. Operating expenses include payments to employees and suppliers for goods and services. All revenues and expenses not meeting this definition are nonoperating.

ACCOUNTING CHANGES

The Fund previously included interest expenses as part of the operating expenses in the Statement of Revenues, Expenses, and Changes in Fund Net Position. The GASB Implementation Guidance Update - 2025 emphasized that interest expenses are always nonoperating, even if related to operations (Q4.2). Beginning with the current year, these cash flows are now included in the nonoperating section of the statement. This change impacted the operating income and nonoperating loss for the prior year but has no impact to the Fund's ending net position. The following table (in thousands) presents the prior year statement and presentation as corrected:

RESTATEMENT OF STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2024	
	<u>Enterprise Fund</u>
Total Operating Revenue	\$ 4,345
Total Operating Expenses	<u>4,231</u>
Operating Income	<u>114</u>
Adjustment for Interest Expense	<u>3,569</u>
Operating Income, as restated	<u>3,683</u>
Nonoperating Expenses	-
Adjustment for Interest Expense	<u>3,569</u>
Nonoperating Expenses, as restated	<u>(3,569)</u>
Change in Fund Net Position	<u><u>114</u></u>

2. CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS

Cash and cash equivalents, as identified in the Statement of Fund Net Position, as of June 30, are as follows with amounts in thousands:

CASH AND CASH EQUIVALENTS	
Cash in Treasury	\$ 46
Short-Term Investment Pool (STIP)	<u>2,564</u>
Total Cash and Cash Equivalents	<u><u>\$ 2,610</u></u>

The Fund invests its operational cash in the Board's STIP program, an external investment pool that is part of the Montana UIP. The UIP is also managed by the Board. The Board is not registered with the U.S. Securities and Exchange Commission as an investment company. STIP is managed to preserve principal while providing daily liquidity for state agencies, component units, and local government participants. Funds may be invested for one or more days. STIP participants own STIP shares not the underlying investments. STIP is managed by the Board as a fiduciary for participants. Income is distributed monthly on a pro-rata basis. Cash and cash equivalents are reported at amortized cost. STIP pool participation units are purchased and sold in the same manner as individuals investing in mutual funds. The STIP participants purchase and

sell units at \$1 per unit, at the participant's discretion.

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of the failure of the counterparty to a transaction, the Board will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Per policy, the Board's custodial bank must be rated at least at the sixth highest investment grade rating by at least two Nationally Registered Statistical Ratings Organizations (NRSROs) annually.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributable to the magnitude of any single investment per issuer name. Investments explicitly guaranteed by the U.S. Government are excluded from the concentration of credit risk requirement. The concentration of credit risk is addressed within all Investment Policy Statements (IPSs) as set by the Board.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Credit risk is contemplated for each individual portfolio in the IPS. Although the STIP investments have been rated by investment security type, STIP, as an external investment pool, has not been rated.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. STIP interest rate risk is determined using the Weighted Average Maturity (WAM) method. As of June 30, the WAM for STIP was 58 days.

According to the STIP IPS, "The STIP portfolio will minimize interest rate risk by:

- 1) Structuring the investment portfolio so securities mature to meet cash requirements for ongoing operations thereby normally avoiding the need to sell securities on the open market prior to maturity.
- 2) Maintaining a dollar-weighted average portfolio maturity (WAM) of 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).
- 3) STIP will maintain a reserve account."

Based on their short weighted average maturity and the relative immaterial difference from their amortized cost to fair value as of June 30, the Board deemed the cash equivalents to have little

discernible credit or interest rate risk.

SECURITIES LENDING

The Board is authorized by law to lend its securities and has contracted with the custodial bank to lend the Board's securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. On any day, including June 30, the markets may move in a positive or negative direction resulting in under or over collateralization. The custodial bank compensates for market movement by recalculating on the following business day to meet the collateralization requirements. The Board and the custodial bank split the earnings, 85% and 15% respectively, on security lending activities. The Board retains all rights and risks of ownership during the loan period. The custodial bank indemnifies the Board's credit risk exposures to the borrowers. The custodial bank cannot sell collateral securities unless the borrower defaults. For the Fund, STIP participates in the security lending.

The custodial bank is required to maintain minimum collateral requirements based on contractual requirements. The custodial bank loaned the Board's public securities and received as collateral high-quality, short-term securities, and other investments permitted by guidelines. The Board has an established schedule with the custodial bank that identifies the minimum credit rating and margin requirements.

The cash collateral received for each loan was invested in a highly-liquid, separately managed portfolio. The Board and the borrowers maintain the right to terminate all securities lending transactions on notice. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower. The portfolio had a weighted average duration of 21 days and a weighted average final maturity of 103 days.

The collateral received under securities lending agreements where the pool can spend, pledge, or sell collateral without borrower default is included in the Statement of Fund Net Position. Liabilities resulting from these transactions are also included in the Statement of Fund Net Position. There were no income or expense distributions for securities lending made to STIP participants during the fiscal year.

3. RECEIVABLES

The INTERCAP loan program loans money to local governments, Interfund - Other Funds of the State and Component Unit of the State. Amounts related to the note / loan receivables identified in the Statement of Fund Net Position as of June 30 are detailed as follows with amounts in thousands:

NOTES/LOANS RECEIVABLES							
	Local Government		Interfund - Other Funds of State		Component Unit of the State		Total
Notes/Loans Receivable							
Short-Term	\$	8,345	\$	2,854	\$	810	\$ 12,009
Long Term		42,995		9,867		3,523	56,385
Interest Receivable		926		212		81	1,219
	<u>\$</u>	<u>52,266</u>	<u>\$</u>	<u>12,933</u>	<u>\$</u>	<u>4,414</u>	<u>\$ 69,613</u>

The Interfund (state agencies and other funds of the state) and Component Unit (State of Montana) note / loan receivables are further delineated as follows with amounts in thousands:

INTERFUND / COMPONENT UNIT RECEIVABLE BY FUND TYPE / COMPONENT UNIT						
	Interfund - Other Funds of the State			Component Unit of the State		
	<u>Internal</u>			<u>Montana State</u>		
	<u>Debt Service</u>	<u>Service Fund</u>	<u>Total</u>	<u>University</u>		
Interfund	\$ 624	\$ 12,097	\$ 12,721	\$ -		
Component Unit	-	-	-	4,333		
Interest Receivable	3	209	212	81		
	<u>\$ 627</u>	<u>\$ 12,306</u>	<u>\$ 12,933</u>	<u>\$ 4,414</u>		

4. BONDS PAYABLE

The Fund is authorized to issue INTERCAP bonds under the Municipal Finance Consolidation Act. These bonds may not aggregate to more than \$190 million by statute. The INTERCAP bonds provide funds for the Board to make loans to eligible government units.

GENERAL INFORMATION

The Board adopted Resolution 249, which allows for the issuance of new INTERCAP program bonds annually beginning in February 2023 to the Board of Investments UIP. The new bonds are considered short-term debt, with a one-year maturity from date of issuance. New debt is renewed annually upon agreement between the INTERCAP program and the holder of the bonds.

The current bonds payable is \$65 million of special, limited obligation bonds of the Board payable solely from and secured by the revenues derived by the INTERCAP Loan Program under the

Municipal Finance Consolidation Act.

The principal of the bonds can be advanced as needed up to a maximum of \$120 million. The bonds are callable at any time. The interest rate on principal and any advances is 4.321% until February 20, 2026. The interest rate on principal and any advances was 5.049% from February 21, 2024, to February 20, 2025. There is no set expiration on the agreement. If the issuer and holder do not agree to renew the bonds, there is one final renewal. The bond interest rate for the renewal period will be determined on February 15 and will be equal to the midpoint yield of the US Treasury Bill with the maturity closest to 365 days plus ten basis points. Interest is paid semi-annually on February 20 and August 20. Interest is calculated based on a three hundred sixty-day year composed of twelve thirty-day months.

SHORT-TERM DEBT

Enterprise short-term bonds were outstanding as of June 30, as follows with amounts in thousands:

SHORT-TERM BONDS PAYABLE				
<u>Series</u>	<u>Amount Issued</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Balance</u>
2022	\$ 68,000	4.321%	2/20/2026	\$ 65,000
Bonds Payable	<u>\$ 68,000</u>			<u>\$ 65,000</u>

The INTERCAP program does not have principal payments except in the instance of an optional redemption by the Board.

The following schedule summarizes the short-term bond activity during the fiscal year with amounts in thousands:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
\$ 75,207	\$ 71,793	\$ (82,000)	\$ 65,000

5. BOND AND LOAN GUARANTEES

As of June 30, the Fund had received a nonexchange financial guarantee from the Coal Severance Tax Trust Fund and the Treasurer’s Cash Fund for exposure to INTERCAP bond issues of \$65 million. Both the Coal Severance Tax Trust Fund and the Treasurer’s Fund are part of the primary government for the State. The Board manages the Treasurer’s Cash Fund which consists of cash balances of all the funds for the State not invested in the STIP. The nonexchange financial guarantee was extended through the Board’s management of the UIP. The amounts represent the potential liability of the Fund and are guaranteed for the duration of the bond, which is one year. The Board has not had to perform on any loan guarantee in the past.

6. CONDUIT DEBT OBLIGATIONS

QZAB DEBT

In this program, the Board is authorized to issue Qualified Zone Academy Bonds (QZAB), under the Municipal Finance Consolidation Act, as conduit debt. The revenues, and in some cases the taxing power, of the obligors (borrowers) are pledged to repay the bonds. Because the Board has no obligation for this debt, these bond issues are not reflected in the Board's financial statements. The obligors have set money aside to be used for the repayment of these bonds in accounts that are held in trust by the Board in the amount of \$2.5 million. This amount is reported within a fiduciary fund for the State. Bonds issued and outstanding as of June 30 by the Board as QZAB conduit debt obligations are listed as follows with amounts in thousands:

CONDUIT DEBT OBLIGATIONS					
QZAB					
<u>Project</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>		<u>Balance</u>
			<u>Issued</u>		
Kalispell Elementary	October 2013	06/15/28	\$	620	\$ 620
Kalispell High School	October 2013	06/15/28		1,587	1,587
Anaconda Elementary	August 2017	06/15/32		658	658
Anaconda High School	August 2017	06/15/32		707	707
Total Conduit Debt Obligations - QZAB			\$	3,572	\$ 3,572

QSCB DEBT

In this program, the Board is authorized to issue Qualified School Construction Bonds (QSCB), under the Municipal Finance Consolidation Act, as conduit debt. The revenues of the obligor are pledged to repay the bonds. Because the Board has no obligation for this debt, these bond issues are not reflected in the Board's financial statements. Bonds issued and outstanding as of June 30 by the Board as QSCB conduit debt obligations are as follows with amounts in thousands:

CONDUIT DEBT OBLIGATIONS					
QSCB					
<u>Project</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount</u>		<u>Balance</u>
			<u>Issued</u>		
Great Falls High Schools	April 2011	12/15/25	\$	1,855	\$ 88
Great Falls Elementary	April 2011	12/15/25		6,510	310
Total Conduit Debt Obligations - QSCB			\$	8,365	\$ 398

7. INTERCAP PROGRAM COMMITMENTS

The Board makes firm commitments to fund loans from the INTERCAP loan program. The Board's outstanding commitments to eligible Montana governments as of June 30 totaled \$33.5 million.

8. COMPENSATED ABSENCES

Net compensated absence liabilities increased \$10 thousand in the current year. Total compensated absence balance was \$70 thousand as of June 30.

9. PENSIONS

DESCRIPTION OF PLANS

The Board and its employees contribute to either the Public Employees' Retirement System (PERS)-Defined Benefit Retirement Plan (DBRP) or the PERS-Defined Contribution Retirement Plan (DCRP). Both the DBRP and the DCRP are administered by MPERA. The DBRP is a multiple-employer, cost-sharing plan. The DBRP provides retirement, disability, and death benefits to plan members and their beneficiaries.

All new members are initially members of the DBRP and have a 12-month window during which they may choose to remain in the DBRP or join the DCRP by filing an irrevocable election. Members may not be members of both the defined contribution and defined benefit retirement plans.

Benefits are established by state law and can only be amended by the Legislature. DBRP Benefits are based on eligibility, years of service and highest average compensation (HAC). Member rights are vested after five years of service.

The stand-alone financial statements of the Montana Public Employees Retirement Administration (MPERA) Annual Comprehensive Financial Report (ACFR) and the GASB 68 Report disclose the Plan's fiduciary net position. The reports are available from the MPERA at PO Box 200131, Helena MT 59620-0131, 406.444.3154 or both are available on the MPERA website at <https://mpera.mt.gov/about/annualreports1/annualreports>. The information contained within MPERA's ACFR will only display information regarding PERS in total and will not display information specific to the Fund as an entity. The Fund's activity is reported within the Department of Commerce GASB 68 employer report as prepared by MPERA and represents 2.02% of the agency's net pension liability and .01% of the total liability for all employers for the fiscal year.

NET PENSION LIABILITY (NPL) - DBRP

At year end, the Fund recorded a liability of \$345 thousand for its proportionate share of the DBRP NPL and a (\$10) thousand credit for its proportionate share of the pension expense. The

employer's proportionate share equals the ratio of the employer's contributions to the sum of all employer and non-employer contributions during the measurement period.

SUMMARY OF BENEFITS - DBRP

Member's highest average compensation (HAC)

Hired prior to July 1, 2011, HAC during any consecutive 36 months.

Hired on or after July 1, 2011, HAC during any consecutive 60 months.

Compensation Cap

Hired on or after July 1, 2013, 110% annual cap on compensation considered as part of a member's HAC.

Vesting

5 years of membership service

Eligibility for benefit

Service retirement:

Hired prior to July 1, 2011, Age 60, 5 years of membership service, or
Age 65, regardless of membership service, or
Any age, 30 years of membership service.

Hired on or after July 1, 2011, Age 65, 5 years of membership service,
Age 70, regardless of membership service.

Early retirement:

Hired prior to July 1, 2011, Age 50, 5 years of membership service, or
Any age, 25 years of membership service.

Hired on or after July 1, 2011, Age 55, 5 years of membership service.

Second Retirement (requires returning to PERS-covered employment or PERS service)

Retired before January 1, 2016, and accumulate less than 2 years additional service credit, or retired on or after January 1, 2016, and accumulate less than 5 years additional service credit:

- A refund of member's contributions plus regular interest (currently 2.02% effective July 1, 2018),
- No service credit for second employment,
- Start the same benefit amount the month following termination, and
- Guaranteed Annual Benefit Adjustment (GABA) starts again in the January immediately following the second retirement.

Retired before January 1, 2016, and accumulate at least 2 years of additional service credit:

- A recalculated retirement benefit based on provisions in effect after the initial retirement, and
- GABA starts on the recalculated benefit in the January after receiving the new benefit for 12 months.

Retired on or after January 1, 2016, and accumulate 5 or more years of service credit:

- The same retirement as prior to the return to service,
- A second retirement benefit as prior to the second period of service based on laws in effect upon the rehire date, and
- GABA starts on both benefits in the January after receiving the original and the new benefit for 12 months.

Monthly Benefit Formula

Members hired prior to July 1, 2011

- Less than 25 years of membership service: 1.785% of HAC per year of service credit, or
- 25 years of membership service or more: 2% of HAC per year of service credit.

Members hired on or after July 1, 2011

- Less than 10 years of membership service: 1.5% of HAC per year of service credit,
- 10 years or more, but less than 30 years of membership service: 1.785% of HAC per year of service credit, or
- 30 years or more of membership service: 2% of HAC per year of service credit.

Guaranteed Annual Benefit Adjustment (GABA)

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other adjustments to the member's benefit.

- 3.0% for members hired prior to July 1, 2007,
- 1.5% for members hired between July 1, 2007, and June 30, 2013.
- Members hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%,
 - 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%. and
 - 0.0% whenever the amortization period for PERS is 40 years or more.

OVERVIEW OF CONTRIBUTIONS

The State Legislature has the authority to establish and amend contribution rates. Member and employer contribution rates are specified by Montana Statute and are a percentage of the member's compensation. Contributions are deducted from each member's salary and remitted by participating employers.

Currently, plan members are required to contribute 7.90% of members' compensation. By statute, the members' 7.90% contributions are temporary and will be decreased to 6.90% on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contribution rates.

As the employer, the State was required to contribute 9.17% of members' compensation for the fiscal year. Effective July 1, 2014, the employer contributions increase an additional 0.1% a year and will continue over 10 years through 2024. The additional employer contributions including the 0.27% added in 2007 and 2009, terminates on January 1 following actuary valuation results that show the amortization period has dropped below 25 years and would remain below 25 years following the reduction of both the additional employer and additional member contributions rates. Effective July 1, 2013, employers are required to make contributions on working retirees' compensation. Member contributions for working retirees are not required.

PERS received 100% of the required contributions from the Fund in the amount of \$28 thousand for the fiscal year.

ACTUARIAL ASSUMPTIONS – DBRP

The total pension liability as of June 30, 2024, was determined on the results of an actuarial valuation date of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement. Among those assumptions were the following:

- Investment Return (net of investment expense) 7.30%

- General Wage Growth, (which includes inflation at 2.75%) 3.50%
- Merit Increases 0.00% to 4.80%
- Guaranteed Annual Benefit Adjustment (GABA):

After the member has completed 12 full months of retirement, the member's benefit increases by the applicable percentage each January, inclusive of other adjustments to the member's benefit.

- 3.0% for members hired prior to July 1, 2007,
- 1.5% for members hired between July 1, 2007, and June 30, 2013,
- Members hired on or after July 1, 2013:
 - 1.5% for each year PERS is funded at or above 90%
 - The 1.5% is reduced by 0.1% for each 2.0% PERS is funded below 90%
 - 0% whenever the amortization period for PERS is 40 years or more.
- Mortality assumptions for active participants are based on PUB-2010 General Amount Weighted Employer Mortality projected to 2021. Projected generationally using MP-2021.
- Mortality assumptions for disabled retirees are based on PUB-2010 General Amount Weighted Disabled Retiree Mortality table, projected to 2021, set forward one year.
- Mortality assumptions for contingent survivors are based on PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year. Projected generationally using MP-2021.
- Mortality assumptions for healthy retirees are based on PUB-2010 General Amount Weighted Healthy Retiree Mortality table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS

- There were no changes to the assumptions or other inputs that affected the measurement of the TPL since the previous measurement date.

DISCOUNT RATE - DBRP

The discount rate used to measure the Total Pension Liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from participating plan members, employers, and non-employer contributing entities would be made based on the Board's funding policy, which established the contractually required rates under Montana Code Annotated. In addition, the State contributed a statutory appropriation from the General Fund.

Based on those assumptions, the Plan's fiduciary net position was projected to be adequate to make all the projected future benefit payments of current plan members through the year 2128. Therefore, the long-term expected rate of return on pension plan investments was applied to all

periods of projected benefit payments to determine the TPL. A municipal bond rate was not incorporated in the discount rate.

TARGET ALLOCATIONS – DBRP

The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience studies prepared for the Plan about every five years. The long-term rate of return as of the plan's measurement date of June 30, 2024, is based on analysis in the experience study report dated May 2, 2022, without consideration for the administrative expense analysis shown. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense, and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return Arithmetic Basis
Cash	3.0%	-0.33%
Domestic Equities	30.0%	5.90%
International Equities	17.0%	7.14%
Private Investments	15.0%	9.13%
Real Assets	5.0%	4.03%
Real Estate	9.0%	5.41%
Core Fixed Income	15.0%	1.14%
Non-Core Fixed Income	6.0%	3.02%
Total	100.0%	

SENSITIVITY ANALYSIS – DBRP

The following presents the employer's sensitivity of the NPL to the discount rate in the table below. A small change in the discount rate can create a significant change in the net pension liability. The NPL was calculated using the discount rate of 7.30%, as well as what the NPL would be if it were calculated using a discount rate 1.00% lower or 1.00% higher than the current rate (amounts in thousands).

Net Pension Liability Sensitivity	1.0% Decrease (6.30%)	Current Discount (7.30%)	1.0% Increase (8.30%)
Enterprise Fund	\$ 502	\$ 345	\$ 212

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - DBRP

MPERA prepared financial statements using the accrual basis of accounting. The same accrual basis was used for the purposes of determining the NPL, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, the fiduciary net position, and additions to or deductions from fiduciary net position. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Revenues are recognized in the accounting period they are earned and become measurable. Benefit payments and refunds are recognized in the accounting period in which they are due and payable in accordance with the benefit terms. Expenses are recognized in the period incurred. Investments are reported at fair value.

The State of Montana, as the non-employer contributing entity, paid to the Plan, additional contributions that qualify as *special funding*. Those employers who received *special funding* are all participating employers. The State contributed a Statutory Appropriation from the General Fund of \$35.3 million to the Plan. The change in the Fund's proportionate share of the Plan was determined as follows:

As of Measurement Date June 30, 2024	NPL (amounts in thousands)	Percent of Collective NPL	Change in Percent of Collective NPL
Fund Proportionate Share	\$ 345	0.014%	-<.001%
State of Montana Proportionate Share associated with Employer	86	0.004%	-<.001%
Total	\$ 431	0.018%	-0.001%

DEFERRED PENSION INFLOW / OUTFLOW OF RESOURCES - DBRP

At year end, the Fund reported its proportionate share of the DBRP's deferred outflows of resources and deferred inflows of resources from the following sources with amounts in thousands:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected vs. Actual Experience	\$ 17	\$ -
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	8
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	-	5
Measurement Date	28	-
Total	\$ 45	\$ 13

Amounts reported as deferred outflows of resources related to pensions resulting from the Fund's contributions after the measurement date will be recognized as a reduction of the NPL in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in Pension Expense as follows with amounts in thousands:

For the Measurement Year Ended June 30:	Recognition of Deferred Outflows / Inflows in Future Years
2025	\$ (7)
2026	19
2027	(5)
2028	(3)
Thereafter	-

PERS-DEFINED CONTRIBUTION RETIREMENT PLAN (DCRP)

The PERS-DCRP is a defined contribution multiple-employer plan. DCRP benefits are based on eligibility and individual account balances. Participants are vested immediately in their own contributions and attributable income. Participants are vested after five years of membership service for the employer's contributions to individual accounts and the attributable income. Non-vested contributions are forfeited upon termination of employment per statute. Forfeitures are used to cover the administrative expenses of the DCRP.

At the plan level for the measurement period ended June 30, 2024, the DCRP employer did not recognize any NPL or pension expense for the defined contribution plan. Plan level non-vested forfeitures for the 351 employers that have participants in the DCRP totaled \$1.3 million.

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

GENERAL INFORMATION ABOUT THE NON-TRUST PLAN

The Fund participates in the State's OPEB plan provided in accordance with Section 2-18-704, MCA. This coverage applies to the following employees and dependents who elect to continue coverage and pay administratively established contributions: (1) employees and dependents who retire under applicable retirement provisions and (2) surviving dependents of deceased employees. Medical, dental, and vision benefits are available through this plan. The State OPEB plan is not administered through a trust; as such, there are no plan assets accumulated to offset the total OPEB liability.

In accordance with Section 2-18-704, MCA, the State provides post-retirement health insurance benefits to eligible employees who receive retirement benefits from the Public Employees' Retirement System (PERS) or various other State retirement systems and elect to start medical coverage within 60 days of leaving employment. Further details on state retirement plans are provided in Note 9 - Pensions.

PLAN DESCRIPTION

The OPEB plan is a single-employer defined benefit OPEB plan administered by statute by the Montana Department of Administration (DOA) Health Care and Benefits Division (HCBD). The Fund is reported within the primary government for reporting purposes.

The State pays for post-employment healthcare benefits on a pay-as-you-go basis. Section 2-18-812, MCA gives the authority for establishing and amending the funding policy to the DOA. The healthcare OPEB plan allows retirees to participate, as a group, at a rate that does not cover all the related costs. This results in the reporting of total OPEB liability in the related financial statements and note disclosures. Reported contributions are not a result of direct funding to the plans or for associated liabilities but are a measure of the difference in retiree payments into the plans and actual medical costs associated with those individuals paid for by the plans.

As of December 31, 2024, the State OPEB Plan's administratively established retiree medical contributions vary between \$504.00 and \$2,456.00 per month depending on the medical plan selected, family coverage, and Medicare eligibility. Administratively established dental contributions vary between \$42.37 and \$71.27 per month, and vision hardware premiums vary between \$7.64 and \$22.26 per month, depending on the coverage selected. The plan provides different coinsurance amounts and deductibles depending on whether members use participating or non-participating providers. Once retiree members become Medicare eligible, the plan automatically processes claim reimbursement as the secondary insurer, even if the member is not enrolled in Medicare. A basic life insurance plan on the life of the retiree is also included with a retiree's core benefits until the retiree reaches age 65 or is eligible for Medicare.

BASIS OF ACCOUNTING

The OPEB liability is reported on an accrual basis. Plan member contributions are recognized in the period in which the contributions are made. Benefits and refunds are recognized when due and payable.

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY

The Fund's total OPEB liability of \$12 thousand is approximately .03% of the total primary government OPEB liability of \$45 million as reported on June 30, 2025. The following table presents the other items related to and changes in total OPEB liability with amounts in thousands:

	Fund Share Total OPEB Liability
Balance at 6/30/2024	\$ 9
Changes for the Year:	
Difference Between Expected and Actual Experience	1
Changes of Assumptions or Other Inputs	2
Net Changes	<u>3</u>
Balance at 6/30/2025	\$ 12

The total OPEB liability was determined by an actuarial valuation as of December 31, 2024, rolled forward to measurement period ending March 31, 2025.

ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Contributions	Retiree / Surviving Spouse	Spouse
(weighted average)		
Before Medicare Eligibility	\$16,620	\$7,610
After Medicare Eligibility	6,048	5,379
Actuarial Valuation Date	December 31, 2024	
Experience Study Period	January 1, 2024, through December 31, 2024	
Actuarial Measurement Date	March 31, 2025	
Actuarial Cost Method	Entry age normal funding method	
Amortization Method	Level percent of payroll, open basis	
Asset Valuation	Not applicable since no assets meet the definition of plan assets under GASB 75	
Actuarial Assumptions:		
Discount Rate	4.57%	
Projected Payroll Increases	3.50%	
Healthcare Cost Trend Rates	Medical 7.6%, Pharmacy 9.6%	
Participation		
Future Retirees	40.00%	
Future Eligible Spouses	70.00%	
Marital Status At Retirement	70.00%	

Mortality - Contributing Members

Mortality follows the Pub-2010 General Employee table, projected generationally using MP-2021.

Mortality – Retired

Mortality follows the Pub-2010 General Retiree table set forward 1 year and adjusted 104% for males, or adjusted 103% for females, projected generationally using MP-2021.

Mortality – Surviving Beneficiaries

Mortality follows the Pub-2010 Contingent Survivor table set forward 1 year for males and females, projected generationally using MP-2021.

Mortality – Disabled

Mortality follows the Pub-2010 General Disabled table set forward 1 year and adjusted 104% for males, or adjusted 103% for females, projected generationally using MP-2021.

Changes in actuarial assumptions and methods since last measurement date:

The discount rate increased from 4.12% to 4.57%. Projected Payroll increased based on 2024 pension report assumptions. Decrement tables updated per the October 2024 actuarial reports. Updated trend projections based short-term on industry expectations and long-term on the 2025 Getzen model. Due to Inflation Reduction Act, applied separate healthcare and contribution trend rates for Medical, Pre-65 Med/RX, and Post-65 Med/Rx.

Changes in benefit terms since last measurement date:

None.

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the total OPEB liability of the Fund, as well as what the Fund's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate with amounts in thousands:

Net OPEB Liability Sensitivity	1.0% Decrease (3.57%)	Current Discount (4.57%)	1.0% Increase (5.57%)
Enterprise Fund	\$ 17	\$ 12	\$ 9

SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN HEALTHCARE COST TREND RATES

The following table presents the total OPEB liability of the Fund, as well as what the Fund's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates. Rates shown on the Plan are trend rates for medical/pharmacy, respectively, and all amounts are in thousands:

Net OPEB Liability Sensitivity	1.0% Decrease	Current Healthcare Cost Trend Rate (7.6%/9.6%)	1.0% Increase
Enterprise Fund	\$ 9	\$ 12	\$ 17

OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, the Fund recognized OPEB expense of 3 thousand. On June 30, the Fund reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources with amounts in thousands:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1	\$ 15
Changes of Assumptions and Other Inputs	24	21
Total	\$ 25	\$ 36

Deferred outflows of resources and deferred inflows of resources related to total OPEB liability will be recognized as OPEB expense as follows with amounts in thousands:

Year Ended June 30	Amount Recognized In OPEB Expense As An Increase Or (Decrease) To OPEB Expense	
2026	\$	(1)
2027		(1)
2028		(1)
2029		(1)
2030		(1)
Thereafter		(6)

GENERAL INFORMATION ABOUT THE PERS-DCRP DISABILITY PLAN

Section 19-3-2141, MCA, establishes a long-term disability plan trust fund (PERS-DCRP Disability) for all State of Montana employees that participate in the Public Employee's Retirement System-Defined Contribution Retirement Plan (PERS-DCRP). Only those participants that choose the PERS-DCRP are covered by the PERS-DCRP Disability Plan.

The PERS-DCRP Disability is a multiple-employer cost-sharing plan that covers employees of the State who are not covered by a separate retirement system governed by Title 19, MCA. The plan provides disability benefits to plan members who are vested in the plan and are currently ineligible for retirement.

A separate trust was established to provide disability benefits to plan members, and it is accounted for as a fiduciary fund of the State. The assets are held in a trust capacity for the beneficiaries. The PERS-DCRP is administered by MPERA. The MPERA issues publicly available annual reports which include financial statements and required supplemental information for the plan. See Note 9 – Pensions for more information.

11. SUBSEQUENT EVENTS

The Board has evaluated subsequent events through January 6, 2026. Since June 30, the Board made additional commitments to fund loans from the INTERCAP loan program of \$6.3 million. Refer to Note 7 – INTERCAP Program Commitments for further detail. In addition, the Board requested an additional advance on bonds of \$2 million in December 2025. Refer to Note 4 – Bonds Payable for further detail.

On December 15, 2025, the Great Falls Schools' Qualified School Construction Bonds (QSCB) reached maturity and were redeemed. Refer to Note 6 – Conduit Debt Obligations for further detail.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

PENSION LIABILITY AS AN EMPLOYER ENTITY

RSI regarding the pension information is as follows, with amounts in thousands except percentages.

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY FOR THE LAST TEN FISCAL YEARS										
As of Measurement Date	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Fund's Proportion of NPL	0.01%	0.02%	0.01%	0.01%	0.02%	0.02%	0.02%	0.02%	0.03%	0.02%
Fund's Proportionate Share of NPL	\$ 345	\$ 384	\$ 350	\$ 254	\$ 404	\$ 269	\$ 345	\$ 419	\$ 385	\$ 291
State of Montana's Proportionate Share of NPL Associated with the Fund	\$ 86	\$ 102	\$ 100	\$ 72	\$ 123	\$ 84	\$ 111	\$ -	\$ -	\$ -
Employer's Covered Payroll	\$ 295	\$ 272	\$ 250	\$ 289	\$ 210	\$ 269	\$ 264	\$ 307	\$ 241	\$ 220
Fund's Proportionate Share of NPL as a Percent of Covered Payroll	116.95%	141.18%	140.00%	87.89%	192.38%	100.08%	130.68%	136.48%	159.75%	132.27%
Plan Fiduciary Net Position as a Percent Total Pension Liability	74.77%	73.93%	73.66%	79.91%	68.90%	73.85%	73.47%	73.75%	74.71%	78.40%

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS FOR FISCAL YEAR ENDED JUNE 30										
As of Most Recent FYE (Reporting Date)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	\$ 28	\$ 27	\$ 23	\$ 22	\$ 23	\$ 18	\$ 23	\$ 22	\$ 51	\$ 21
Contributions Made	\$ (28)	\$ (27)	\$ (23)	\$ (22)	\$ (23)	\$ (18)	\$ (23)	\$ (22)	\$ (51)	\$ (21)
Contribution Deficiency/(Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's Covered Payroll	\$ 304	\$ 295	\$ 272	\$ 250	\$ 289	\$ 210	\$ 269	\$ 264	\$ 307	\$ 241
Contributions As A Percent Of Employer's Covered Payroll	9.19%	9.17%	8.46%	8.80%	7.96%	8.57%	8.55%	8.33%	16.61%	8.71%

NOTES TO PREVIOUS SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION:

CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS

The following actuarial assumptions and methods were used to determine contribution rates reported for fiscal year ending June 30, 2024, which were based on the results of the June 30, 2023, actuarial valuation:

- General Wage Growth 3.50%,
- Investment Rate of Return 7.30%, which includes inflation at 2.75%,
- Merit salary increase 0% to 4.80%,
- Asset valuation method: Four-year smoothed market,
- Actuarial cost method: Entry age Normal,
- Amortization method: Level percentage of payroll, open,
- Remaining amortization period: 30 years,

- Mortality (Active Participants): PUB-2010 General Amount Weighted Employee Mortality projected to 2021 for males and females. Projected generationally using MP-2021,
- Mortality (Disabled Retirees): PUB-2010 General Amount Weighted Disabled Retiree mortality table, projected to 2021, set forward one year for both males and females,
- Mortality (Contingent Survivors): PUB-2010 General Amount Weighted Contingent Survivor Mortality projected to 2021 with ages set forward one year for males and females. Projected generationally using MP-2021,
- Mortality (Healthy Retirees): PUB-2010 General Amount Weighted Healthy Retiree Mortality Table projected to 2021, with ages set forward one year and adjusted 104% for males and 103% for females. Projected generationally using MP-2021.

The actuarial assumptions and methods utilized in the June 30, 2022, valuation, were developed in the five-year experience study for the period ending 2021.

CHANGES OF BENEFIT TERMS

The following changes to the plan provisions were made as identified:

2017:

Working Retiree Limitations:

Effective July 1, 2017, if a PERS retiree returns as an independent contractor to what would otherwise be PERS-covered employment, general contractor overhead costs are excluded from PERS working retiree limitations.

Refunds:

1. Terminating members eligible to retire may, in lieu of receiving a monthly retirement benefit, refund their accumulated contributions in a lump sum.
2. Terminating members with accumulated contributions between \$200 and \$1,000 who wish to rollover their refund must do so within 90 days of termination of service.
3. Trusts, estates, and charitable organizations listed as beneficiaries are entitled to receive only a lump-sum payment.

Lump sum payouts:

Effective July 1, 2017, lump-sum payouts are limited to the member's accumulated contributions rather than the present value of the member's benefit.

Disabled PERS Defined Contribution (DC) Members:

PERS members hired after July 1, 2011, have a normal retirement age of 65. PERS DC members hired after July 1, 2011, who became disabled were previously only eligible for a disability benefit

until age 65. Effective July 1, 2017, these individuals will be eligible for a disability benefit until they reach 70, thus ensuring the same 5-year time period available to PERS DC disabled members hired prior to July 1, 2011, who have a normal retirement age of 60 and eligible for a disability benefit until age 65.

OTHER POST EMPLOYMENT BENEFITS PLAN INFORMATION (OPEB)

The State of Montana plan allows retirees to participate, as a group, at a rate that does not cover all related costs. This results in the reporting of the Total OPEB Liability in the related financial statements and note disclosures.

The following information is presented to reflect the funding progress of the OPEB plan as it relates to the Fund as of June 30, with amounts in thousands except percentages.

REQUIRED SUPPLEMENTARY INFORMATION								
SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS								
LAST 8 FISCAL YEARS								
	2025	2024	2023	2022	2021	2020	2019	2018
Proportion of Total OPEB Liability	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.04%	0.04%
Proportionate Share of Total OPEB Liability	\$ 12	\$ 9	\$ 9	\$ 37	\$ 45	\$ 14	\$ 20	\$ 19
Covered Employee Payroll	\$ 242	\$ 229	\$ 230	\$ 217	\$ 207	\$ 207	\$ 276	\$ 253
Total OPEB Liability as a Percentage Of Employee Covered Payroll	4.96%	3.93%	3.91%	17.05%	21.74%	6.76%	7.25%	7.51%

Notes to Schedule:

No assets are set aside to fund the OPEB benefits. The State funds the benefits on a pay-as-you-go basis from general assets. As additional data is available, 10 years will be presented.

CHANGES IN ACTUARIAL ASSUMPTIONS AND METHODS

June 30, 2025: Changes in assumptions for 2025 were due to an increase in the discount rate from 4.12% to 4.57%. Projected Payroll increased based on 2024 pension report assumptions. Decrement tables updated per the October 2024 actuarial reports. Updated trend projections based short-term on industry expectations and long-term on the 2025 Getzen model. Due to Inflation Reduction Act, applied separate healthcare and contribution trend rates for Medical, Pre-65 Med/RX, and Post-65 Med/Rx.

June 30, 2024: Changes in assumptions for 2024 were due to an increase in the discount rate from 3.98% to 4.12%.

June 30, 2023: Changes in assumptions for 2023 were due to an increase in the discount rate from 3.31% to 3.98%.

June 30, 2022: Changes in assumptions for 2022 were due to an increase in the discount rate from 2.23% to 3.31%.

June 30, 2021: Changes in assumptions for 2021 were due to no retiree contribution increase and a decrease in the discount rate from 2.75% to 2.23%.

June 30, 2020: Changes in actuarial assumptions include a participation rate reduction from 55% to 40% based on recent experience study, a revision to rates per the Retirement System pension valuations as of July 1, 2019, and the interest / discount rate was based on the average of multiple March 31, 2020, municipal bond rate sources.

June 30, 2019: Changes in actuarial assumptions include interest rate based upon March 31, 2019, 20-year municipal bond index.

June 30, 2018: Changes in actuarial methods include adjustments to the amortization period and actuarial cost method to conform with GAAP. Changes in actuarial assumptions included revised rates per retirement system pension valuations as of July 1, 2017, and interest rate based upon the March 31, 2018, 20-year municipal bond index. Other changes include revised rates based on actual data and projected trend and updated projected healthcare trend rates to follow the Getzen model.

CHANGES IN BENEFIT TERMS

June 30, 2018: Medical plans moved from Cigna to Allegiance as of January 1, 2016, the State implemented reference-based pricing hospital contracts effective July 1, 2016, and pharmacy moved from URx to Navitus as of January 1, 2017. The State implemented an Employer Group Waiver Program for Medicare retirees effective January 1, 2017.

Report on Internal Control and Compliance

LEGISLATIVE AUDIT DIVISION

Angus Maciver, Legislative Auditor
Kenneth E. Varns, Legal Counsel



B-1

Deputy Legislative Auditors:
Alexa O'Dell
William Soller
Miki Cestnik

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Legislative Audit Committee
of the Montana State Legislature:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Unified Investment Program and Enterprise Fund Program of the Montana Board of Investments, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the board's financial statements, and have issued our report thereon dated January 12, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the board's Unified Investment Program and Enterprise Fund Program financial statements, we considered the board's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the board's internal control. Accordingly, we do not express an opinion on the effectiveness of the board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the board's Unified Investment Program and Enterprise Fund Program financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

/s/ Alexa O'Dell

Alexa O'Dell, CPA
Deputy Legislative Auditor
Helena, MT

January 12, 2026

MONTANA BOARD
OF INVESTMENTS

BOARD RESPONSE

MONTANA

BOARD OF INVESTMENTS

January 20, 2026

Angus Maciver, Legislative Auditor
Legislative Audit Division
Room 171 State Capitol Building
PO Box 201705
Helena MT 59620-1705

RECEIVED
January 20, 2026
LEGISLATIVE AUDIT DIV.

Mr. Maciver:

I am in receipt of the Financial Audits for the Unified Investment Program and Enterprise Fund dated January 2026 for the fiscal year ending June 30, 2025, issued by the Legislative Audit Division. There are no recommendations and no findings.

Thank you to Kelly Zwang, Jessica Curtis, Sophia Philson, Jennifer Erdahl, Alexa O'Dell, and Valerie Tummarello for their knowledge and professionalism during the audit process.

Sincerely,



DAN VILLA
Executive Director

Cc: Jeff Meredith, Chair
Mark Barry, Chair of Board's Audit Committee

MONTANA

BOARD OF INVESTMENTS

REGULAR BOARD MEETING MINUTES

DECEMBER 10, 2025

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

Call to Order

Board Chair Jeff Meredith called the Board of Investments meeting to order at 9:43 a.m. on Wednesday, December 10, 2025.

Attendance

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

Board Members Absent: None

Legislative Liaisons Present: Representative Larry Brewster

Legislative Liaisons Absent: Senator Shane Morigeau

Board Staff Present: Brenda Thomas, Cort Jensen, Dan Villa, Doug Hill, Eron Krpan, Ethan Hurley, Ethan Kittle, James Lang, Jason Brent, Jessilynn Salois, John Carpenter, John Romasko, Jon Putnam, Julie Feldman, Kirsten Haswell, Louise Welsh, Mark Lodman, Matt Hoffman, Peggy MacEwen, Peggy Saarela, Savannah Morgan, Sheli Jacoby, Steve Strong, Thomas Winkler, Tim House, Willie Gross

Interested Parties Present: Becky Gratsinger – RVK; Paige Blaser – RVK; Bill Holahan – Montana Public Employees Retirement Administration; Nick Domitrovich – Montana Public Employees Retirement Administration; Shawn Graham – Teachers’ Retirement System; Cyril Espanol – With Intelligence; Aaron Bolton – Montana Public Radio

Tab 1 CALL TO ORDER (00:08)

A. Notice of Video Recording (00:18)

Chair Meredith advised that the meeting would be audio and video-recorded.

B. Roll Call (00:25)

The roll was taken. Nine Board members were present, forming a quorum.

C. Public Comment (01:23)

Chair Meredith asked for public comment. None was given.

D. Approval of Minutes (01:40)

October 14, 2025, Regular Board Meeting Minutes

Member Younkin moved to approve the meeting minutes. Member Bennett seconded the motion, which passed unanimously.

E. Administrative Business

1. Audit Committee Report (02:18)

Committee Chair Barry briefed the Board.

Committee Chair Barry moved to approve the Annual Statutory Compliance Checklist, the Audit Committee Charter Review and the Audit Committee Charter Policy 10.217, the draft FY25 Annual Report, and the draft FY25 financial statements, subject to any necessary audit changes. Member Younkin seconded the motion, which passed unanimously.

F. Comments from Pension Board Members (06:22)

Member Peterson and Member Trost briefed the Board.

G. Comments from Legislative Liaisons (07:30)

Representative Larry Brewster noted that he appreciated Executive Director Villa's ongoing efforts regarding the planned Behavioral Health facility in Laurel.

Tab 2 EXECUTIVE DIRECTOR REPORTS (08:12)

A. Member Requests from Prior Meeting

Executive Director Villa briefed the Board.

B. Monthly Snapshot

Executive Director Villa briefed the Board.

C. LPAC Reporting

Executive Director Villa briefed the Board.

D. Securities Litigation Annual Review

Executive Director Villa briefed the Board.

E. Policy 10.217 – Reauthorization of Investment Vendors

Executive Director Villa briefed the Board.

F. Budget Status YTD

Executive Director Villa briefed the Board.

G. Authorization to Proceed with Land Purchase – *Decision* (10:35)

Executive Director Villa briefed the Board and answered questions.

After discussion, Chair Meredith called for a motion to authorize the Executive Director to purchase land for the construction of a behavioral health facility pursuant to HB5, subject to approval of the Office of Budget and Program Planning. Member Younkin moved to approve. Member Trost seconded the motion, which passed unanimously.

Tab 3 MONTANA LOAN PROGRAM (22:29)

A. Commercial and Residential Portfolios Report

Doug Hill briefed the Board and answered questions.

Tab 4 MUNICIPAL LOAN PROGRAM (25:36)

A. INTERCAP

Louise Welsh briefed the Board and answered questions.

B. Montana Housing Infrastructure Revolving (MHIR) Bond Program Portfolio Report

Louise Welsh briefed the Board and answered questions.

Tab 5 MPERA AND TRS RELATIONSHIP (30:46)

Executive Director Bill Holahan for MPERA and Executive Director Shawn Graham for TRS briefed the Board and answered questions.

Tab 6 INVESTMENT POLICY STATEMENTS - *Decisions* (01:02:38)

Executive Director Dan Villa and Chief Investment Officer Jon Putnam briefed the Board and answered questions.

Chair Meredith called for a motion to approve the recommendations to BOI Policies 30.300 and 90.300. Member Younkin moved to approve. Member Peterson seconded the motion, which passed unanimously.

Chair Meredith called for a motion to approve the recommendations to BOI Policy 40.204. Member Milanovich moved to approve. Member Trost seconded the motion, which passed unanimously.

Chair Meredith called for a motion to approve the recommendations to BOI Policy 70.750. Member Milanovich moved to approve. Member Kober seconded the motion, which passed unanimously.

Tab 7 RVK (01:08:54)

Paige Blaser and Becky Gratsinger briefed the Board and answered questions.

Tab 8 INVESTMENT UPDATE (01:37:07)

CIO Update (01:37:13)

Jon Putnam briefed the Board.

Macro Attribution (01:54:56)

Eron Krpan briefed the Board.

Domestic Equity, International Equity, and Non-Core Fixed Income (01:56:16)

Jason Brent briefed the Board.

Real Estate and Real Assets (02:06:13)

Ethan Hurley briefed the Board.

Private Investments (02:17:21)

Thomas Winkler and Willie Gross briefed the Board.

Core Fixed Income (02:28:07)

John Romasko briefed the Board.

RECAP OF STAFF TO-DO LIST AND ADJOURNMENT (02:32:00)

Chair Meredith adjourned the meeting at 12:24 p.m.

MONTANA BOARD OF INVESTMENTS

APPROVE: _____

Jeff Meredith, Board Chair

ATTEST: _____

Dan Villa, Executive Director

DATE: _____

MONTANA

BOARD OF INVESTMENTS

TO: Members of the Board
FROM: Dan Villa, Executive Director
DATE: February 25, 2026
RE: Executive Director Report

- A. Member Requests from Prior Meeting
- B. Monthly Snapshot – *attached*
- C. Disaster Recovery and Emergency Preparedness – *attached*
- D. Board Member Ethics Training
- E. Outreach Efforts – Commercial and Municipal Loan Programs – *below*

BOI staff attended meetings and conferences listed below to market the Commercial and Municipal Loan Programs since the last briefing:

COMMERCIAL LOAN PROGRAM 2025 OUTREACH

- January - Meeting with Montana Business Assistance lenders to review IRP loans.
- February - Meeting with Valley Bank-Helena lenders to review loan programs.
- March - Meeting with First Security Bank-Bozeman lenders to review loan programs.
- April - Presentation to the University of Montana MBA-Business-Leveraging Public Funds for Business.
- April – Meeting with Little Horn State Bank-Billings lenders to review BOI loan programs.
- May – Meeting with Missoula Economic Partnership to review sawmill revitalization program.
- May – Meeting with Yellowstone Bank-Bozeman lenders to review BOI loan programs.
- May – Meeting with Independence Bank-Great Falls lenders to review BOI loan programs.
- June – Meeting with Glacier Bank-Kalispell to review sawmill revitalization program.
- June/July – Meeting with FIB-Missoula to review BOI loan programs.
- August – Meeting with FIB-Kalispell lenders to review BOI loan programs.
- September - Meeting with Western Security Bank-Billings lenders to review BOI loan programs.
- September - Meeting with Montana Business Assistance lenders to review BOI loan

programs.

- September - Meeting with FIB-Missoula and USDA lenders to review sawmill revitalization program.
- December – Meeting with Freedom Bank-Columbia Falls to review BOI loan programs.
- Ongoing outreach with the Department of Commerce business recruiters and businesses interested in participating in the BOI Commercial Loan Program.
- Ongoing outreach with businesses interested in participating in the BOI Loan Programs.

MUNICIPAL LOAN PROGRAM 2025 OUTREACH

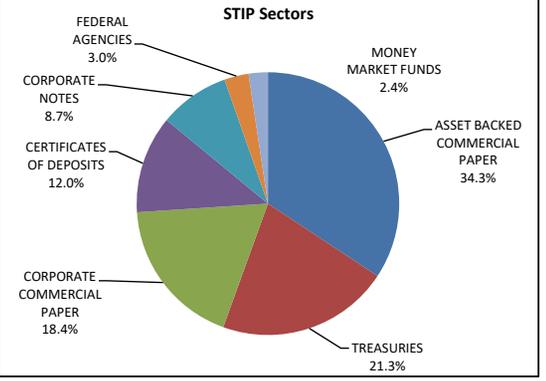
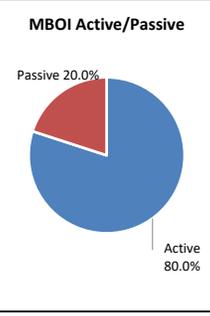
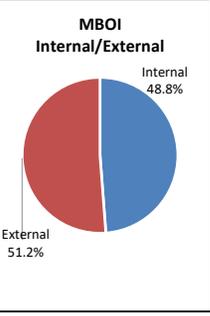
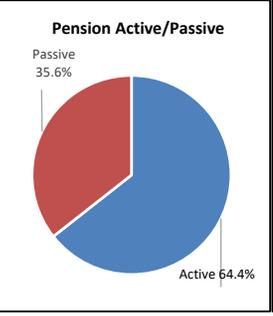
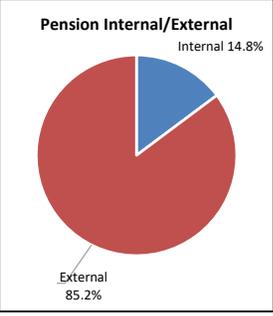
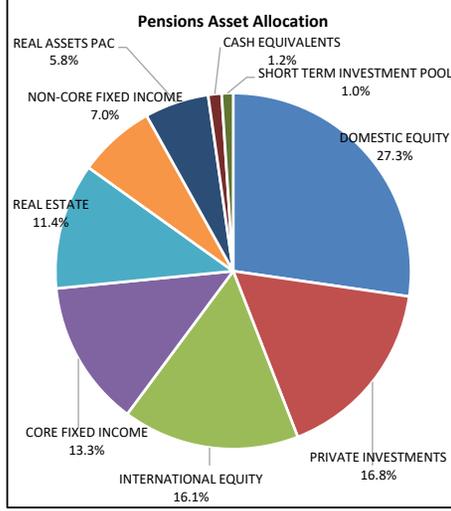
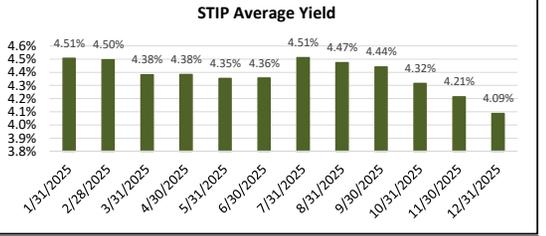
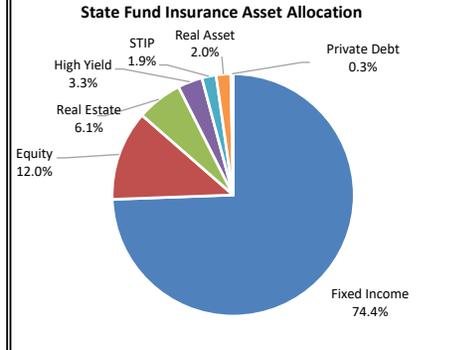
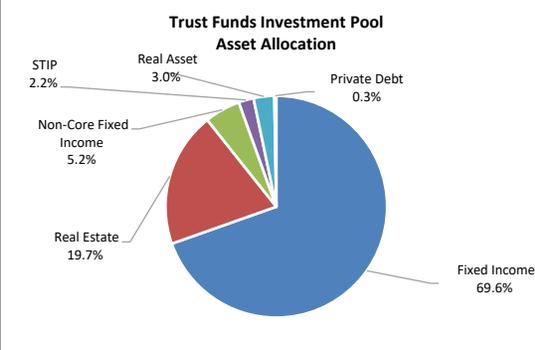
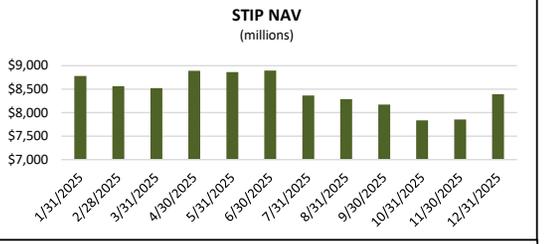
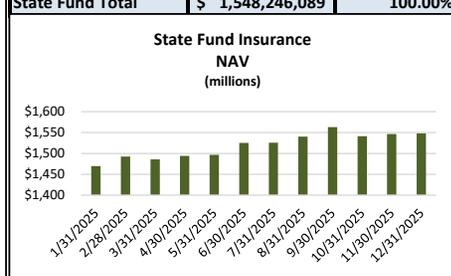
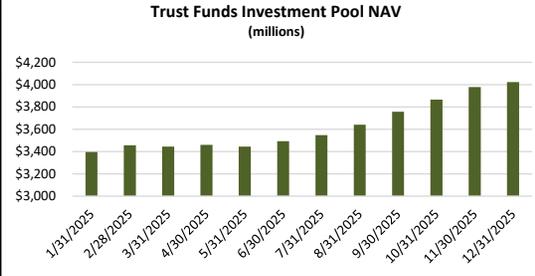
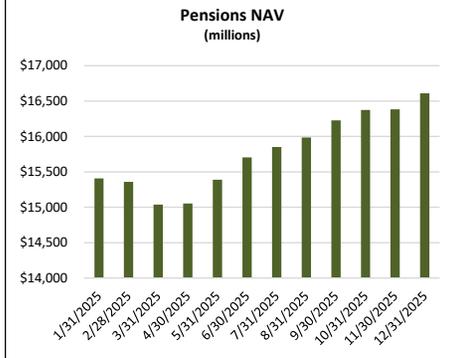
- March - MT Rural Water Conference and WASACT Workshop (Great Falls)
- June - MT League of Cities and Towns Trainings (Hamilton & Great Falls)
- October - MT League of Cities and Towns conference (Billings)
- November – MT Association of School Business Officials Training (video conference)

F. Budget Status FYTD - *attached*

MBOI Snapshot
Asset Management View
12/31/2025 Unaudited
Assets Under Management \$30,579,674,785



Pensions	NAV	%	TFIP	NAV	%	State Fund	NAV	%	Other Fixed Income & Pending	\$ (12,020,978)	
DOMESTIC EQUITY	\$ 4,531,442,901	27.3%	Fixed Income	\$ 2,799,915,202	69.59%	Fixed Income	\$ 1,152,233,040	74.42%			
PRIVATE INVESTMENTS	\$ 2,790,350,530	16.8%	Real Estate	\$ 792,790,348	19.70%	Equity	\$ 185,882,295	12.01%			
INTERNATIONAL EQUITY	\$ 2,670,656,219	16.1%	Non-Core Fixed Income	\$ 209,790,766	5.21%	Real Estate	\$ 94,603,716	6.11%	ASSET BACKED COMMERCIAL PAPER	\$2,883,129,356	34.3%
CORE FIXED INCOME	\$ 2,206,094,595	13.3%	Real Asset	\$ 121,411,668	3.02%	High Yield	\$ 50,993,512	3.29%	TREASURIES	\$1,787,555,573	21.3%
REAL ESTATE	\$ 1,900,228,085	11.4%	STIP	\$ 88,200,486	2.19%	Real Asset	\$ 30,221,644	1.95%	CORPORATE COMMERCIAL PAPER	\$1,548,846,782	18.4%
NON-CORE FIXED INCOME	\$ 1,165,976,744	7.0%	Private Debt	\$ 11,362,141	0.28%	STIP	\$ 29,442,393	1.90%	CERTIFICATES OF DEPOSITS	\$1,010,726,934	12.0%
REAL ASSETS PAC	\$ 969,344,163	5.8%	TFIP Total	\$ 4,023,470,611	100.00%	Private Debt	\$ 4,869,489	0.31%	CORPORATE NOTES	\$728,906,558	8.7%
CASH EQUIVALENTS	\$ 202,702,206	1.2%				State Fund Total	\$ 1,548,246,089	100.00%	FEDERAL AGENCIES	\$252,319,175	3.0%
SHORT TERM INVESTMENT POOL	\$ 172,446,351	1.0%						MONEY MARKET FUNDS	\$199,252,890	2.4%	
Pensions Total	\$ 16,609,241,794	100.0%						STIP Total	\$8,410,737,269	100.0%	



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

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

*Difference of \$343,340,850 is attributable the portion of STIP held within CAPP \$199,444,810 and TFIP \$87,919,962 as a cash investment and distributions held over month end \$55,976,078. Such value is represented in the NAV for the CAPP and STIP columns.

MBOI Snapshot										
Asset Ownership View										
12/31/2025 Unaudited										
										Total Net
	CAPP Holdings	CAPP %	STIP Holdings*	STIP %	TFIP Holdings	TFIP%	Other Holdings ¹	Other %	Asset Value	
Total Funds \$(000)	\$16,436,795	53.75%	\$8,067,396	26.38%	\$4,023,474	13.16%	\$2,052,009	6.71%	\$30,579,675	
Pensions										
FIREFIGHTERS RETIREMENT	\$ 817,763	98.96%	\$ 8,566	1.04%	\$ -	0.00%	\$ -	0.00%	\$ 826,329	
GAME WARDENS RETIREMENT	\$ 401,496	98.90%	\$ 4,470	1.10%	\$ -	0.00%	\$ -	0.00%	\$ 405,966	
HIGHWAY PATROL RETIREMENT	\$ 247,465	99.00%	\$ 2,502	1.00%	\$ -	0.00%	\$ -	0.00%	\$ 249,966	
JUDGES RETIREMENT	\$ 152,683	99.00%	\$ 1,549	1.00%	\$ -	0.00%	\$ -	0.00%	\$ 154,232	
POLICE OFFICERS RETIREMENT	\$ 711,837	98.97%	\$ 7,414	1.03%	\$ -	0.00%	\$ -	0.00%	\$ 719,251	
PUBLIC EMPLOYEES RETIREMENT	\$ 7,854,829	98.97%	\$ 82,023	1.03%	\$ -	0.00%	\$ -	0.00%	\$ 7,936,853	
SHERIFFS RETIREMENT	\$ 638,474	98.92%	\$ 6,991	1.08%	\$ -	0.00%	\$ -	0.00%	\$ 645,465	
TEACHERS RETIREMENT	\$ 5,550,762	98.96%	\$ 58,308	1.04%	\$ -	0.00%	\$ -	0.00%	\$ 5,609,070	
VOL FIREFIGHTERS RETIREMENT	\$ 61,487	99.00%	\$ 624	1.00%	\$ -	0.00%	\$ -	0.00%	\$ 62,111	
Total	\$ 16,436,795	98.96%	\$ 172,446	1.04%	\$ -	0.00%	\$ -	0.00%	\$ 16,609,242	
Trust Funds										
ABANDONED MINE RECLAMATION	\$ -	0.00%	\$ 1,991	20.89%	\$ 7,508	78.78%	\$ 32	0.34%	\$ 9,531	
BARKER HUGHESVILLE ST RESPONSE	\$ -	0.00%	\$ 2,185	21.80%	\$ 7,808	77.87%	\$ 34	0.34%	\$ 10,027	
BELT WATER TREATMENT PLANT	\$ -	0.00%	\$ 7,671	25.35%	\$ 22,490	74.32%	\$ 102	0.34%	\$ 30,264	
BUTTE AREA ONE REST	\$ -	0.00%	\$ 1,045	17.64%	\$ 4,862	82.02%	\$ 20	0.34%	\$ 5,928	
BUTTE AREA REDEVELOP AUTHORITY	\$ -	0.00%	\$ 2,265	16.06%	\$ 11,792	83.61%	\$ 48	0.34%	\$ 14,104	
CLARK FORK REST	\$ -	0.00%	\$ 5,466	21.30%	\$ 20,103	78.36%	\$ 87	0.34%	\$ 25,656	
CLARK FORK SITE RESP ACTION	\$ -	0.00%	\$ 4,232	8.25%	\$ 46,871	91.41%	\$ 172	0.34%	\$ 51,275	
COAL TAX PARK TRUST FUND	\$ -	0.00%	\$ 3,186	9.93%	\$ 28,804	89.74%	\$ 108	0.34%	\$ 32,099	
CULTURAL TRUST FUND	\$ -	0.00%	\$ 760	4.21%	\$ 17,232	95.45%	\$ 61	0.34%	\$ 18,053	
DEBT AND LIABILITY FREE ACCOUNT	\$ -	0.00%	\$ 1	5.05%	\$ -	0.00%	\$ 12	94.95%	\$ 13	
E HELENA GREENWAY TRAIL MAINT	\$ -	0.00%	\$ 215	23.61%	\$ 692	76.05%	\$ 3	0.34%	\$ 909	
EAST HELENA COMPENSATION FUND	\$ -	0.00%	\$ 1,496	98.93%	\$ 11	0.72%	\$ 5	0.35%	\$ 1,512	
ENDOWMENT FOR CHILDREN	\$ -	0.00%	\$ 103	6.59%	\$ 1,450	93.08%	\$ 5	0.34%	\$ 1,558	
FLYING J CECRA FACILITIES FUND	\$ -	0.00%	\$ 651	22.30%	\$ 2,257	77.36%	\$ 10	0.34%	\$ 2,917	
FWP MITIGATION TRUST	\$ -	0.00%	\$ 3,052	30.46%	\$ 6,933	69.20%	\$ 34	0.34%	\$ 10,019	
GO DISTRIBUTION FUND	\$ -	0.00%	\$ 26,711	10.39%	\$ 148,375	57.73%	\$ 81,930	31.88%	\$ 257,017	
GO PENSION FUND	\$ -	0.00%	\$ 27,780	10.02%	\$ 150,384	54.22%	\$ 99,213	35.77%	\$ 277,376	
HAROLD HAMM ENDOWMENT	\$ -	0.00%	\$ 12	20.95%	\$ 44	78.72%	\$ 0	0.34%	\$ 56	
INVASIVE SPECIES TRUST FUND	\$ -	0.00%	\$ 1,208	34.95%	\$ 2,236	64.71%	\$ 12	0.34%	\$ 3,456	
KIYO POW WOW	\$ -	0.00%	\$ 30	8.84%	\$ 105	31.46%	\$ 200	59.70%	\$ 335	
LIBBY ASBESTOS SITE STATE COST	\$ -	0.00%	\$ 1,481	26.40%	\$ 4,110	73.27%	\$ 19	0.34%	\$ 5,609	
LUBRECHT FRST CRBN OFSET CREDIT	\$ -	0.00%	\$ 268	9.62%	\$ 854	30.59%	\$ 1,669	59.79%	\$ 2,791	
LUTTRELL PIT - OPER & MAINT	\$ -	0.00%	\$ 425	19.77%	\$ 1,717	79.89%	\$ 7	0.34%	\$ 2,149	
MONTANA HIST AND CIVICS ENDOW	\$ -	0.00%	\$ 958	41.14%	\$ 1,362	58.52%	\$ 8	0.34%	\$ 2,328	
MONTANA HISTORICAL SOCIETY	\$ -	0.00%	\$ 1,173	26.77%	\$ 3,194	72.89%	\$ 15	0.34%	\$ 4,381	
MONTANA STATE LIBRARY TRUST	\$ -	0.00%	\$ 243	16.24%	\$ 1,248	83.42%	\$ 5	0.34%	\$ 1,496	
MT POLE SUPERFUND SETTLEMENT	\$ -	0.00%	\$ 4,867	25.09%	\$ 14,462	74.57%	\$ 66	0.34%	\$ 19,395	
NOXIOUS WEED MGMT TRUST FUND	\$ -	0.00%	\$ -	0.00%	\$ 10,389	99.66%	\$ 35	0.34%	\$ 10,424	
NRDP LIBBY SETTLEMENT	\$ -	0.00%	\$ 5,103	71.28%	\$ 2,031	28.37%	\$ 25	0.34%	\$ 7,159	
OLDER MONTANANS TRUST FUND	\$ -	0.00%	\$ 16	4.43%	\$ 337	95.24%	\$ 1	0.34%	\$ 354	
POTTER TRUST FUND	\$ -	0.00%	\$ 57	20.73%	\$ 217	78.93%	\$ 1	0.34%	\$ 275	
PUBLIC SCHOOL TRUST	\$ -	0.00%	\$ 14,066	1.41%	\$ 983,150	98.26%	\$ 3,350	0.33%	\$ 1,000,567	
REAL PROPERTY TRUST FUND	\$ -	0.00%	\$ 450	6.13%	\$ 6,869	93.54%	\$ 25	0.34%	\$ 7,343	
RESOURCE INDEMNITY TRUST FUND	\$ -	0.00%	\$ 23	0.02%	\$ 106,643	99.64%	\$ 360	0.34%	\$ 107,026	
SMELTER HILL UPLANDS REST FUND	\$ -	0.00%	\$ 1,272	14.78%	\$ 7,308	84.88%	\$ 29	0.34%	\$ 8,609	
STREAMSIDE TAILINGS OU FUND	\$ -	0.00%	\$ 2,126	12.67%	\$ 14,595	86.99%	\$ 57	0.34%	\$ 16,778	
TOBACCO TRUST FUND	\$ -	0.00%	\$ 9,988	3.09%	\$ 312,534	96.58%	\$ 1,088	0.34%	\$ 323,611	
UPPER BLACKFT RESP ACT & REST	\$ -	0.00%	\$ 715	89.11%	\$ 85	10.54%	\$ 3	0.34%	\$ 802	
UPPER CLRK FK RIVER BASIN RES	\$ -	0.00%	\$ 1,383	6.01%	\$ 21,547	93.65%	\$ 78	0.34%	\$ 23,008	
UPPER CLRK FK RIVER BASIN REST	\$ -	0.00%	\$ 2,517	3.76%	\$ 64,169	95.90%	\$ 228	0.34%	\$ 66,914	
WILDLIFE HABITAT TRUST FUND	\$ -	0.00%	\$ 1,739	10.19%	\$ 15,261	89.47%	\$ 57	0.34%	\$ 17,057	
YELLOWSTONE PIPELINE CLEANUPFD	\$ -	0.00%	\$ 2,125	33.97%	\$ 4,110	65.69%	\$ 21	0.34%	\$ 6,256	
ZORTMAN/LANDUSKY LT WATER	\$ -	0.00%	\$ 18,082	99.65%	\$ -	0.00%	\$ 63	0.35%	\$ 18,145	
ZORTMAN/LANDUSKY LT WATER TRUST	\$ -	0.00%	\$ 23,847	99.65%	\$ -	0.00%	\$ 83	0.35%	\$ 23,930	
Total	\$ -	0.00%	\$ 182,981	7.53%	\$ 2,056,149	84.67%	\$ 189,381	7.80%	\$ 2,428,511	
Coal Severance										
BIG SKY ECONOMIC DEV FUND	\$ -	0.00%	\$ 1,575	0.99%	\$ 151,187	95.29%	\$ 5,898	3.72%	\$ 158,660	
COAL SEVERANCE TAX PERM FUND	\$ -	0.00%	\$ 16,029	2.88%	\$ 419,058	75.38%	\$ 120,843	21.74%	\$ 555,930	
CONSERVATION DISTRICT FUND	\$ -	0.00%	\$ 10,413	19.28%	\$ 43,433	80.40%	\$ 176	0.33%	\$ 54,022	
MONTANA COAL ENDOWMENT FUND	\$ -	0.00%	\$ 3,069	1.12%	\$ 269,666	98.54%	\$ 920	0.34%	\$ 273,655	
MT COAL ENDOWMENT REGIONAL WAT	\$ -	0.00%	\$ 1,192	1.26%	\$ 93,333	98.41%	\$ 319	0.34%	\$ 94,844	
SCHOOL FACILITIES FUND	\$ -	0.00%	\$ 4,467	1.60%	\$ 274,462	98.07%	\$ 940	0.34%	\$ 279,869	
Total	\$ -	0.00%	\$ 36,745	2.59%	\$ 1,251,139	88.30%	\$ 129,096	9.11%	\$ 1,416,980	
Operating Funds										
FWP GENERAL LICENSE ACCOUNT	\$ -	0.00%	\$ 56,144	64.92%	\$ 30,047	34.74%	\$ 295	0.34%	\$ 86,485	
MONTANA LOCAL GOVERNMENTS	\$ -	0.00%	\$ 2,435,452	99.67%	\$ -	0.00%	\$ 7,951	0.33%	\$ 2,443,403	
MONTANA STATE AGENCIES	\$ -	0.00%	\$ 2,191,195	99.66%	\$ -	0.00%	\$ 7,550	0.34%	\$ 2,198,745	
MONTANA STATE UNIVERSITY	\$ -	0.00%	\$ 232,893	79.92%	\$ 57,496	19.73%	\$ 1,028	0.35%	\$ 291,417	
MONTANA TECH	\$ -	0.00%	\$ 7,879	94.23%	\$ 453	5.42%	\$ 29	0.35%	\$ 8,361	
MT HOUSING INFRASTRUCTURE	\$ -	0.00%	\$ 69,327	41.83%	\$ -	0.00%	\$ 96,423	58.17%	\$ 165,750	
REPAYMENT ACCOUNT	\$ -	0.00%	\$ 7,692	9.10%	\$ -	0.00%	\$ 76,806	90.90%	\$ 84,498	
STATE TREASURER'S FUND	\$ -	0.00%	\$ 2,397,279	81.18%	\$ 545,327	18.47%	\$ 10,314	0.35%	\$ 2,952,921	
UNIVERSITY OF MONTANA	\$ -	0.00%	\$ 68,135	69.68%	\$ 29,291	29.96%	\$ 350	0.36%	\$ 97,776	
Total	\$ -	0.00%	\$ 7,465,996	89.63%	\$ 662,615	7.96%	\$ 200,745	2.41%	\$ 8,329,356	
Insurance Reserves										
MONTANA STATE FUND	\$ -	0.00%	\$ 29,351	1.90%	\$ -	0.00%	\$ 1,518,895	98.10%	\$ 1,548,246	
MUS GROUP INSURANCE	\$ -	0.00%	\$ 65,987	83.56%	\$ 12,706	16.09%	\$ 275	0.35%	\$ 78,968	
MUS WORKERS COMPENSATION	\$ -	0.00%	\$ 11,064	73.29%	\$ 3,979	26.36%	\$ 53	0.35%	\$ 15,096	
PERS-DCRP LT DISABILITY PLAN	\$ -	0.00%	\$ 798	5.75%	\$ -	0.00%	\$ 13,075	94.25%	\$ 13,873	
STATE EMPLOYEE GROUP BENEFITS	\$ -	0.00%	\$ 99,176	72.63%	\$ 36,887	27.02%	\$ 478	0.35%	\$ 136,540	
SUBSEQUENT INJURY TRUST FUND	\$ -	0.00%	\$ 2,852	99.65%	\$ -	0.00%	\$ 10	0.35%	\$ 2,862	
Total	\$ -	0.00%	\$ 209,228	11.65%	\$ 53,572	2.98%	\$ 1,532,786	85.36%	\$ 1,795,585	

Short Term Investment Pool			
Account	# Accounts	Total Market Value	%
Total State	384	\$ 9,970,295,737	71.0%
Total Local	213	\$ 2,440,441,532	29.0%
Total STIP	597	\$ 8,410,737,269	100.0%
STIP Reserve		\$ 111,126,126	
Prior month average STIP Yield		4.2141%	

Intercep Statistics	
Loans Outstanding	\$ 70,979,262
Bonds Outstanding	\$ 67,000,000
Number of Borrowers	127
Loan Rate	5.00%



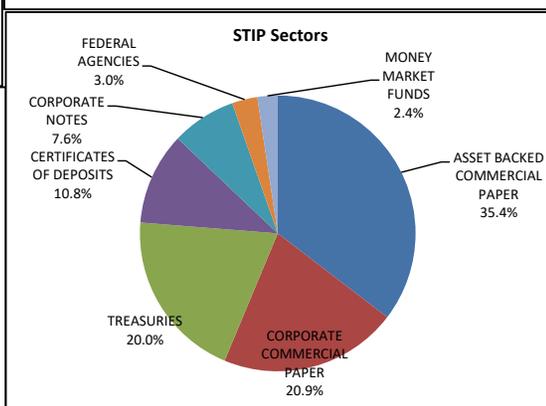
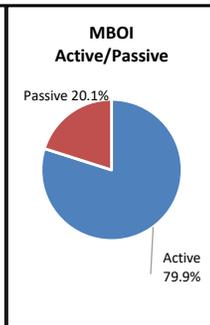
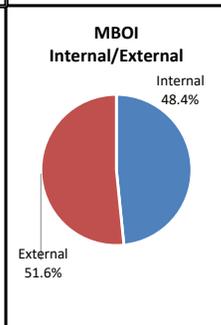
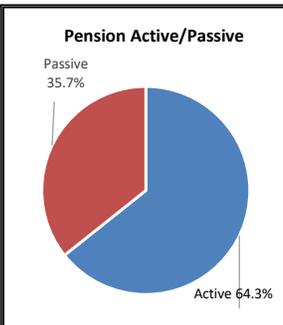
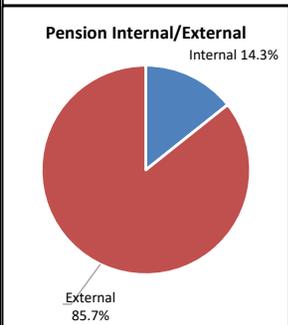
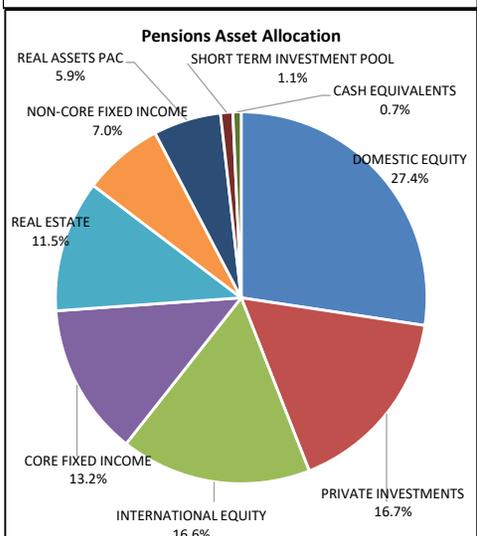
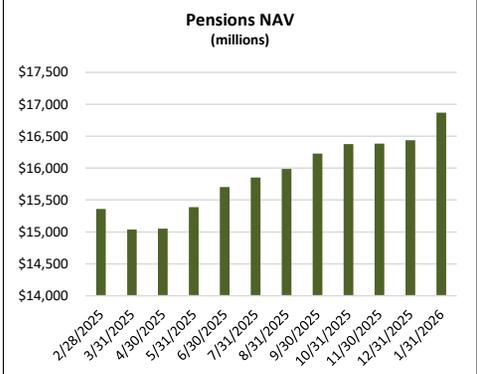
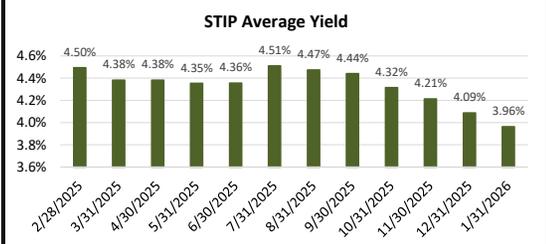
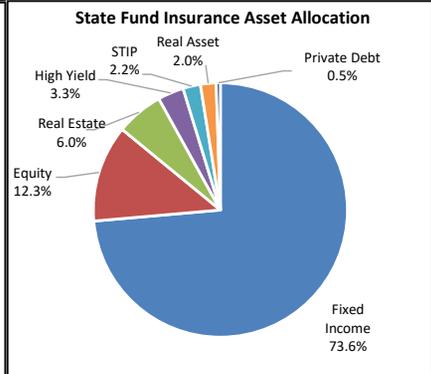
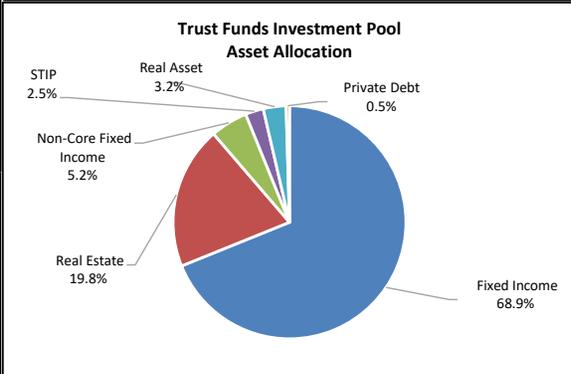
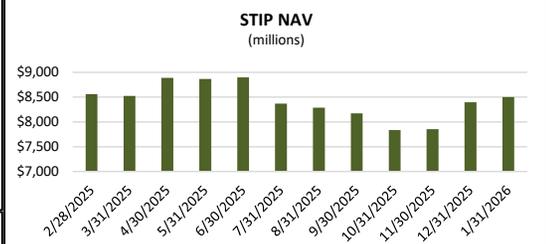
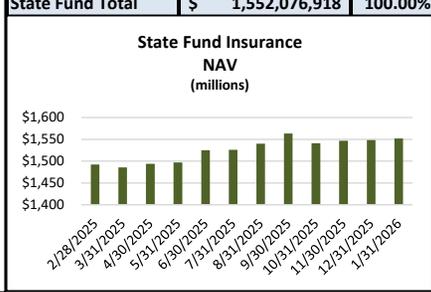
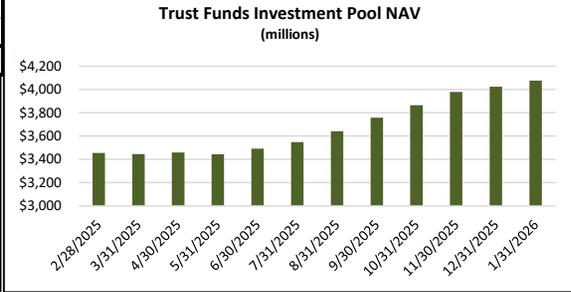
MBOI Snapshot
Asset Management View
1/31/2026 Unaudited
Assets Under Management \$31,004,281,546

Pensions	NAV	%
DOMESTIC EQUITY	\$ 4,619,214,644	27.4%
PRIVATE INVESTMENTS	\$ 2,809,133,411	16.7%
INTERNATIONAL EQUITY	\$ 2,800,328,480	16.6%
CORE FIXED INCOME	\$ 2,234,821,666	13.2%
REAL ESTATE	\$ 1,931,628,958	11.5%
NON-CORE FIXED INCOME	\$ 1,180,300,107	7.0%
REAL ASSETS PAC	\$ 993,112,496	5.9%
SHORT TERM INVESTMENT POOL	\$ 179,587,241	1.1%
CASH EQUIVALENTS	\$ 121,520,052	0.7%
Pensions Total	\$ 16,869,647,055	100.0%

TFIP	NAV	%
Fixed Income	\$ 2,807,459,004	68.88%
Real Estate	\$ 807,467,978	19.81%
Non-Core Fixed Income	\$ 210,838,204	5.17%
Real Asset	\$ 128,652,971	3.16%
STIP	\$ 102,177,815	2.51%
Private Debt	\$ 19,073,559	0.47%
TFIP Total	\$ 4,075,669,531	100.00%

State Fund	NAV	%
Fixed Income	\$ 1,142,513,110	73.61%
Equity	\$ 191,236,246	12.32%
Real Estate	\$ 93,452,796	6.02%
High Yield	\$ 51,266,224	3.30%
STIP	\$ 34,491,729	2.22%
Real Asset	\$ 30,942,430	1.99%
Private Debt	\$ 8,174,382	0.53%
State Fund Total	\$ 1,552,076,918	100.00%

Other Fixed Income & Pending	NAV	%
STIP*		
ASSET BACKED COMMERCIAL PAPER	\$3,013,860,050	35.4%
CORPORATE COMMERCIAL PAPER	\$1,780,099,298	20.9%
TREASURIES	\$1,698,971,287	20.0%
CERTIFICATES OF DEPOSITS	\$921,143,425	10.8%
CORPORATE NOTES	\$643,736,673	7.6%
FEDERAL AGENCIES	\$254,299,788	3.0%
MONEY MARKET FUNDS	\$202,423,933	2.4%
STIP Total	\$8,514,534,455	100.0%



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

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

*Difference of \$274,708,352 is attributable the portion of STIP held within CAPP \$118,251,575 and TFIP \$101,793,904 as a cash investment and distributions held over month end \$54,662,874. Such value is represented in the NAV for the CAPP and STIP columns.

MBOI Snapshot Asset Ownership View 1/31/2026 Unaudited										Total Net
	CAPP Holdings	CAPP %	STIP Holdings*	STIP %	TFIP Holdings	TFIP%	Other Holdings ¹	Other %	Asset Value	Total Net
Total Funds \$(000)	\$16,690,060	53.83%	\$8,239,826	26.58%	\$4,075,678	13.15%	\$1,998,717	6.45%	\$31,004,282	
Pensions	CAPP	%	STIP	%	TFIP	%	Other	%	Total	
FIREFIGHTERS RETIREMENT	\$ 831,418	98.95%	\$ 8,814	1.05%	\$ -	0.00%	\$ -	0.00%	\$ 840,232	
GAME WARDENS RETIREMENT	\$ 409,179	98.86%	\$ 4,732	1.14%	\$ -	0.00%	\$ -	0.00%	\$ 413,912	
HIGHWAY PATROL RETIREMENT	\$ 251,360	98.84%	\$ 2,948	1.16%	\$ -	0.00%	\$ -	0.00%	\$ 254,308	
JUDGES RETIREMENT	\$ 155,139	98.98%	\$ 1,595	1.02%	\$ -	0.00%	\$ -	0.00%	\$ 156,735	
POLICE OFFICERS RETIREMENT	\$ 723,123	98.95%	\$ 7,651	1.05%	\$ -	0.00%	\$ -	0.00%	\$ 730,774	
PUBLIC EMPLOYEES RETIREMENT	\$ 7,973,948	98.91%	\$ 87,813	1.09%	\$ -	0.00%	\$ -	0.00%	\$ 8,061,761	
SHERIFFS RETIREMENT	\$ 649,998	98.92%	\$ 7,093	1.08%	\$ -	0.00%	\$ -	0.00%	\$ 657,091	
TEACHERS RETIREMENT	\$ 5,633,567	98.98%	\$ 58,312	1.02%	\$ -	0.00%	\$ -	0.00%	\$ 5,691,879	
VOL FIREFIGHTERS RETIREMENT	\$ 62,327	99.00%	\$ 630	1.00%	\$ -	0.00%	\$ -	0.00%	\$ 62,957	
Total	\$ 16,690,060	98.94%	\$ 179,587	1.06%	\$ -	0.00%	\$ -	0.00%	\$ 16,869,647	
Trust Funds	CAPP	%	STIP	%	TFIP	%	Other	%	Total	
ABANDONED MINE RECLAMATION	\$ -	0.00%	\$ 2,022	21.13%	\$ 7,512	78.52%	\$ 33	0.35%	\$ 9,567	
BARKER HUGHESVILLE ST RESPONSE	\$ -	0.00%	\$ 2,244	22.24%	\$ 7,812	77.42%	\$ 35	0.35%	\$ 10,091	
BELT WATER TREATMENT PLANT	\$ -	0.00%	\$ 7,775	25.59%	\$ 22,503	74.06%	\$ 105	0.35%	\$ 30,383	
BUTTE AREA ONE REST	\$ -	0.00%	\$ 1,062	17.85%	\$ 4,865	81.80%	\$ 21	0.35%	\$ 5,947	
BUTTE AREA REDEVELOP AUTHORITY	\$ -	0.00%	\$ 2,312	16.33%	\$ 11,798	83.32%	\$ 49	0.35%	\$ 14,160	
CLARK FORK REST	\$ -	0.00%	\$ 5,534	21.50%	\$ 20,115	78.15%	\$ 89	0.35%	\$ 25,737	
CLARK FORK SITE RESP ACTION	\$ -	0.00%	\$ 4,404	8.55%	\$ 46,897	91.10%	\$ 179	0.35%	\$ 51,480	
COAL TAX PARK TRUST FUND	\$ -	0.00%	\$ 3,294	10.22%	\$ 28,820	89.43%	\$ 112	0.35%	\$ 32,227	
CULTURAL TRUST FUND	\$ -	0.00%	\$ 475	2.66%	\$ 17,342	96.99%	\$ 63	0.35%	\$ 17,879	
DEBT AND LIABILITY FREE ACCOUNT	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 0	100.00%	\$ 0	
E HELENA GREENWAY TRAIL MAINT	\$ -	0.00%	\$ 218	23.85%	\$ 692	75.80%	\$ 3	0.35%	\$ 913	
EAST HELENA COMPENSATION FUND	\$ -	0.00%	\$ 1,496	98.94%	\$ 11	0.72%	\$ 5	0.34%	\$ 1,512	
ENDOWMENT FOR CHILDREN	\$ -	0.00%	\$ 108	6.89%	\$ 1,451	92.76%	\$ 5	0.35%	\$ 1,564	
FLYING J CECRA FACILITIES FUND	\$ -	0.00%	\$ 660	22.55%	\$ 2,258	77.10%	\$ 10	0.35%	\$ 2,929	
FWP MITIGATION TRUST	\$ -	0.00%	\$ 3,086	30.68%	\$ 6,937	68.97%	\$ 35	0.34%	\$ 10,057	
GO DISTRIBUTION FUND	\$ -	0.00%	\$ 26,240	10.25%	\$ 173,474	67.74%	\$ 56,386	22.02%	\$ 256,100	
GO PENSION FUND	\$ -	0.00%	\$ 27,308	9.88%	\$ 175,483	63.48%	\$ 73,627	26.64%	\$ 276,419	
HAROLD HAMM ENDOWMENT	\$ -	0.00%	\$ 12	21.20%	\$ 44	78.45%	\$ 0	0.35%	\$ 56	
INVASIVE SPECIES TRUST FUND	\$ -	0.00%	\$ 1,220	35.16%	\$ 2,237	64.50%	\$ 12	0.34%	\$ 3,469	
KIYIYI POW WOW	\$ -	0.00%	\$ 15	4.59%	\$ 105	32.30%	\$ 206	63.11%	\$ 326	
LIBBY ASBESTOS SITE STATE COST	\$ -	0.00%	\$ 1,500	26.63%	\$ 4,112	73.02%	\$ 19	0.35%	\$ 5,631	
LUBRECHT FRST CRBN OFSET CREDIT	\$ -	0.00%	\$ 146	5.38%	\$ 854	31.42%	\$ 1,719	63.21%	\$ 2,719	
LUTTRELL PIT - OPER & MAINT	\$ -	0.00%	\$ 432	20.03%	\$ 1,718	79.63%	\$ 7	0.35%	\$ 2,158	
MONTANA HIST AND CIVICS ENDOW	\$ -	0.00%	\$ 1,074	43.92%	\$ 1,363	55.74%	\$ 8	0.34%	\$ 2,446	
MONTANA HISTORICAL SOCIETY	\$ -	0.00%	\$ 1,345	30.88%	\$ 2,996	68.77%	\$ 15	0.34%	\$ 4,356	
MONTANA STATE LIBRARY TRUST	\$ -	0.00%	\$ 248	16.51%	\$ 1,248	83.14%	\$ 5	0.35%	\$ 1,502	
MT POLE SUPERFUND SETTLEMENT	\$ -	0.00%	\$ 4,896	25.19%	\$ 14,470	74.46%	\$ 67	0.35%	\$ 19,433	
NOXIOUS WEED MGMT TRUST FUND	\$ -	0.00%	\$ -	0.00%	\$ 10,395	99.65%	\$ 36	0.35%	\$ 10,431	
NRDP LIBBY SETTLEMENT	\$ -	0.00%	\$ 5,110	71.30%	\$ 2,032	28.36%	\$ 24	0.34%	\$ 7,167	
OLDER MONTANANS TRUST FUND	\$ -	0.00%	\$ 17	4.74%	\$ 337	94.91%	\$ 1	0.35%	\$ 355	
POTTER TRUST FUND	\$ -	0.00%	\$ 58	20.99%	\$ 217	78.66%	\$ 1	0.35%	\$ 276	
PUBLIC SCHOOL TRUST	\$ -	0.00%	\$ 8,312	0.83%	\$ 983,706	98.81%	\$ 3,495	0.35%	\$ 995,513	
REAL PROPERTY TRUST FUND	\$ -	0.00%	\$ 474	6.44%	\$ 6,872	93.22%	\$ 26	0.35%	\$ 7,373	
RESOURCE INDEMNITY TRUST FUND	\$ -	0.00%	\$ 23	0.02%	\$ 106,704	99.63%	\$ 374	0.35%	\$ 107,101	
SMELTER HILL UPLANDS REST FUND	\$ -	0.00%	\$ 1,297	15.01%	\$ 7,312	84.64%	\$ 30	0.35%	\$ 8,639	
STREAMSIDE TAILINGS OU FUND	\$ -	0.00%	\$ 2,157	12.83%	\$ 14,604	86.83%	\$ 58	0.35%	\$ 16,819	
TOBACCO TRUST FUND	\$ -	0.00%	\$ 10,097	3.12%	\$ 312,711	96.53%	\$ 1,130	0.35%	\$ 323,938	
UPPER BLACKFT RESP ACT & REST	\$ -	0.00%	\$ 715	89.12%	\$ 85	10.55%	\$ 3	0.34%	\$ 802	
UPPER CLRK FK RIVER BASIN RES	\$ -	0.00%	\$ 1,455	6.30%	\$ 21,559	93.35%	\$ 80	0.35%	\$ 23,095	
UPPER CLRK FK RIVER BASIN REST	\$ -	0.00%	\$ 2,733	4.07%	\$ 64,205	95.58%	\$ 234	0.35%	\$ 67,172	
WILDLIFE HABITAT TRUST FUND	\$ -	0.00%	\$ 1,796	10.49%	\$ 15,269	89.16%	\$ 60	0.35%	\$ 17,125	
YELLOWSTONE PIPELINE CLEANUPFD	\$ -	0.00%	\$ 2,139	34.10%	\$ 4,112	65.56%	\$ 22	0.34%	\$ 6,272	
ZORTMAN/LANDUSKY LT WATER	\$ -	0.00%	\$ 18,145	99.66%	\$ -	0.00%	\$ 61	0.34%	\$ 18,206	
ZORTMAN/LANDUSKY LT WATER TRUST	\$ -	0.00%	\$ 23,930	99.66%	\$ -	0.00%	\$ 81	0.34%	\$ 24,011	
Total	\$ -	0.00%	\$ 177,585	7.33%	\$ 2,107,240	86.96%	\$ 138,534	5.72%	\$ 2,423,359	
Coal Severance	CAPP	%	STIP	%	TFIP	%	Other	%	Total	
BIG SKY ECONOMIC DEV FUND	\$ -	0.00%	\$ 3,521	2.19%	\$ 151,273	94.16%	\$ 5,861	3.65%	\$ 160,655	
COAL SEVERANCE TAX PERM FUND	\$ -	0.00%	\$ 16,734	3.01%	\$ 419,295	75.38%	\$ 120,207	21.61%	\$ 556,236	
CONSERVATION DISTRICT FUND	\$ -	0.00%	\$ 10,413	19.26%	\$ 43,457	80.39%	\$ 187	0.35%	\$ 54,057	
MONTANA COAL ENDOWMENT FUND	\$ -	0.00%	\$ 3,069	1.12%	\$ 269,819	98.53%	\$ 956	0.35%	\$ 273,844	
MT COAL ENDOWMENT REGIONAL WAT	\$ -	0.00%	\$ 1,192	1.26%	\$ 93,386	98.40%	\$ 331	0.35%	\$ 94,909	
SCHOOL FACILITIES FUND	\$ -	0.00%	\$ 4,467	1.59%	\$ 274,618	98.06%	\$ 978	0.35%	\$ 280,062	
Total	\$ -	0.00%	\$ 39,396	2.77%	\$ 1,251,847	88.17%	\$ 128,521	9.05%	\$ 1,419,763	
Operating Funds	CAPP	%	STIP	%	TFIP	%	Other	%	Total	
FWP GENERAL LICENSE ACCOUNT	\$ -	0.00%	\$ 56,439	65.02%	\$ 30,064	34.64%	\$ 295	0.34%	\$ 86,798	
MONTANA LOCAL GOVERNMENTS	\$ -	0.00%	\$ 2,253,528	99.65%	\$ -	0.00%	\$ 7,977	0.35%	\$ 2,261,504	
MONTANA STATE AGENCIES	\$ -	0.00%	\$ 2,178,471	99.66%	\$ -	0.00%	\$ 7,357	0.34%	\$ 2,185,827	
MONTANA STATE UNIVERSITY	\$ -	0.00%	\$ 291,122	83.23%	\$ 57,529	16.45%	\$ 1,114	0.32%	\$ 349,765	
MONTANA TECH	\$ -	0.00%	\$ 7,908	94.26%	\$ 453	5.41%	\$ 28	0.34%	\$ 8,390	
MT HOUSING INFRASTRUCTURE	\$ -	0.00%	\$ 67,675	41.23%	\$ -	0.00%	\$ 96,481	58.77%	\$ 164,156	
REPAYMENT ACCOUNT	\$ -	0.00%	\$ 7,716	9.25%	\$ -	0.00%	\$ 75,737	90.75%	\$ 83,453	
STATE TREASURER'S FUND	\$ -	0.00%	\$ 2,685,076	82.84%	\$ 545,636	16.83%	\$ 10,474	0.32%	\$ 3,241,186	
UNIVERSITY OF MONTANA	\$ -	0.00%	\$ 83,131	73.71%	\$ 29,308	25.99%	\$ 335	0.30%	\$ 112,774	
Total	\$ -	0.00%	\$ 7,631,065	89.84%	\$ 662,990	7.81%	\$ 199,799	2.35%	\$ 8,493,853	
Insurance Reserves	CAPP	%	STIP	%	TFIP	%	Other	%	Total	
MONTANA STATE FUND	\$ -	0.00%	\$ 34,383	2.22%	\$ -	0.00%	\$ 1,517,694	97.78%	\$ 1,552,077	
MUS GROUP INSURANCE	\$ -	0.00%	\$ 63,262	82.98%	\$ 12,713	16.68%	\$ 259	0.34%	\$ 76,234	
MUS WORKERS COMPENSATION	\$ -	0.00%	\$ 11,117	73.38%	\$ 3,981	26.28%	\$ 51	0.34%	\$ 15,149	
PERS-DCRP LT DISABILITY PLAN	\$ -	0.00%	\$ 875	6.13%	\$ -	0.00%	\$ 13,385	93.87%	\$ 14,260	
STATE EMPLOYEE GROUP BENEFITS	\$ -	0.00%	\$ 99,654	72.73%	\$ 36,908	26.93%	\$ 465	0.34%	\$ 137,026	
SUBSEQUENT INJURY TRUST FUND	\$ -	0.00%	\$ 2,904	99.68%	\$ -	0.00%	\$ 9	0.32%	\$ 2,913	
Total	\$ -	0.00%	\$ 212,194	11.80%	\$ 53,602	2.98%	\$ 1,531,864	85.21%	\$ 1,797,660	

Short Term Investment Pool			
Account	#Accounts	Total Market Value	%
Total State	385	6,255,863,411	73.5%
Total Local	213	2,258,671,044	26.5%
Total STIP	598	\$ 8,514,534,455	100.0%
STIP Reserve		\$ 111,700,115	
Prior month average STIP Yield		4.2141%	

Intercep Statistics	
Loans Outstanding	\$ 71,202,060
Bonds Outstanding	\$ 60,000,000
Number of Borrowers	127
Loan Rate	5.00%

65010 Department of Commerce

Standard Budget Summary By Org, Account

Data Selected for Month/FY: 01 (Jul)/2026 through 08 (Feb)/2026

Report Run 2/2/2026
 % of Year Completed 59%
 % of Payroll Completed 53%

Business Unit	(All)
Program Year	(All)
FY_BudPer	(All)
Month	(All)
Subclass	(All)
Source of Auth	(All)
OBPP Program	(All)
Fund Type	(All)
Account	(All)
Account Type	(All)
Project	(All)
Ledger	(All)

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Fund	Org	Acct Lvl 1	Acct Lvl 2	Standard Budget	Actuals Amt	A Accrual Amt	Balance	
06014 BOI Municipal Finance Programs								
		750200 STAND ALONE IDB PROG OPERTNS		620,840.50	294,588.41	0.00	326,252.09	47%
		61000 Personal Services		497,694.05	262,274.14	0.00	235,419.91	53%
			61000 Personal Service:	497,694.05	0.00	0.00	497,694.05	
			61100 Salaries	0.00	204,222.12	0.00	(204,222.12)	
			61400 Employee Benefi	0.00	58,052.02	0.00	(58,052.02)	
		62000 Operating Expenses		123,146.45	32,314.27	0.00	90,832.18	26%
			62100 Other Services	5,262.01	3,100.99	0.00	2,161.02	
			62200 Supplies & Materi	884.83	973.02	0.00	(88.19)	
			62300 Communications	2,678.20	1,165.60	0.00	1,512.60	
			62400 Travel	1,529.60	660.76	0.00	868.84	
			62500 Rent	41,629.77	24,499.55	0.00	17,130.22	
			62700 Repair & Mainten	1,000.00	0.00	0.00	1,000.00	
			62800 Other Expenses	70,162.04	1,914.35	0.00	68,247.69	
		750201 IDB Board Member Travel		0.00	617.31	0.00	(617.31)	
		61000 Personal Services		0.00	300.00	0.00	(300.00)	
			61300 Other Compensa	0.00	300.00	0.00	(300.00)	
		62000 Operating Expenses		0.00	317.31	0.00	(317.31)	
			62200 Supplies & Materi	0.00	7.64	0.00	(7.64)	
			62400 Travel	0.00	249.82	0.00	(249.82)	
			62800 Other Expenses	0.00	59.85	0.00	(59.85)	
		750220 IDB AUDIT		6,683.00	3,244.88	0.00	3,438.12	49%
		62000 Operating Expenses		6,683.00	3,244.88	0.00	3,438.12	
			62100 Other Services	6,683.00	3,244.88	0.00	3,438.12	

65010 Department of Commerce

Standard Budget Summary By Org, Account

Data Selected for Month/FY: 01 (Jul)/2026 through 08 (Feb)/2026

Business Unit	(All)
Program Year	(All)
FY_BudPer	(All)
Month	(All)
Subclass	(All)
Source of Auth	(All)
OBPP Program	(All)
Fund Type	(All)
Account	(All)
Account Type	(All)
Project	(All)
Ledger	(All)

Report Run	2/2/2026
% of Year Completed	59%
% of Payroll Completed	53%

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Fund	Org	Acct Lvl 1	Acct Lvl 2	Standard Budget	Actuals Amt	A Accrual Amt	Balance	
06050 Investment Division								
750100 INVESTMENT OPERATIONS				6,332,345.84	2,906,467.85	0.00	3,425,877.99	46%
61000 Personal Services				5,249,407.16	2,568,441.06	0.00	2,680,966.10	49%
61000 Personal Services				5,249,407.16	0.00	0.00	5,249,407.16	
61100 Salaries				0.00	2,050,656.49	0.00	(2,050,656.49)	
61400 Employee Benefits				0.00	517,784.57	0.00	(517,784.57)	
62000 Operating Expenses				1,082,938.68	338,026.79	0.00	744,911.89	31%
62100 Other Services				226,276.75	58,648.46	0.00	167,628.29	
62200 Supplies & Materials				68,000.00	18,636.98	0.00	49,363.02	
62300 Communications				43,568.00	20,253.15	0.00	23,314.85	
62400 Travel				221,025.00	2,514.15	0.00	218,510.85	
62500 Rent				374,667.93	222,652.03	0.00	152,015.90	
62700 Repair & Maintenance				5,000.00	0.00	0.00	5,000.00	
62800 Other Expenses				144,401.00	15,322.02	0.00	129,078.98	
750101 BOARD MEMBER EXPENSES				0.00	11,755.42	0.00	(11,755.42)	
61000 Personal Services				0.00	5,700.00	0.00	(5,700.00)	
61300 Other Compensation				0.00	5,700.00	0.00	(5,700.00)	
62000 Operating Expenses				0.00	6,055.42	0.00	(6,055.42)	
62200 Supplies & Materials				0.00	145.24	0.00	(145.24)	
62400 Travel				0.00	4,746.24	0.00	(4,746.24)	
62800 Other Expenses				0.00	1,163.94	0.00	(1,163.94)	
750120 INVESTMENTS - AUDIT				126,697.00	61,652.66	0.00	65,044.34	49%
62000 Operating Expenses				126,697.00	61,652.66	0.00	65,044.34	
62100 Other Services				126,697.00	61,652.66	0.00	65,044.34	

MONTANA

BOARD OF INVESTMENTS

TO: Members of the Board
FROM: Doug Hill, Director of Commercial Loan Programs
DATE: February 25, 2026
RE: Commercial and Residential Loan Portfolios

The Participation Loan Program reflected an outstanding balance of \$ 97,348,121 as of December 31, 2025, and represents 46 loans with a yield of 3.02%. There are two reservations for \$6,006,666. There is one committed loan for \$7,913,334. There are no past due loans.

The Infrastructure Loan Program reflected an outstanding balance of \$ 7,807,638 as of December 31, 2025, and represents 8 loans with a yield of 3.86%. There is one committed loan for \$3,683,333. There are no past due loans.

The Intermediary Relending Program reflected an outstanding balance of \$ 5,321,884 as of December 31, 2025, and represents 40 loans with a yield of 2.00%. There are no past due loans.

The Science and Tech portfolio reflected an outstanding balance of \$ 244,194 as of December 31, 2025, and represented one loan with a yield of 7.50%. The loan is not past due.

The Montana Facility Finance Authority portfolio reflected an outstanding balance of \$ 12,982,714 as of December 31, 2025, representing 18 loans with a yield of 3.74%. There are no past due loans.

The Residential loan portfolio reflected an outstanding balance of \$ 866,501 as of December 25, 2025, representing 28 loans with a yield of 6.18%. There is one loan that is 90 days past due, totaling \$9,110. The past due loan has an FHA guaranty.

The Montana Down Payment Assistance Program reflected an outstanding balance of \$ 75,711,086 as of December 31, 2025, and represents 131 loans. Repayment of these loans begins in January 2027.

The Resident-Owned Cooperative Loan Program has one committed loan for \$1,890,000 as of December 31, 2025.



\$120M Bond Series 2022:	
Current Bond Rate	4.321%
Outstanding	67,000,000
Available for Drawdown	53,000,000

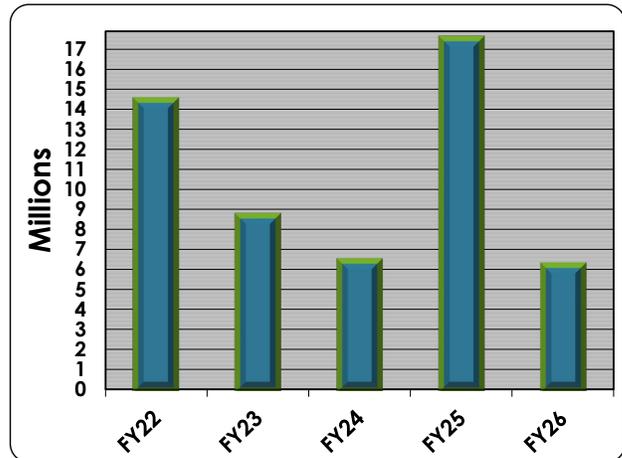
Loans:	
Current Loan Rate	5.00% auto
Outstanding	70,979,263
Pending Commitments	26,474,522

Total Committed	765,011,647
Total Funded	738,537,125

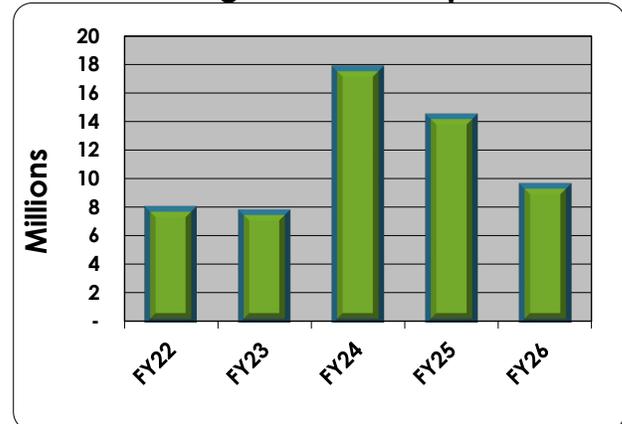
Borrowers	127
Debt Service Schedules	260
Autopay	95%

FY2026		
Month	Commitments	Fundings
July-25	-	267,344
August	300,000	1,173,228
September	322,429	879,948
October	4,992,350	6,071,334
November	45,000	804,077
December	663,000	295,000
January		
February		
March		
April		
May		
June-26		
To Date	6,322,779	9,490,931

Commitments FY Q2 Comparison



Fundings FY Q2 Comparison



Note: Commitments include withdrawn and expired loans.

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

February 16, 2018 - February 15, 2019	3.15%	February 16, 2022 - February 15, 2023	1.50%**
February 16, 2019 - February 15, 2020	3.37%	February 16, 2023 - February 15, 2024	5.75%**
February 16, 2020 - February 15, 2021	2.50%*	February 16, 2024 - February 15, 2025	5.75%**
February 16, 2021 - February 15, 2022	1.65%*	February 16, 2025 - February 15, 2026	5.00%**

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

**Autopay rates began in 2022. Existing borrower loans not set up for autopay in these years were charged 1.55%, 6.00%, 6.25% & 5.82% respectively for processing.

MONTANA

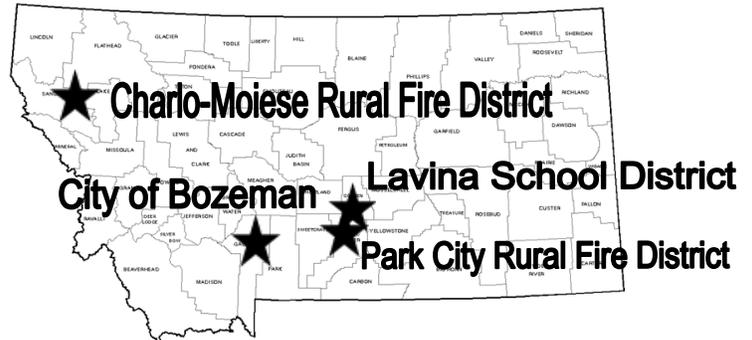
BOARD OF INVESTMENTS

I N T E R C A P

TO: Members of the Board

FROM: Louise Welsh,
Director of Municipal Loans

DATE: February 25, 2026



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

Borrower:	Department of Natural Resources and Conservation (DNRC)			
Purpose:	Coal Severance Tax (CST) Bond-RRGL (taxable)			
Staff approved:	N/A	Term:	N/A	Approval Date: N/A
BOI Policy 70.120 Staff Approval Authorization:		\$15,000,000		
New Commitment:		0		
Commitment Remaining:		13,500,000		
Loans Outstanding:		24,550		
Authorization Available:		\$ 1,475,450		

Borrower:	Lavina School District #2
Purpose:	Vehicle
Staff Approval Date:	October 23, 2025
Board Loan Amount:	\$42,350
Other Funding Sources:	\$ 0
Total Project Cost:	\$42,350
Term:	3 years

Borrower:	Charlo-Moiese Rural Fire District
Purpose:	Self-contained breathing apparatuses and radios
Staff Approval Date:	November 5, 2025
Board Loan Amount:	\$45,000
Other Funding Sources:	\$15,000
Total Project Cost:	\$60,000
Term:	8 years

Borrower:	Park City Rural Fire District
Purpose:	Fire tender buildout
Staff Approval Date:	December 2, 2025
Board Loan Amount:	\$100,000
Other Funding Sources:	\$ 55,000
Total Project Cost:	\$155,000
Term:	7 years

Borrower:	City of Bozeman
Purpose:	Stormwater vacuum and jetting truck
Staff Approval Date:	December 29, 2025
Board Loan Amount:	\$563,000
Other Funding Sources:	\$ 0
Total Project Cost:	\$563,000
Term:	7 years

MONTANA

BOARD OF INVESTMENTS

TO: Members of the Board
FROM: Louise Welsh, Director of Municipal Loans
DATE: February 25, 2026
RE: Montana Housing Infrastructure Revolving (MHIR) Bond Program Portfolio

The MHIR Bond Program reflected an outstanding balance of approximately \$1,963,995 as of the end of the first quarter, December 31, 2025. This balance represents one (1) loan with a yield of 1.71%. The loan is current, and there are no new loan commitments.

Defined Contribution/Deferred Compensation Project

PERS Board Meeting: February 12, 2026

Jon Putnam, CFA, FRM, CAIA
Chief Investment Officer

Jason Brent, CFA, CAIA
Director of Public Markets

401 (a)/457(b) Project

- BOI was tasked with reviewing the defined contribution and deferred compensation investment lineups for inclusion in BOI's \$30.7 billion in assets under management.
- Potential Benefits of moving lineup to BOI:
 - Lower fees by utilizing BOI's scale, existing relationships, and internal management capabilities.
 - Application of BOI's professional investment expertise, proven due diligence processes, and existing research infrastructure.

Why transition to BOI?

Alignment

- The Montana Constitution vests all investment authority with BOI, except, Montana code contemplates both BOI and alternatives solely for the MPERA DC/457 plans. Currently, these participants do not have access to BOI's expertise and scale.
- BOI staff have a singular focus on providing excellent investment services to the beneficiaries of the Montana pension funds, state & local government agencies, and the citizens of Montana.
- BOI staff are state employees and participate in the defined contribution and deferred compensation plans and are fully aligned with their mission.

Why transition to BOI?

Experience / Track record

- Best in class investment policy and manager due diligence processes can be offered to the defined contribution and deferred compensation plans.
- Leverage economies of scale with existing BOI investment relationships resulting in lower fees and better long-term outcomes for participants.
- Tap into the knowledge and skill of BOI staff as well as the infrastructure built to research and monitor investment managers.
- BOI has an excellent long-term investment track record. BOI defined benefit pension plan performance is in the top quartile versus peers over the last 10 years, as of 09/30/2025.

Why transition to BOI?

Fiduciary Duty

- Montana law already contemplates BOI providing these services.
- BOI currently acts as a fiduciary to the trustee (PERB) and will, in the same capacity, act solely in the best interests of the DC plans' participants and beneficiaries.
- BOI acts as a fiduciary for all assets under its care. BOI invests and manages with the care, skill, and diligence of a prudent expert.
- BOI's adherence to fiduciary standards can help mitigate claims of negligence and mismanagement and should promote confidence among plan participants.

Overview of Plan Participants

As of June 30, 2025

- Defined Contribution – 5,629 participants with approx. \$601M in Assets Under Management.
 - 2,102 participants are currently contributing.
 - Average balance is \$102,604.
 - Employee contribution is 7.90%, Employer contribution is 9.17%.
 - Utilize an average of 2.39 funds within the lineup.
- Deferred Compensation – 9,553 participants with approx. \$720M in Assets Under Management.
 - 6,777 participants are currently contributing.
 - Average balance is \$73,861.
 - Average deferral percentage is 11.30%.
 - Utilize an average of 3.32 funds within the lineup.
- Total Assets Under Management of \$1.32 Billion.

DC/457 Manager Due Diligence

- MOU between BOI and MPERA initiated in June 2025
 - BOI authorized to research potential improvements to DC/457 plan investments.
- Plan review
 - BOI reviewed the current plan structures, participant profiles, existing investment lineup, and the current investment management agreements.
- Initial Screening
 - BOI screened for potential managers using eVestment data and leveraging existing BOI knowledge/manager relationships.
- Introductory Calls
 - BOI held introductory calls with numerous managers across assets classes and strategies. Staff conducted a high-level assessment of each team.
- Expanded Analysis
 - BOI staff researched and evaluated organizational structure, strategy & philosophy, portfolio construction, risk management & operational processes, staffing, performance, and fees.

DC/457 Manager Due Diligence

- On-site visits
 - BOI staff visited manager offices and met with team members across the organization for all investment manager finalists.
- Reference Calls
 - BOI conducted reference calls as appropriate with current and former clients/employees of prospective investment managers.
- Contracting requirements and review
 - BOI has developed a template to ensure that critical issues/needs are embedded in all investment manager contracts.
- Investment Decision
 - Documented decision process. **Will advise managers and initiate implementation process if approval is granted by the BOI and PERS boards.**

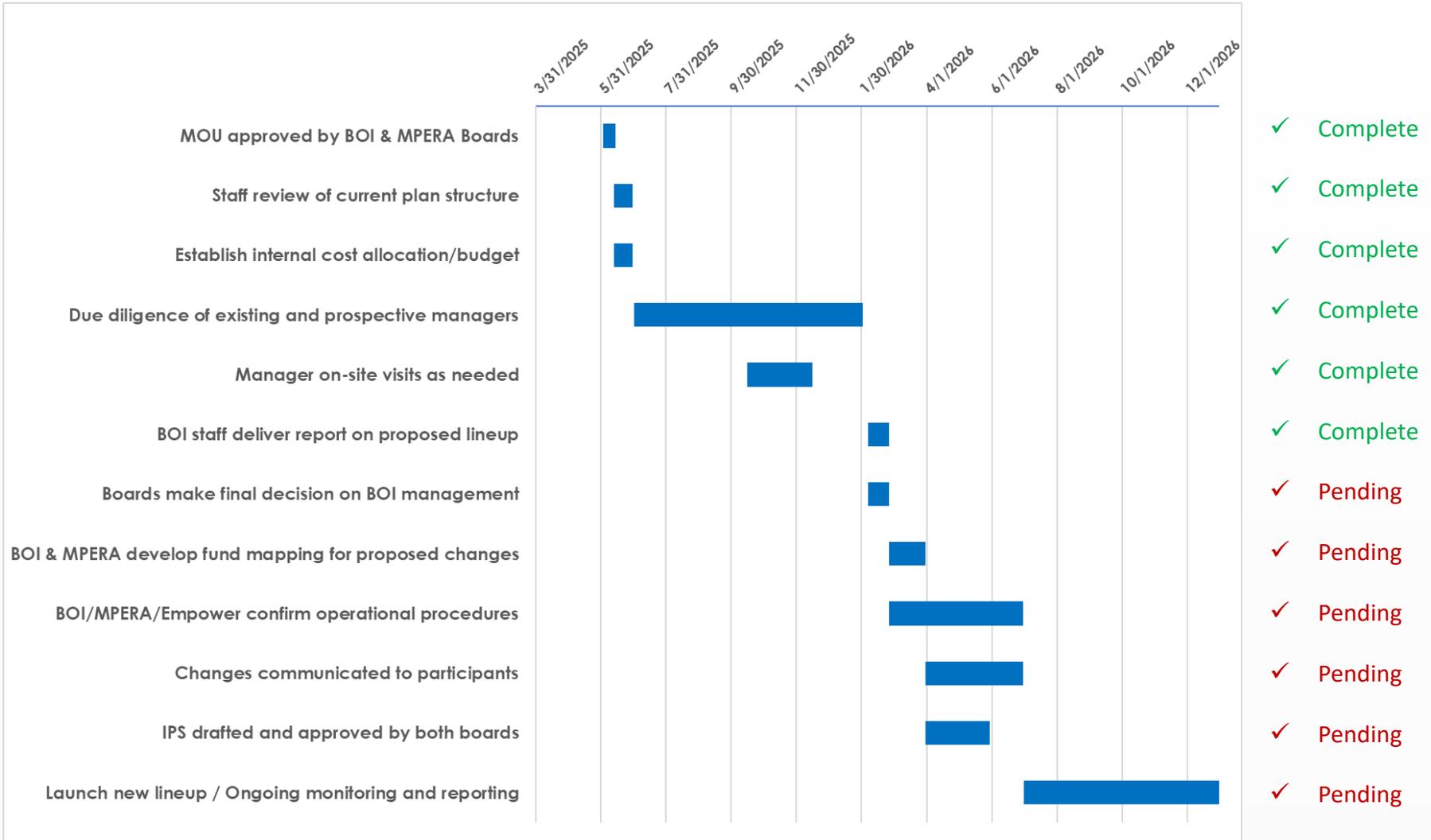
Estimated Annual Fee Savings

Current	AUM as of 12/31/2025	Total Fund Expense Ratio (basis points)	Proposed	Total Fund Expense Ratio (basis points)	Savings (Dollars)
Domestic Equity			Domestic Equity		
State Street S&P 500 Index	\$260,187,395	1.00	BlackRock S&P 500 Equity Index Fund	0.85	\$3,902.81
State Street Russell SMID Cap Index	\$62,778,028	2.00	BlackRock Dow Jones US Completion Total Stock Market Index	1.67	\$2,071.67
JP Morgan SMID Cap Equity (WOOSX)	\$61,398,719	59.00	BlackRock Russell 2500 Alpha Tilts Fund	40.95	\$110,824.69
Vanguard Equity Income, Admiral (VEIRX)	\$52,650,401	18.00	Vanguard Equity Income, Admiral (VEIRX)	18.00	\$0.00
Fidelity Contrafund	\$140,781,843	43.00	Silvant Large Cap Growth	25.00	\$253,407.32
International Equity			International Equity		
State Street Global All Cap Index ex US Index	\$29,789,072	4.50	State Street Global All Cap Index ex US Index	4.50	\$0.00
Arrowstreet International Equity ACWI ex US	\$57,935,996	82.00	Arrowstreet International Equity ACWI ex US	82.00	\$0.00
Core/Core Plus Fixed Income			Core/High Yield Fixed Income		
State Street US Bond Index	\$76,723,819	2.00	BOI Internal Core Bond Fund *	2.35	\$18,560.57
PGIM Core Plus Bond	\$16,663,454	19.00	Neuberger Berman High Income Trust *	35.00	-\$3,999.23
			BOI Short-Term Investment Pool (STIP) **	0.83	\$0.00
Stable Value			Stable Value		
State of Montana Stable Value (SA)	\$217,750,137	35.70	State of Montana Stable Value (SA)	35.70	\$0.00
Real Assets			Real Assets		
State Street Real Assets NL	\$6,577,503	22.00	State Street Real Assets NL	22.00	\$0.00
Target Date Funds			Target Date Funds		
T.Rowe Target Date Funds	\$389,101,045	37.00	BlackRock LifePath Dynamic Target Date Funds	26.99	\$389,490.15
Total DC Plans Assets	\$1,372,337,412		Total DC Plans Savings		\$774,257.98

* 85% of PGIM Core Plus allocated to BOI Internal Core Bond and 15% to Neuberger High Income Trust. The combined cost would be approximately 7.25 basis points.

** STIP would be a new investment option with no initial assets under management.

Implementation Timeline



Conclusion/Recommendation

- Expected Benefits
 - Annual investment management savings of \$774K
 - Benefit from BOI's expertise, fiduciary standards, and alignment with MPERA goals
- Recommendation
 - Delegate management of defined contribution and deferred compensation plan lineups to BOI
 - BOI and MPERA will work with all vendors and investment managers to complete the necessary changes
 - Implement proposed investment lineup on July 1st, 2026

Short Term Investment Pool Management Overview

Presented by: John Romasko, CFA, Kirsten Haswell, CTP,
Ethan Kittle, Tim House, and Matt Hoffman

Date: February 25, 2026

Introduction

- Our focus is safety first, liquidity second, and income third.
- All transactions are executed with the strategic objective to achieve a high level of investment income compatible with:
 - Preservation of principal
 - Providing STIP participants with one-day liquidity
 - Prudent investment practices
- Risk mitigation and liquidity are key and interrelated concepts for STIP.

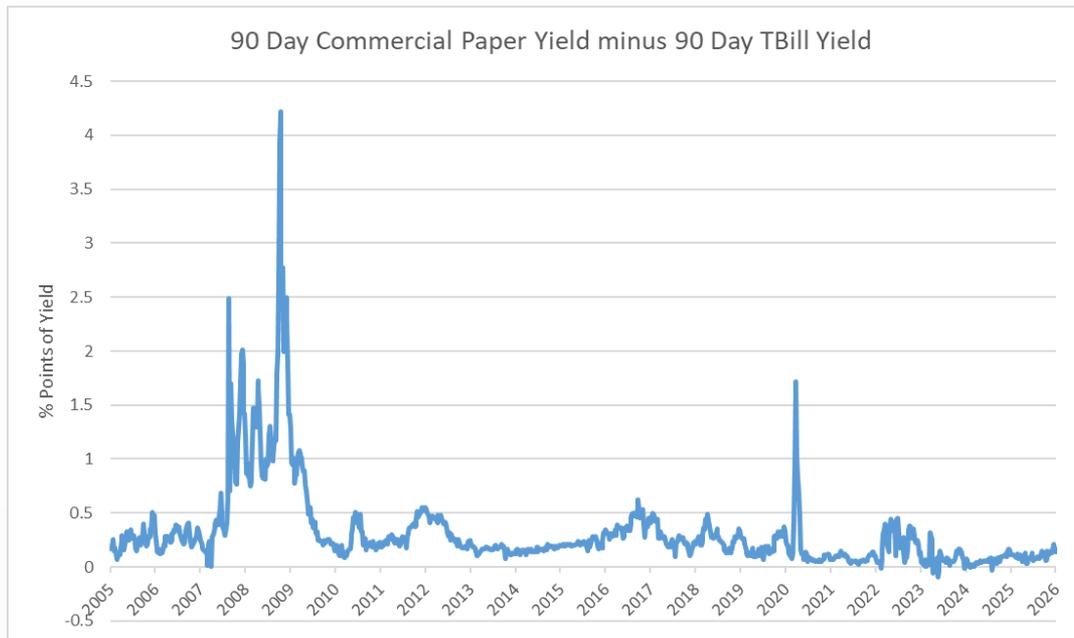
Introduction

- The Short Term Investment Pool (STIP) had more than 1,500 transactions totaling over \$66 billion for calendar year 2025.
- The STIP reserve was 1.32% of the STIP balance on December 31, 2025.
- The fundamental qualitative risk for STIP is that a participant might not be able to redeem one STIP share for one dollar.
- This risk is the sum of:
 - Credit Risk
 - Market Risk
 - Liquidity Risk
 - Interest Rate Risk

Risk

Credit Risk

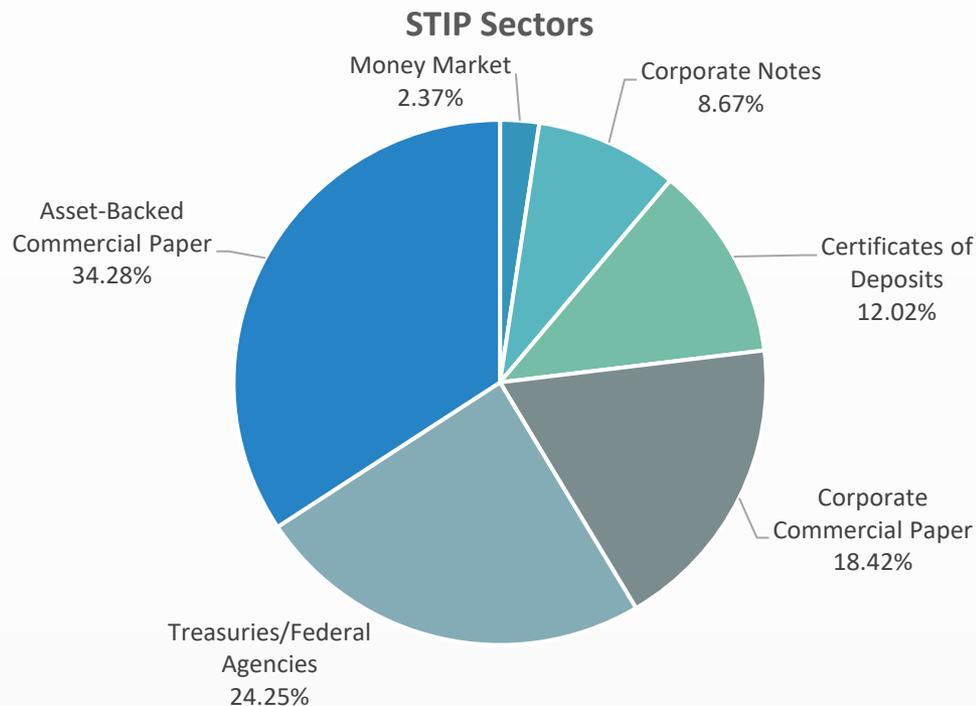
- Individual credit risk is the risk that a single security underperforms.
- Diversification and minimum credit quality are the fundamental strategies to reduce individual credit risk.
- The Fixed Income team has created a STIP-approved list that incorporates Investment Policy Statement restrictions and is discussed with Operations at least twice per year.



Risk

Market Risk

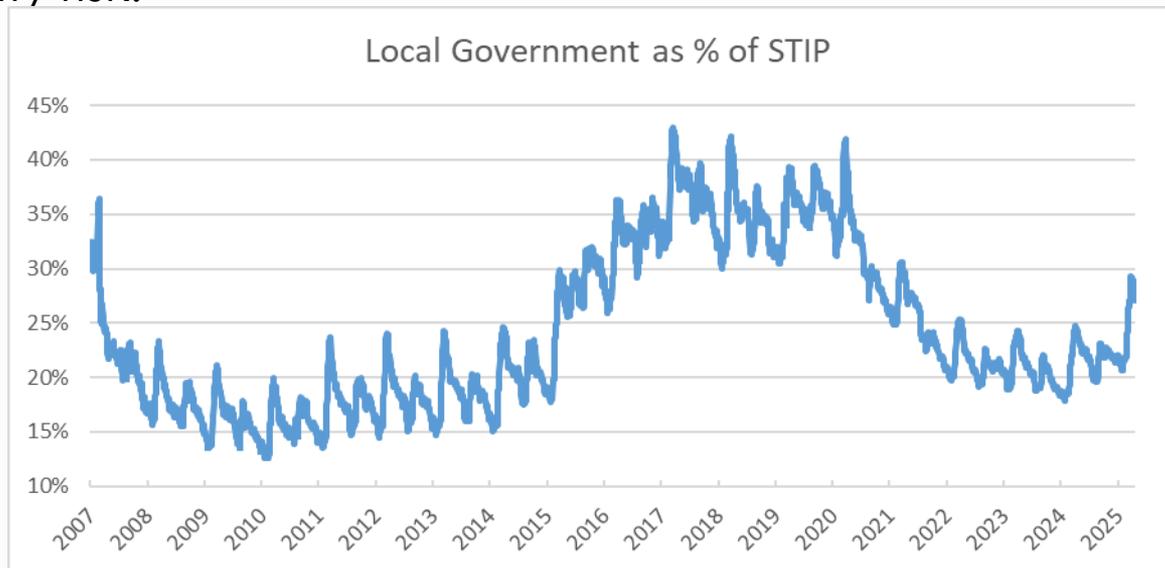
- Market risk is the possibility of losses due to factors that affect the overall performance of the financial markets.
- Maturity caps, minimum credit ratings, and limits on sector concentrations are crucial strategies to reduce market risk.



Risk

Liquidity Risk

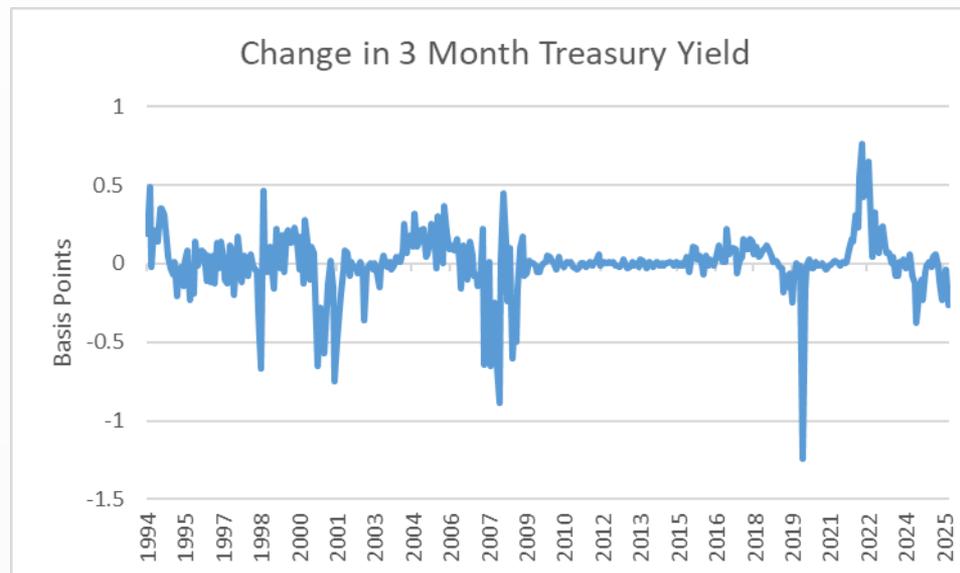
- Liquidity risk is the risk that maturities and money markets are insufficient to meet client redemptions, forcing sales at unfavorable prices.
- STIP redemptions are generally predictable and follow stable patterns.
- Increased local government participation may increase volatility.
- The Fixed Income team cooperates closely with Accounting, Department of Administration, and other investment teams to manage cash flows and limit liquidity risk.



Risk

Interest Rate Risk

- Interest rate risk is the risk that the value of the portfolio will change due to movement in Treasury rates.
 - When interest rates are rising, the portfolio can miss out on additional yield.
 - When interest rates are decreasing, the portfolio will reinvest proceeds at a lower rate.
- In STIP, interest rate risk is usually less than credit risk because of the short duration of assets.



Risk

Risk Management

- Team discussion before adding issuers to the approved STIP list.

COMPANY		S/T Rating			L/T Rating			Net Debt \$ Millions	Current Ratio	Debt/ EBITDA	Net Income \$ Millions	Free Cash Flow \$ Millions	Net Debt/ FCF	Capex \$ Millions	Cash \$ Millions	Available Lines \$ Millions
Walt Disney Co	DIS US EQUITY	A-1	P-1	WD	A	A2	WD	\$ 39,728	0.7	2.5	12,404	10,077	3.94	(8,024)	\$ 5,695	12,250

- Ongoing monitoring of approved names vs. policy statement.

Rule:	Description:	Currency:	Account:	02/05/26			
3%PARENT	MAX 3% BY Parent except Treas. & US Agy	USD	MU36	11:34:43			
Name	Mkt Value	Value	Room	To Out			
- Limit(s): = 0	502,575,461.06	505,500	-505,500.00	-505,500.00			
- ISS1:% Per Parent Issuer > 3.00% S	502,575,461.06	505,500.00					
- Soft Warning	502,575,461.06						
Walt Disney Co/The	249,653,189.53	2.90%	0.10%	8,212,179.84			
Within Compliance	7,449,581,761.08						
Bucket:Walt Disney Co/The							
Security	Identifier	Qty	Open Order	Price	Mkt Value (USD)	FX Rate	% C
WALTPP 02/19/26	MMPPGW7L4Q	51,000.00	0.00	99.86	50,926,953.83	1.000000	0.5
WALTPP 03/12/26	MMPPG0DH65	50,000.00	0.00	99.63	49,816,930.56	1.000000	0.5
WALTPP 03/23/26	MMPPGK2H2	50,000.00	0.00	99.51	49,757,094.44	1.000000	0.5
WALTPP 03/02/26	MMPPGKPKN	30,000.00	0.00	99.74	29,922,354.17	1.000000	0.3
WALTPP 06/26/26	MMDPGRLV26	45,000.00	0.00	98.45	44,202,578.75	1.000000	0.5

Risk

Operations Risk

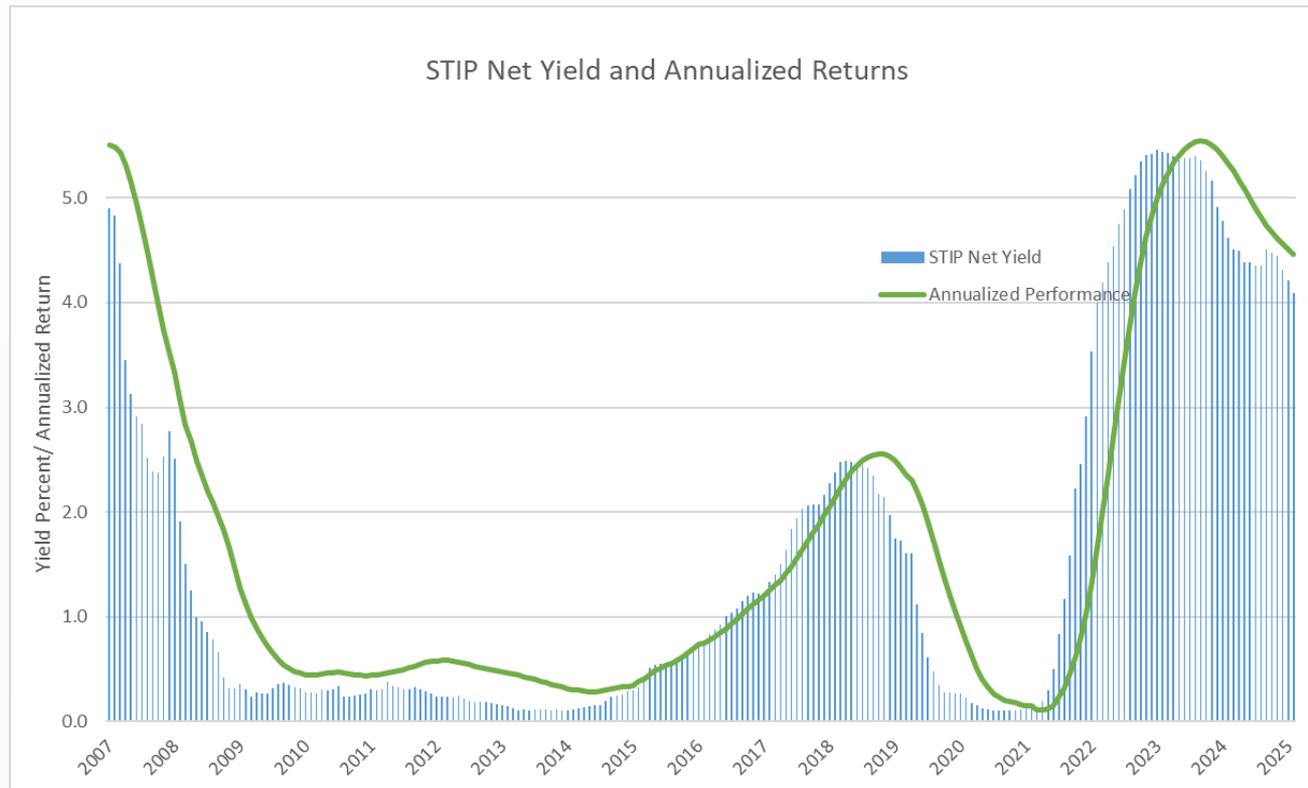
- Operations team is responsible for creating guardrails in the trading system to comply with the Investment Policy Statement and any BOI internal limits.

10 Rules 13 Brokers 14 Refresh 19 Limits				Group By None 38 of 107 Rules			
Search Type Account/Group				ID	Name	Status	Modified
T	Code	Name	Active				
A	MU36	STIP	Yes	TRADELMT	No trade to exceed \$75,000,001	Active	08/27/2024 09:10:28
A	MU41	TFBP	Yes	ABCP90DA	ABCP buy limited to mat 90 days or less	Active	03/05/2024 11:17:28
A	MU26	STATE FUND INSURANCE	Yes	MAXMAT	Max Mat for floating securities < 794	Active	03/05/2024 11:17:14
A	MU11	ABANDONED MINE TRUST	Yes	VRMXMAT2	Var Rate sec max mat 2 yrs	Active	03/07/2023 15:11:24
A	MU13	FWP MITIGATION	Yes	5%IBDD	IBDDA MAX 5%	Active	12/06/2022 17:31:25
A	MU19	STREAMSIDE TAILINGS	Yes	10%ABSCP	10% Limit on ABS and ABSP	Active	06/14/2022 14:57:39
A	MU14	MT POLE SUPERFUND	Yes	MAX10%SP	Max 10% ABCP in any 1 sponsor	Active	06/11/2021 14:57:00
A	MU16	FWP LICENSE ACCNT	Yes	ABCP60DA	Soft Max 12% ABCP w/maturities > 60 days	Active	06/11/2021 14:55:40
A	MU33	GROUP BENEFITS	Yes	ABCP%LMT	A maximum of 40% of the STIP Units Value	Active	06/11/2021 14:54:47
A	MU51	FWP REAL PROPERTY TR	Yes	FLOATMAT	Maximum maturity for fixed sec < 397	Active	06/11/2021 14:54:33
A	MU55	WILDLIFE HABITAT TRUS	Yes	MAXREPIS	Max 5% REPO w/single primary dlr or inst	Active	06/11/2021 14:54:20
A	MU10	TREASURER'S FUND	Yes	WATCHLIS	STIP Approved List	Active	06/11/2021 14:54:07
A	MU79	UNIV MONTANA OPERATI	Yes	VAR2MAT	Variable rate max final maturity of 2 yr	Active	06/11/2021 14:53:10
A	MU3F	NRD BUTTE AREA ONE	Yes	AVGMT120	WGT AVG MTY 120 Days or less	Active	06/11/2021 14:52:42
A	MU3P	UPPER BLACKFOOT	Yes	3%PARENT	MAX 3% BY Parent except Treas. & US Agy	Active	06/11/2021 14:52:25
A	MU3Q	MONTANA UNIVERSITY S	Yes	10%LMTRT	Maximum 5% BA and CD rated A-2 A3 or low	Active	06/11/2021 14:51:17
A	MU48	MDEP	Yes	ABS40%MX	ABS can not exceed 40% STIP NAV	Active	06/11/2021 14:50:47
A	MU38	MTIP	Yes	MINRATE	Minimum ratings and #	Active	06/11/2021 14:50:34
A	MU6N	BELT WATER TREATMENT	Yes	10%ABSRT	max 10% limit w/rate A2, P2 or F2	Active	06/11/2021 14:49:20
A	MU1A	MTRP	Yes	MAX3%ISS	Max 3% issuer except us treasury and agy	Active	06/11/2021 14:44:06
A	MU8E	STIP RESERVE	Yes	1%MAXMM	Max 1% incl excl	Active	06/11/2021 14:20:41

Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
 Japan 81 3 4565 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2026 Bloomberg Finance L.P.
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Performance

- STIP performance is compared to the Federal Reserve U.S. Treasury Constant Maturity One-Month Index and generally has closely tracked the benchmark.
- The yield from securities is the most significant factor in performance in STIP.



Conclusion

- Staff overseeing STIP continually contemplate, measure, and manage risk in STIP.
- After the appropriate amount of risk is determined, staff seek to maximize income.
- Bloomberg Demonstration

MONTANA

BOARD OF INVESTMENTS

TO: Members of the Board
FROM: Dan Villa, Executive Director
DATE: February 25, 2026
RE: Investment Policy Statement

Staff recommends adopting the following IPS:

40.957 – DNRC CSKT Compact Implementation Pumping Fund:

This policy establishes a new account for the State of Montana Department of Natural Resources and Conservation to implement the state's obligations under the compact with the Confederated Salish and Kootenai Tribes. The pertinent MOU between the state and the tribe is attached, along with a fact sheet.

MONTANA

BOARD OF INVESTMENTS

BOARD ADOPTED POLICY

POLICY NUMBER: 40.957

EFFECTIVE DATE: TBD

TITLE: DNRC CSKT Compact
Implementation Pumping Fund
Investment Policy Statement

SUPERSEDES: NEW

BOARD ADOPTION: February 25, 2026

REVIEWED: February 25, 2026

I. Introduction

- A. All Separately Managed Accounts are governed by the Separately Managed Accounts Investment Policy Statement, Policy 40.900.
- B. On September 17, 2021, the Confederated Salish and Kootenai Tribes (CSKT) – Montana Compact became effective. Funds in the account are from the State of Montana to fulfill its obligations under the compact. The account is administered by the Department of Natural Resources and Conservation.
- C. The Board will have full discretion to manage the DNRC CSKT Compact Implementation Pumping Fund Account consistent with this policy. Compliance with the following guidelines for permitted investments and other restrictions is the sole responsibility of the Staff. Any exceptions or compliance violations are to be reported to the Board at the next scheduled quarterly Board meeting.
- 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 situation in which the allocations were outside the limits and either inform the Board of the actions taken to return the portfolio to within guidelines or a plan to do so.

II. Purpose

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

III. Investment Objectives

- A. Strategic - The objective of the DNRC CSKT Compact Implementation Pumping Fund Account is to attain above benchmark total return within the parameters of this policy with an emphasis on investment income and preservation of principal.

B. Performance - Success in achieving this objective will be measured by comparing the risk and return of the fund to the securities owned, weighted proportionately to the portfolio's holdings, over a five (5) year rolling average.

C. Time Horizon - The Board expects to meet or exceed all objectives over the long-term investment horizon. Over shorter periods, anticipated market volatility and specific actions, including the Board's risk mitigation efforts, may lead to unfavorable but expected deviations from these objectives.

IV. Permitted Investments

A. The DNRC CSKT Compact Implementation Pumping Fund Account may only invest in the following:

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

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

V. Other Restrictions

A. A maximum of ninety-seven percent (97%) of the market value of the portfolio will be invested in the TFIP.

B. The maximum maturity of the U.S. Treasury and Agency Bond will be six (6) years.

Authority: Montana Constitution, Article VIII, Section 13
Section 2-15-1808, MCA
Sections 17-6-201 through 17-6-205, MCA
Sections 75-6-201 through 17-6-205 MCA
CSKT Compact

**AGREEMENT BETWEEN THE STATE OF MONTANA AND THE CONFEDERATED
SALISH AND KOOTENAI TRIBES OF THE FLATHEAD INDIAN RESERVATION
REGARDING ARTICLE VI.A.1.d STATE COMPACT CONTRIBUTIONS**

This Agreement is entered into between the State of Montana (the “State”) and the Confederated Salish and Kootenai Tribes of the Flathead Indian Reservation (“CSKT”). As used herein, “Parties” refers to the State and CSKT.

PREAMBLE

WHEREAS the Parties have negotiated a water rights compact (“Compact”), which was ratified by the Montana Legislature on April 24, 2015 (codified at §§ 85-20-1901 and -1902, MCA), by the United States Congress pursuant to the Montana Water Rights Protection Act Public Law No. 116-260, Dec 27, 2020 (134 Stat. 1182, 3008), and by the CSKT Tribal Council by resolution on December 29, 2020;

WHEREAS pursuant to Article VI.A of the Compact, the State is obligated to contribute and has appropriated \$55 million for the purposes of implementation of the Compact;

WHEREAS pursuant to Article VI.A.1.d of the Compact, \$30 million of the State’s \$55 million contribution is allocated specifically “to offset pumping costs associated with Compact implementation and related projects;”

WHEREAS the purpose of this Agreement is to provide for the payment and implementation of the State’s \$30 million contribution under Article VI.A.1.d;

THEREFORE, THE PARTIES ENTER INTO THE FOLLOWING AGREEMENT:

SECTION 1. PURPOSE

The purpose of this Agreement is to set forth the general terms, definitions, and conditions governing the implementation of Article VI.A.1.d of the Compact. The Parties agree to cooperate as sovereigns under this Agreement.

SECTION 2. ESTABLISHMENT OF ACCOUNT

- A. The State shall transfer the sum of \$30 million pursuant to Article VI.A.1.d of the Compact to a short term investment pool (STIP) account on or before December 29, 2025 to be held in trust at the Montana Board of Investments (“BOI”). The Fund shall be administered as a separately managed account.
- B. The State’s authorized designee as set forth in Section 3.C may consult with BOI to create a separately managed account with investment objectives agreed to by the authorized designee and BOI, subject to the approval of the Governor’s Office of Budget and Program Planning (“OBPP”).

SECTION 3. DISBURSEMENTS FROM ACCOUNT

A. Pursuant to Article VI.A.1.d of the Compact, all disbursements from the Fund shall be used solely to offset pumping costs associated with Compact implementation and related projects and for no other purpose. For purposes of determining pumping costs associated with Compact implementation and related projects, the Parties agree as follows:

1. "Pumping costs associated with Compact implementation and related projects" means increases in pumping costs and related projects, as compared to historical operations existing prior to Compact implementation, that occur as a result of activities authorized by the Compact or Section 7 of the Montana Water Rights Protection Act.
2. "Project Operator" has the same definition as Article II.55 of the Compact;
3. Pumping costs eligible for reimbursement or payment from the Fund include:
 - a. the cost of increased electrical power and wheeling charges for any Flathead Indian Irrigation Project ("FIIP") pumping plant operated by the Project Operator as a result of Compact implementation;
 - b. the cost of operating and maintaining FIIP pumps or pumping plants installed, rehabilitated, or replaced as a result of Compact implementation, including projects authorized in Appendix 3.6 (Rehabilitation and Betterment) of the Compact;
 - c. the cost of construction or maintenance of ditch improvements required to deliver a higher volume of water produced by the installation, rehabilitation, or replacement of pumps or pumping plants authorized under the Compact that are not otherwise funded under the Compact;
 - d. the cost of implementing pump or pumping plant efficiencies or adaptive management practices to fulfill FIIP delivery assurances contained in the Compact that are not otherwise funded under the Compact; and
 - e. such other pumping costs associated with Compact implementation and related projects agreed upon by the Parties.

B. Unless otherwise agreed by the Parties, disbursements shall be made from the Fund's income and not from principal. At the State's discretion, any income remaining in the Fund at the end of the State's fiscal year that has not been distributed or obligated for distribution may be:

1. partially or wholly reinvested into principal, or

2. partially or wholly deposited into a pumping cost reserve fund created by the State from which future disbursements may be made for payment or reimbursement of eligible pumping costs.
- C. The State designates the Director of the Montana Department of Natural Resources as its authorized designee with authority to review and approve task orders and disbursements from the Fund in accordance with this Agreement and the Compact. The State may establish policies and procedures to govern the manner in which the authorized designee may act on its behalf. The State may change its authorized designee upon 30 days written notice to CSKT.
 - D. To request payment or reimbursement of eligible pumping costs, the Project Operator shall submit task orders or invoices to the State's authorized designee on forms prepared by the State describing and documenting eligible pumping costs on an annual or more frequent basis. The State shall notify the Project Operator of its denial or approval of a claim within 60 days of receipt of the claim. All authorized disbursements shall be made to the Project Operator.
 - E. Any fee and charges upon the Fund shall be paid from the Fund and allocated between income and principal in accordance with generally accepted accounting principles. BOI may from time-to-time change and modify its fees and charges consistent with Montana law.
 - F. The State shall provide to CSKT annual reports of the income, expenses, and disbursements of the Fund for the State fiscal year ending June 30 on or before September 1 of each year.

SECTION 4. PROPERTY ACQUISITION AND DISPOSITION

No real property or capital equipment may be acquired in whole or in part by the Fund.

SECTION 5. AMENDMENT

This Agreement may only be amended upon the mutual written consent of the Parties.

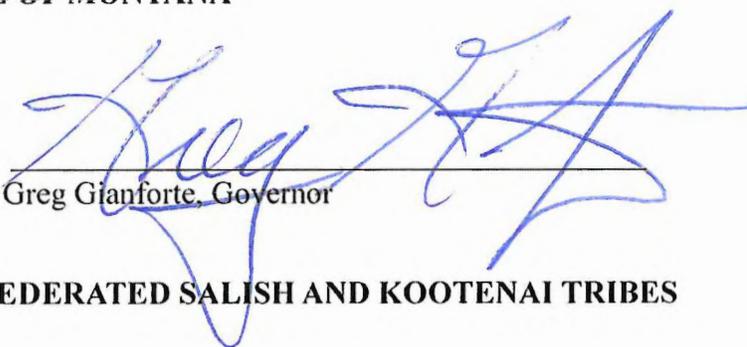
SECTION 6. EFFECTIVE DATE; TERMINATION

- A. This Agreement becomes effective when signed by both Parties.
- B. This Agreement may only be terminated:
 - a. upon the mutual written consent of the Parties;
 - b. upon final distribution of the Fund;
 - c. by order of a court of competent jurisdiction in a judicial proceeding initiated by either Party as a result of a material breach of the other Party that has not been remedied within 60 days of written notice of the breach; or

- A. This Agreement has been entered into to set forth the terms, definitions, conditions, and responsibilities of the Parties with regard to the matters described in this Agreement. It is not intended to reflect, or be viewed as reflecting in any other context, any Party's position with respect to the jurisdictional authority of the other. Nothing in this Agreement or in any conduct undertaken pursuant thereto shall be deemed as enlarging or diminishing the jurisdictional authority of either Party. Neither this Agreement, nor conduct pursuant thereto, shall be offered as evidence, otherwise referred to in any present or future litigation unrelated to the subject matter of the Agreement, or used to further either Party's equitable or legal position in any litigation unrelated to the subject matter of the Agreement. Each Party reserves all rights, arguments, and defenses that are available to it under the law, and nothing in this Agreement shall be interpreted or construed as an express or implicit waiver of any such right, argument, or defense, except as provided above.
- B. The Parties agree that their respective agreements and obligations set forth herein are solely for the benefit of the Parties to this Agreement. Nothing in this Agreement is intended to, and does not, confer upon any person, entity, government, or political subdivision of any Party other than the Parties to this Agreement any benefits, rights, or remedies under or by reason of, or any rights to enforce of cause either Party to enforce, the obligations set forth herein.

The Parties through their authorized agents have executed this Agreement on the dates set out below:

STATE OF MONTANA

By:  _____ Date 12/9/2025

Greg Gianforte, Governor

CONFEDERATED SALISH AND KOOTENAI TRIBES

By:  _____ Date 12-9-25

Michael Dolson, Chairman

APPROVED as to legal sufficiency and pursuant to § 18-11-105, MCA:

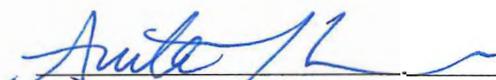
Austin Knudsen, Attorney General

Date

Certificate of Compliance

Pursuant to MCA§ 18-11-105(1), the foregoing Memorandum of Understanding between the Confederated Salish and Kootenai Tribes and the Montana Department of Natural Resources and Conservation regarding Article VI.A.1.d state compact contributions was submitted to the attorney general on December 18, 2025, for approval. With thirty days elapsed and no disapproval from the attorney general, the Amendment is considered approved under MCA§ 18-11-105(3).

Dated: January 23, 2025



Anita Milanovich, General Counsel
Office of the Governor

CSKT Compact Implementation Pumping Fund Fact Sheet

- The CSKT Compact Implementation Pumping Fund (the “Fund”) was established under the Confederated Salish and Kootenai Tribes of the Flathead Indian Reservation (CSKT) and State of Montana Water Rights Compact (the “Compact”), ratified by the Montana Legislature on April 24, 2015 (codified at 85-20-1901 and -1902, MCA), by the U.S. Congress pursuant to the Water Rights Protection Act Public Law No. 116-260, Dec. 27, 2020, and by the CSKT Tribal Council on December 29, 2020.
- Pursuant to Article VI.A.1.d of the Compact, \$30 million has been contributed by the State into the Fund to offset pumping costs for irrigators associated with Compact implementation and related projects.
- On December 9, 2025, the CSKT and the State of Montana entered into an Agreement governing the implementation of Article VI.A.1.d of the Compact and administration of the Fund (“Implementing Agreement”).
- The Department of Natural Resources and Conservation (“DNRC”) is the State’s authorized designee to serve as administrator of the Fund. Pursuant to Section 3.C of the Implementing Agreement, DNRC has the authority to determine eligible pumping and related costs and to authorize and approve payments and disbursements from the Fund.
- The Fund is permanent. As expressed in Section 3.B of the Implementing Agreement, it is the intent of CSKT and the State that principal be preserved and may not be expended unless mutually agreed upon by CSKT and the State.
- Income from the Fund will be distributed at least annually and no more frequently than monthly. DNRC will establish protocols for determining eligible costs and disbursement of income in payment or reimbursement of such costs. Implementing Agreement, Sections 3.C and D.
- Any unexpended income may be partially or wholly reinvested into principal or, at DNRC’s discretion, deposited into a pumping cost reserve fund sub-account from which future disbursements may be made for payment of eligible pumping costs and/or efficiency upgrades not covered by other federal funds. For example, if the Flathead Indian Irrigation Project Operator determines that efficiencies will be achieved through ditch linings, unexpended income could be deposited into the reserve sub-account to pay for those future improvements as they occur.
- The reserve sub-account will have its own investment policies.
- No further appropriations are necessary from the Legislature for expenditures from the Fund or the reserve sub-account.

- Strategic investment policies for the Fund and the reserve sub-account will be developed by Board of Investments upon consultation with DNRC and approval by OBPP. Implementing Agreement, Section 2.B.

RVK

Quarterly Investment Performance Analysis

Montana Board of Investments

December 31, 2025

Montana Board of Investments
Comparative Performance
Retirement Plans

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Public Employees' Retirement - Net	1.92	6.12	11.70	10.63	7.83	9.64	8.62	7.27	8.75	11.46	-8.48	17.61	11.94	7.89	07/01/1994
Public Employees' Benchmark	2.37	8.12	14.89	12.17	7.45	9.87	8.68	N/A	8.94	12.75	-10.81	13.79	12.22	N/A	
Difference	-0.45	-2.00	-3.19	-1.54	0.38	-0.23	-0.07	N/A	-0.19	-1.28	2.33	3.82	-0.28	N/A	
Public Employees' Retirement - Gross	2.09	6.42	12.71	11.52	8.61	10.39	9.30	7.86	9.66	12.21	-7.89	18.32	12.53	8.28	07/01/1994
All Public Plans (>\$5B) Total Fund Median	2.32	6.90	13.72	11.20	7.89	9.74	8.83	7.20	9.30	11.37	-9.52	16.84	12.03	8.17	
Rank	78	73	76	43	27	18	23	12	43	31	38	30	36	41	
Teachers' Retirement - Net	1.92	6.12	11.69	10.62	7.81	9.64	8.61	7.26	8.76	11.44	-8.52	17.61	11.93	7.89	07/01/1994
Teachers' Benchmark	2.37	8.12	14.87	12.15	7.43	9.86	8.67	N/A	8.95	12.71	-10.86	13.78	12.21	N/A	
Difference	-0.45	-2.00	-3.18	-1.53	0.38	-0.22	-0.06	N/A	-0.19	-1.27	2.34	3.83	-0.28	N/A	
Teachers' Retirement - Gross	2.08	6.41	12.69	11.51	8.60	10.38	9.29	7.85	9.67	12.19	-7.93	18.32	12.52	8.29	07/01/1994
All Public Plans (>\$5B) Total Fund Median	2.32	6.90	13.72	11.20	7.89	9.74	8.83	7.20	9.30	11.37	-9.52	16.84	12.03	8.17	
Rank	78	74	76	43	27	18	23	12	43	31	38	30	36	41	
Police Retirement - Net	1.94	6.14	11.73	10.65	7.83	9.65	8.62	7.25	8.77	11.49	-8.48	17.58	11.95	7.78	07/01/1994
Police Benchmark	2.39	8.15	14.92	12.19	7.46	9.88	8.69	N/A	8.97	12.77	-10.80	13.73	12.23	N/A	
Difference	-0.45	-2.00	-3.19	-1.54	0.38	-0.23	-0.07	N/A	-0.20	-1.29	2.32	3.85	-0.29	N/A	
Police Retirement - Gross	2.10	6.44	12.73	11.54	8.62	10.40	9.31	7.84	9.68	12.24	-7.89	18.28	12.54	8.17	07/01/1994
All Public Plans (>\$5B) Total Fund Median	2.32	6.90	13.72	11.20	7.89	9.74	8.83	7.20	9.30	11.37	-9.52	16.84	12.03	8.17	
Rank	74	73	76	43	27	18	23	13	42	31	38	30	36	51	

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

Montana Board of Investments
Comparative Performance
Retirement Plans

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Firefighters' Retirement - Net	1.94	6.14	11.72	10.65	7.83	9.65	8.62	7.26	8.76	11.49	-8.47	17.58	11.95	7.77	07/01/1994
Firefighters' Benchmark	2.39	8.14	14.92	12.19	7.45	9.88	8.69	N/A	8.96	12.77	-10.80	13.73	12.23	N/A	
Difference	-0.45	-2.00	-3.19	-1.54	0.38	-0.23	-0.07	N/A	-0.20	-1.28	2.32	3.86	-0.28	N/A	
Firefighters' Retirement - Gross	2.10	6.44	12.73	11.54	8.62	10.40	9.30	7.85	9.67	12.24	-7.88	18.28	12.53	8.16	07/01/1994
All Public Plans (>\$5B) Total Fund Median	2.32	6.90	13.72	11.20	7.89	9.74	8.83	7.20	9.30	11.37	-9.52	16.84	12.03	8.17	
Rank	74	73	76	43	27	18	23	12	42	31	38	30	36	51	
Sheriffs' Retirement - Net	1.93	6.12	11.70	10.62	7.82	9.64	8.62	7.26	8.75	11.45	-8.47	17.61	11.94	7.80	07/01/1994
Sheriffs' Benchmark	2.37	8.12	14.88	12.14	7.43	9.86	8.68	N/A	8.94	12.67	-10.81	13.79	12.22	N/A	
Difference	-0.45	-2.00	-3.18	-1.51	0.39	-0.21	-0.06	N/A	-0.19	-1.23	2.34	3.82	-0.28	N/A	
Sheriffs' Retirement - Gross	2.09	6.42	12.71	11.51	8.61	10.39	9.30	7.85	9.66	12.20	-7.87	18.32	12.53	8.19	07/01/1994
All Public Plans (>\$5B) Total Fund Median	2.32	6.90	13.72	11.20	7.89	9.74	8.83	7.20	9.30	11.37	-9.52	16.84	12.03	8.17	
Rank	77	73	76	43	27	18	23	12	43	31	38	30	36	50	
Highway Patrol Retirement - Net	1.92	6.12	11.70	10.62	7.82	9.64	8.61	7.27	8.75	11.42	-8.46	17.62	11.94	7.79	07/01/1994
Highway Patrol Benchmark	2.37	8.12	14.88	12.11	7.42	9.86	8.67	N/A	8.95	12.59	-10.79	13.80	12.24	N/A	
Difference	-0.45	-2.00	-3.19	-1.50	0.40	-0.21	-0.06	N/A	-0.19	-1.17	2.33	3.83	-0.30	N/A	
Highway Patrol Retirement - Gross	2.09	6.42	12.71	11.50	8.61	10.39	9.30	7.86	9.66	12.17	-7.87	18.33	12.53	8.19	07/01/1994
All Public Plans (>\$5B) Total Fund Median	2.32	6.90	13.72	11.20	7.89	9.74	8.83	7.20	9.30	11.37	-9.52	16.84	12.03	8.17	
Rank	77	74	76	43	27	18	23	12	43	31	38	30	36	50	

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

Montana Board of Investments
Comparative Performance
Retirement Plans

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Game Wardens' Retirement - Net	1.93	6.12	11.70	10.62	7.82	9.64	8.61	7.25	8.75	11.43	-8.48	17.62	11.91	7.81	07/01/1994
Game Wardens' Benchmark	2.37	8.12	14.89	12.12	7.42	9.84	8.67	N/A	8.95	12.60	-10.82	13.79	12.18	N/A	
Difference	-0.45	-2.00	-3.19	-1.50	0.40	-0.21	-0.06	N/A	-0.19	-1.17	2.35	3.82	-0.27	N/A	
Game Wardens' Retirement - Gross	2.09	6.42	12.71	11.51	8.61	10.38	9.30	7.84	9.67	12.18	-7.88	18.32	12.50	8.20	07/01/1994
All Public Plans (>\$5B) Total Fund Median	2.32	6.90	13.72	11.20	7.89	9.74	8.83	7.20	9.30	11.37	-9.52	16.84	12.03	8.17	
Rank	77	73	76	43	27	18	23	13	43	31	38	30	37	50	
Judges' Retirement - Net	1.93	6.13	11.72	10.64	7.83	9.65	8.62	7.27	8.76	11.46	-8.50	17.63	11.94	7.80	07/01/1994
Judges' Benchmark	2.38	8.13	14.92	12.18	7.45	9.87	8.69	N/A	8.96	12.73	-10.84	13.80	12.22	N/A	
Difference	-0.45	-2.00	-3.20	-1.54	0.38	-0.22	-0.07	N/A	-0.20	-1.28	2.35	3.83	-0.28	N/A	
Judges' Retirement - Gross	2.09	6.43	12.73	11.53	8.62	10.39	9.30	7.86	9.67	12.21	-7.91	18.34	12.53	8.20	07/01/1994
All Public Plans (>\$5B) Total Fund Median	2.32	6.90	13.72	11.20	7.89	9.74	8.83	7.20	9.30	11.37	-9.52	16.84	12.03	8.17	
Rank	76	73	76	43	27	18	23	12	43	31	38	30	36	50	
Volunteer Firefighters' Retirement - Net	1.93	6.14	11.72	10.63	7.82	9.65	8.60	7.26	8.76	11.44	-8.50	17.61	11.94	7.64	07/01/1994
Volunteer Firefighters' Benchmark	2.38	8.14	14.90	12.14	7.44	9.86	8.68	N/A	8.96	12.66	-10.86	13.85	12.18	N/A	
Difference	-0.45	-2.01	-3.18	-1.51	0.39	-0.22	-0.08	N/A	-0.19	-1.22	2.36	3.76	-0.24	N/A	
Volunteer Firefighters' Retirement - Gross	2.09	6.43	12.73	11.52	8.61	10.39	9.28	7.85	9.68	12.19	-7.91	18.31	12.53	8.03	07/01/1994
All Public Plans (>\$5B) Total Fund Median	2.32	6.90	13.72	11.20	7.89	9.74	8.83	7.20	9.30	11.37	-9.52	16.84	12.03	8.17	
Rank	76	73	76	43	27	18	24	12	42	31	38	30	36	63	

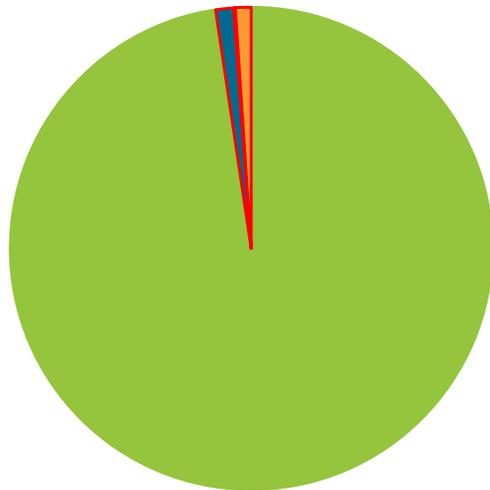
Net performance shown is net of all manager fees and expenses (Net-All). All Public Plans > \$5B Total Fund Median is reported gross of fees. Benchmark returns reflect unmanaged indices which are not impacted by management fees. Fiscal year ends on 06/30. Since inception performance may vary from State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

Montana Board of Investments
 Asset Allocation by Segment
 Retirement Plans

As of December 31, 2025

	Consolidated Asset Pension Pool (CAPP)		Short Term Investment Pool (STIP)		Total Fund	
	(\$)	%	(\$)	%	(\$)	%
Public Employees' Retirement	7,854,829,329	47.79	82,023,229	47.56	7,936,852,558	47.79
Teachers' Retirement	5,550,761,954	33.77	58,307,604	33.81	5,609,069,558	33.77
Firefighters' Retirement	817,762,648	4.98	8,565,884	4.97	826,328,532	4.98
Police Retirement	711,837,131	4.33	7,414,301	4.30	719,251,432	4.33
Sheriffs' Retirement	638,474,419	3.88	6,990,946	4.05	645,465,364	3.89
Game Wardens' Retirement	401,495,661	2.44	4,470,006	2.59	405,965,666	2.44
Highway Patrol Retirement	247,464,510	1.51	2,501,896	1.45	249,966,406	1.50
Judges' Retirement	152,682,621	0.93	1,548,910	0.90	154,231,531	0.93
Volunteer Firefighters' Retirement	61,487,140	0.37	623,575	0.36	62,110,715	0.37
Retirement Plans Total Fund Composite	16,436,795,412	98.96	172,446,351	1.04	16,609,241,763	100.00

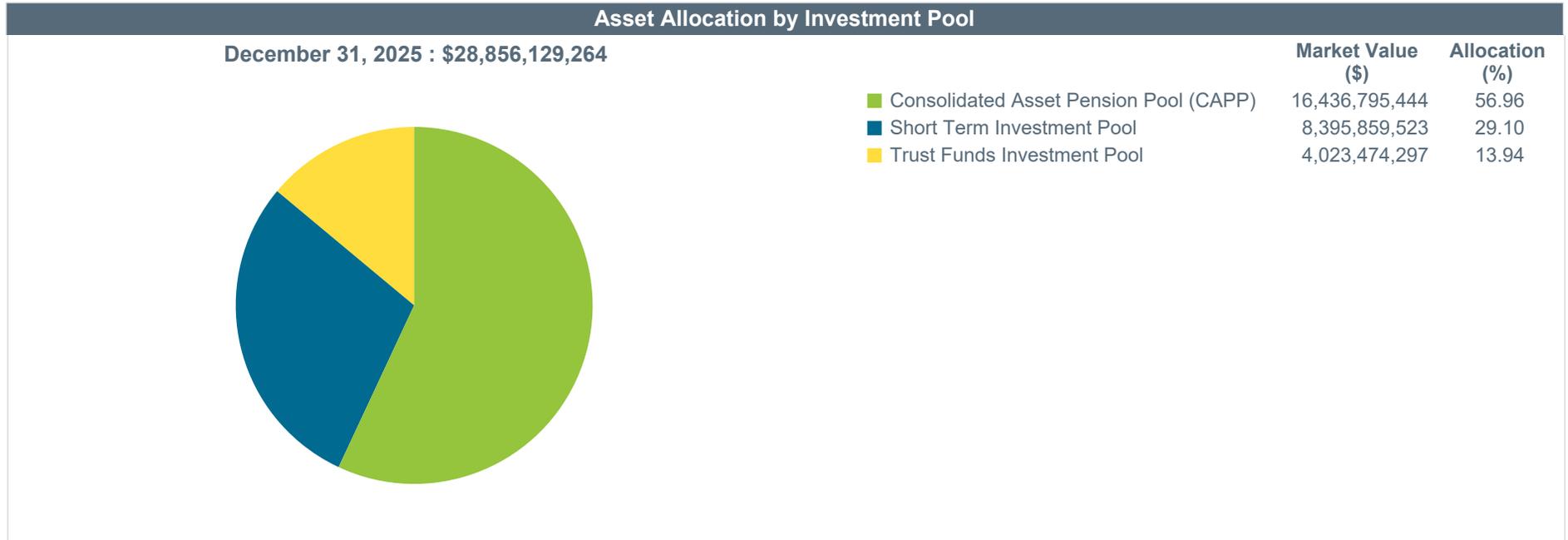
December 31, 2025 : \$16,609,241,763



Segments	Market Value (\$)	Allocation (%)
CAPP Ex Cash	16,216,197,238	97.63
CAPP Cash Pension	202,702,205	1.22
CAPP Asset Class Cash	17,895,969	0.11
Short Term Investment Pool (STIP)	172,446,351	1.04
Total Cash	393,044,524	2.37

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.

Comparative Performance														
	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Consolidated Asset Pension Pool (CAPP)	1.94	6.18	11.80	10.70	7.88	9.75	N/A	8.79	11.53	-8.60	17.83	12.10	8.62	04/01/2017
CAPP Custom Benchmark	2.39	8.19	15.03	12.25	7.48	9.98	N/A	9.00	12.80	-10.99	13.95	12.38	8.45	
Difference	-0.45	-2.02	-3.23	-1.55	0.39	-0.22	N/A	-0.20	-1.28	2.39	3.87	-0.28	0.17	
Trust Funds Investment Pool	1.18	3.14	7.15	3.45	1.04	3.01	2.95	0.73	2.59	-6.26	1.49	7.23	5.28	10/01/1995
Trust Fund Custom Benchmark	1.09	3.11	7.10	2.61	0.66	2.73	2.53	-0.36	1.24	-5.04	0.71	7.51	4.50	
Difference	0.09	0.02	0.05	0.84	0.39	0.28	0.42	1.09	1.35	-1.22	0.78	-0.28	0.79	
Short Term Investment Pool	1.06	2.21	4.46	4.98	3.32	2.80	2.32	5.33	5.13	1.67	0.11	0.73	2.54	04/01/1997
Short Term Custom Index	1.01	2.13	4.35	5.02	3.34	2.73	2.27	5.42	5.28	1.69	0.04	0.36	2.48	
Difference	0.06	0.08	0.11	-0.04	-0.02	0.06	0.05	-0.09	-0.15	-0.02	0.07	0.37	0.07	
iMoney.net Money Fund (Gross) Median	1.05	2.20	4.49	5.07	3.42	2.89	2.42	5.35	5.38	1.83	0.15	0.73	2.55	
Difference	0.02	0.01	-0.03	-0.10	-0.10	-0.09	-0.09	-0.02	-0.25	-0.16	-0.05	0.00	-0.01	

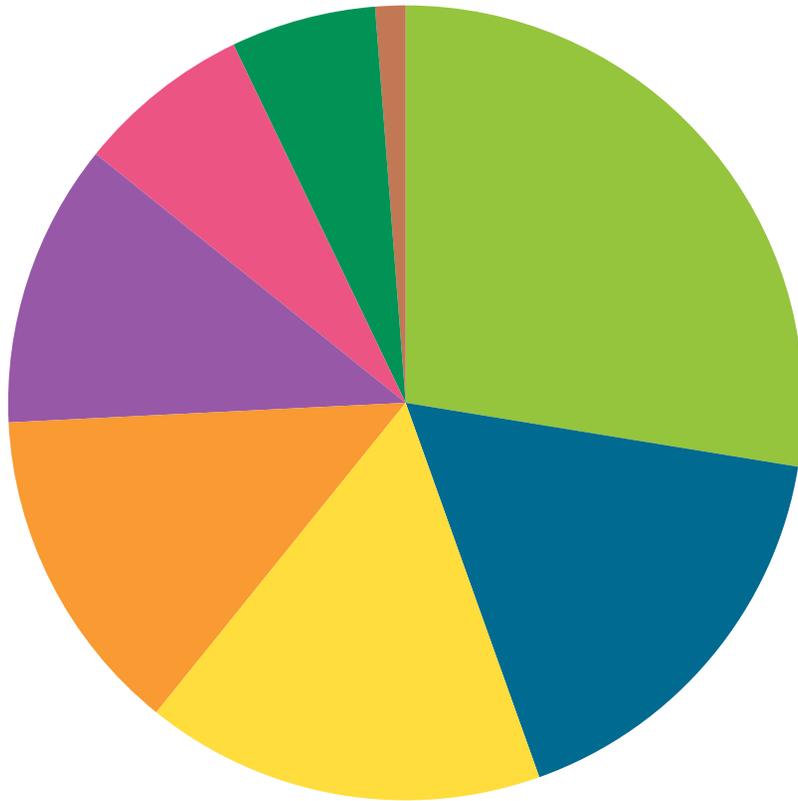


Performance shown is net of all manager fees and expenses (Net-All). Benchmark returns reflect unmanaged indices which are not impacted by management fees. Fiscal year ends on 06/30. See the Addendum for custom index specification. Since inception performance may vary from State Street reported performance due to calculation methodology differences. Allocations shown may not sum up to 100% exactly due to rounding. Market values do not include pending transactions.

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

As of December 31, 2025

December 31, 2025 : \$16,436,794,206



	Market Value (\$)	Allocation (%)
Domestic Equity	4,531,442,889	27.57
Private Investments	2,790,350,527	16.98
International Equity	2,670,656,214	16.25
Core Fixed Income	2,206,093,823	13.42
Real Estate	1,900,228,241	11.56
Non-Core Fixed Income	1,165,976,143	7.09
Real Assets	969,344,165	5.90
Cash Pension	202,702,205	1.23

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

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

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Equity	2.39	10.81	16.45	21.64	13.14	16.49	13.80	22.94	25.70	-18.98	27.17	20.09	10.71	05/01/2003
Domestic Equity Custom Index	2.42	10.87	17.25	22.38	13.30	16.80	14.42	23.82	26.25	-19.22	26.12	21.10	11.38	
Difference	-0.03	-0.06	-0.80	-0.74	-0.16	-0.31	-0.62	-0.88	-0.55	0.24	1.04	-1.01	-0.67	
International Equity	4.28	10.57	29.84	16.67	7.13	10.13	8.36	6.45	14.91	-17.62	7.83	13.35	5.59	04/01/1997
International Equity Custom Index	4.76	11.95	31.96	17.10	7.77	10.13	8.37	5.23	15.62	-16.58	8.53	11.12	5.86	
Difference	-0.48	-1.37	-2.13	-0.42	-0.64	0.00	-0.01	1.22	-0.71	-1.04	-0.70	2.23	-0.27	
Core Fixed Income	1.13	3.21	7.25	4.59	-0.15	1.99	2.04	1.18	5.43	-11.91	-1.54	8.23	5.02	04/01/1995
Core Fixed Income Custom Index	1.10	3.15	7.30	4.66	-0.36	1.67	1.76	1.25	5.53	-13.01	-1.54	7.51	4.44	
Difference	0.03	0.06	-0.05	-0.07	0.21	0.32	0.28	-0.07	-0.10	1.10	0.00	0.73	0.58	
Non-Core Fixed Income	1.70	5.46	11.14	9.80	3.93	5.66	5.53	7.21	11.10	-11.25	3.21	6.37	6.87	06/01/2009
Bloomberg US HY 2% Issuer Cap Index	1.31	3.88	8.62	10.06	4.50	6.22	6.52	8.19	13.44	-11.18	5.26	7.05	7.75	
Difference	0.40	1.58	2.52	-0.26	-0.57	-0.56	-0.99	-0.99	-2.35	-0.07	-2.05	-0.68	-0.88	
Real Assets	1.59	2.47	6.05	7.57	11.82	5.77	N/A	8.18	8.48	15.88	21.24	-13.43	5.95	04/01/2017
Real Assets Custom Index	3.64	12.01	26.49	10.65	9.25	6.39	7.44	2.60	4.39	1.36	13.32	-12.32	5.31	
Difference	-2.05	-9.54	-20.44	-3.09	2.58	-0.62	N/A	5.58	4.09	14.52	7.91	-1.11	0.64	
Real Estate	0.34	1.54	2.82	-1.85	4.91	4.43	5.80	-2.42	-5.76	12.00	20.00	-0.35	4.10	06/01/2006
Real Estate Custom Index	0.52	1.34	3.19	-6.15	2.59	2.00	2.40	-8.04	-12.88	20.96	13.64	-19.66	3.89	
Difference	-0.19	0.20	-0.37	4.30	2.32	2.43	3.40	5.62	7.13	-8.96	6.36	19.31	0.21	
Cash Pension	1.15	1.93	4.95	5.74	3.86	3.19	N/A	6.28	6.01	2.06	0.13	0.84	2.89	05/01/2017
Short Term Custom Index	1.01	2.13	4.35	5.02	3.34	2.73	2.27	5.42	5.28	1.69	0.04	0.36	2.53	
Difference	0.14	-0.19	0.59	0.72	0.52	0.46	N/A	0.86	0.72	0.37	0.08	0.47	0.36	
Private Investments*	1.06	2.73	3.35	4.85	11.29	11.47	11.43	5.14	6.08	5.94	39.81	10.91	12.00	05/01/2002
Private Investments Custom Index	2.43	10.33	11.38	13.42	7.93	12.05	11.21	11.52	17.46	-13.86	16.54	18.90	10.90	
Difference	-1.37	-7.60	-8.03	-8.57	3.36	-0.58	0.22	-6.38	-11.38	19.79	23.27	-7.99	1.10	
Cambridge Actual Allocation Index	2.50	6.57	9.51	7.74	12.08	12.26	12.71	8.63	5.13	-3.01	45.81	16.50	12.35	
Difference	-1.45	-3.84	-6.16	-2.89	-0.79	-0.79	-1.28	-3.49	0.95	8.95	-5.99	-5.60	-0.35	

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

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

Montana Board of Investments
Comparative Performance
Investment Pools

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Equity	2.40	10.82	16.90	21.88	13.34	16.73	14.06	23.14	25.77	-18.95	27.47	20.37	10.98	05/01/2003
All Public Plans-US Equity Segment Median	2.39	9.36	15.66	18.86	11.36	14.90	12.71	20.73	23.18	-18.06	24.45	18.90	10.72	
Rank	48	23	37	8	15	4	11	28	21	63	30	31	20	
Population	60	60	58	57	55	48	44	66	61	65	70	67	10	
International Equity	4.29	10.60	30.24	16.92	7.37	10.42	8.66	6.66	15.06	-17.46	8.18	13.71	5.98	04/01/1997
All Public Plans-Intl. Equity Segment Median	4.00	10.30	29.57	16.94	7.36	10.77	8.95	5.59	17.01	-16.87	9.33	12.71	N/A	
Rank	41	43	42	51	50	55	63	35	75	57	73	44	N/A	
Population	57	56	53	52	51	48	47	62	60	65	69	68	N/A	
Core Fixed Income	1.14	3.23	7.51	4.70	-0.07	2.07	2.10	1.21	5.47	-11.87	-1.48	8.29	5.14	04/01/1995
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	1.11	3.29	7.63	5.20	0.08	2.55	2.54	1.93	5.99	-12.95	-1.23	8.32	4.98	
Rank	43	61	62	88	64	84	84	94	86	14	63	52	28	
Population	126	126	126	125	125	123	118	138	145	153	159	166	54	
Non-Core Fixed Income	1.80	5.57	11.99	10.34	4.37	6.14	6.04	7.64	11.43	-11.05	3.64	6.91	7.41	06/01/2009
IM U.S. High Yield Bonds (SA+CF) Median	1.54	3.98	8.66	9.89	4.83	6.27	6.37	8.14	12.74	-9.21	5.36	6.59	7.84	
Rank	18	3	1	23	79	62	72	68	76	83	91	46	77	
Population	132	132	132	130	125	121	116	147	165	176	176	189	83	
Real Estate	0.54	1.99	3.90	-0.74	6.05	5.69	7.19	-1.42	-4.54	13.02	21.37	1.11	5.47	06/01/2006
All Public Plans-Real Estate Segment Median	0.87	1.74	4.30	-1.05	6.15	5.74	6.49	-1.90	-6.02	13.88	20.84	1.66	N/A	
Rank	67	46	57	45	54	53	41	44	41	56	47	73	N/A	
Population	46	44	41	38	33	24	18	40	40	42	41	39	N/A	
Trust Funds Investment Pool	1.21	3.22	7.53	3.78	1.31	3.22	3.13	1.07	2.84	-6.02	1.59	7.30	5.38	10/01/1995
All Public Plans-US Fixed Income Segment Median	1.11	3.19	7.18	5.12	0.43	2.88	3.02	1.98	5.79	-11.80	-0.11	8.62	N/A	
Rank	35	46	39	85	26	37	45	71	87	14	12	78	N/A	
Population	61	61	59	57	54	48	46	65	63	70	73	74	N/A	

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

Montana Board of Investments
Comparative Performance
Equity Composites

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Large Cap Equity - Net	2.42	10.75	17.84	23.33	14.21	17.50	14.84	25.16	27.18	-19.30	28.39	21.44	10.72	12/01/2006
S&P 500 Index (Cap Wtd)	2.66	11.00	17.88	23.01	14.42	17.29	14.82	25.02	26.29	-18.11	28.71	18.40	10.78	
Difference	-0.23	-0.24	-0.04	0.32	-0.21	0.21	0.02	0.14	0.89	-1.19	-0.32	3.04	-0.07	
Domestic Large Cap Equity - Gross	2.42	10.76	17.85	23.34	14.26	17.60	14.96	25.17	27.19	-19.29	28.61	21.66	10.90	12/01/2006
IM U.S. Large Cap Equity (SA+CF) Median	2.47	9.62	16.56	21.76	13.43	16.65	14.26	23.07	25.22	-17.11	27.32	18.38	10.81	
Rank	52	36	35	35	37	33	34	35	35	67	37	35	46	
Domestic Mid Cap Equity - Net	1.63	7.29	7.81	12.62	9.22	12.35	10.46	13.83	16.39	-13.07	25.15	13.53	9.00	01/01/2005
Russell Mid Cap Index	0.16	5.49	10.60	14.36	8.67	12.75	11.01	15.34	17.23	-17.32	22.58	17.10	9.64	
Difference	1.47	1.79	-2.79	-1.74	0.54	-0.41	-0.55	-1.51	-0.84	4.24	2.57	-3.57	-0.64	
Domestic Mid Cap Equity - Gross	1.63	7.29	7.81	12.62	9.22	12.35	10.66	13.83	16.39	-13.07	25.15	13.53	9.36	01/01/2005
IM U.S. Mid Cap Equity (SA+CF) Median	0.70	4.79	7.54	13.11	9.02	12.72	11.23	13.90	18.50	-13.97	24.75	14.21	10.19	
Rank	36	33	48	56	42	54	69	51	67	43	45	57	77	
Domestic Small Cap Equity - Net	2.37	12.04	11.18	13.63	9.26	12.02	10.58	11.69	18.15	-16.81	27.56	13.07	11.25	03/01/2003
Russell 2000 Index	2.19	14.86	12.81	13.73	6.09	10.60	9.62	11.54	16.93	-20.44	14.82	19.96	10.28	
Difference	0.18	-2.82	-1.63	-0.11	3.17	1.43	0.96	0.15	1.22	3.62	12.74	-6.89	0.97	
Domestic Small Cap Equity - Gross	2.38	12.05	11.21	13.66	9.35	12.22	10.89	11.72	18.18	-16.79	28.00	13.50	11.69	03/01/2003
IM U.S. Small Cap Equity (SA+CF) Median	2.13	10.43	9.36	13.47	8.09	12.08	10.80	12.53	17.62	-16.66	23.76	17.65	11.84	
Rank	44	39	42	49	37	49	49	58	46	51	33	59	56	

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

Montana Board of Investments
Comparative Performance
Equity Composites

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
International Large Cap Passive - Net	4.84	12.08	32.69	17.37	7.95	10.21	8.57	5.33	15.68	-15.86	7.76	10.81	7.49	06/01/2009
MSCI ACW Ex US Index (USD) (Net)	5.05	12.29	32.39	17.33	7.91	10.15	8.41	5.53	15.62	-16.00	7.82	10.65	7.32	
Difference	-0.22	-0.21	0.30	0.04	0.04	0.06	0.15	-0.21	0.07	0.14	-0.06	0.16	0.17	
International Large Cap Passive - Gross	4.85	12.10	32.73	17.40	7.99	10.26	8.63	5.36	15.71	-15.82	7.82	10.87	7.56	06/01/2009
International Equity Active - Net	3.89	9.38	27.80	16.08	6.36	10.29	8.37	7.45	13.90	-19.26	7.77	15.91	4.68	04/01/1997
MSCI ACW Ex US Index (USD) (Net)	5.05	12.29	32.39	17.33	7.91	10.15	8.41	5.53	15.62	-16.00	7.82	10.65	N/A	
Difference	-1.16	-2.91	-4.59	-1.25	-1.55	0.14	-0.05	1.92	-1.72	-3.26	-0.05	5.25	N/A	
International Equity Active - Gross	4.02	9.65	28.42	16.66	6.90	10.85	8.93	7.99	14.48	-18.82	8.30	16.50	5.21	04/01/1997
IM International Large Cap Core Equity (SA+CF) Median	4.46	10.10	32.19	17.71	9.22	11.76	9.08	6.18	17.94	-16.00	11.88	11.76	7.67	
Rank	56	56	65	66	77	70	53	30	89	74	79	29	100	
International Value - Net	4.72	11.07	32.30	19.13	9.93	11.32	9.67	11.15	14.97	-13.14	9.32	9.31	4.78	11/01/2006
MSCI ACW Ex US Val Index (USD) (Net)	7.61	16.35	39.50	20.17	11.87	10.50	8.74	6.04	17.30	-8.59	10.46	-0.77	4.56	
Difference	-2.89	-5.28	-7.20	-1.04	-1.94	0.82	0.92	5.11	-2.34	-4.55	-1.14	10.09	0.22	
International Value - Gross	4.83	11.31	32.87	19.66	10.43	11.85	10.20	11.64	15.49	-12.73	9.85	9.87	5.35	11/01/2006
IM International Large Cap Value Equity (SA+CF) Median	6.27	12.43	36.98	19.65	11.55	11.92	9.28	5.27	19.29	-8.68	12.25	4.38	6.10	
Rank	71	65	71	50	62	52	34	5	82	73	68	25	83	
International Growth - Net	2.74	5.25	17.16	10.33	1.16	7.99	6.34	0.73	13.80	-23.99	3.79	23.08	3.99	11/01/2006
MSCI ACW Ex US Grth Index (USD) (Net)	2.56	8.42	25.65	14.61	4.01	9.56	7.92	5.07	14.03	-23.05	5.09	22.20	5.22	
Difference	0.18	-3.17	-8.50	-4.28	-2.85	-1.56	-1.58	-4.34	-0.23	-0.94	-1.31	0.88	-1.23	
International Growth - Gross	2.87	5.51	17.74	10.89	1.68	8.56	6.92	1.24	14.39	-23.58	4.33	23.74	4.53	11/01/2006
IM International Large Cap Growth Equity (SA+CF) Median	1.63	4.09	19.38	14.29	4.58	10.57	8.83	4.42	17.14	-22.09	10.86	22.45	6.38	
Rank	27	36	61	80	83	88	91	79	83	53	84	47	100	
International Small Cap - Net	3.09	10.79	32.99	18.20	7.61	10.80	8.50	8.93	14.01	-21.69	11.57	14.63	6.03	09/01/2006
MSCI ACWI Ex US Sm Cap Index IMI (USD) (Net)	2.96	9.84	29.26	15.61	6.91	10.03	8.13	3.36	15.66	-19.97	12.93	14.24	6.20	
Difference	0.13	0.95	3.73	2.59	0.70	0.76	0.37	5.57	-1.65	-1.71	-1.36	0.39	-0.17	

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

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

Montana Board of Investments
Comparative Performance
Domestic Equity Managers

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Large Cap Equity														
BlackRock MSCI US Equity Index (SA) - Net	2.42	10.73	17.73	23.23	13.86	N/A	N/A	25.04	27.11	-19.46	26.95	21.33	15.74	04/01/2019
MSCI US Index (USD) (Gross)	2.42	10.74	17.75	23.24	13.87	17.32	14.79	25.08	27.10	-19.46	26.97	21.37	15.76	
Difference	0.00	-0.01	-0.02	-0.01	-0.01	N/A	N/A	-0.04	0.01	0.00	-0.02	-0.05	-0.02	
BlackRock MSCI US Equity Index (SA) - Gross	2.42	10.73	17.75	23.24	13.87	N/A	N/A	25.05	27.12	-19.45	26.96	21.34	15.75	04/01/2019
IM U.S. Large Cap Core Equity (SA+CF) Median	2.63	9.58	16.47	21.91	13.89	17.03	14.43	23.95	24.64	-16.38	27.68	17.61	15.60	
Rank	54	39	35	34	51	N/A	N/A	40	29	79	55	29	45	
Northern Trust MSCI US Index (SA) - Net	2.41	10.74	17.74	23.23	13.86	17.32	N/A	25.05	27.12	-19.46	26.97	21.34	15.66	11/01/2018
MSCI US Index (USD) (Gross)	2.42	10.74	17.75	23.24	13.87	17.32	14.79	25.08	27.10	-19.46	26.97	21.37	15.66	
Difference	0.00	0.00	-0.01	-0.01	-0.01	0.00	N/A	-0.03	0.02	0.00	0.00	-0.03	0.00	
Northern Trust MSCI US Index (SA) - Gross	2.42	10.74	17.75	23.25	13.87	17.33	N/A	25.06	27.13	-19.45	26.98	21.36	15.67	11/01/2018
IM U.S. Large Cap Core Equity (SA+CF) Median	2.63	9.58	16.47	21.91	13.89	17.03	14.43	23.95	24.64	-16.38	27.68	17.61	15.36	
Rank	54	38	35	34	51	42	N/A	40	29	79	55	28	42	
iShares:Core S&P Tot USM (ITOT) - Net	2.42	10.78	17.00	22.31	N/A	N/A	N/A	23.71	26.41	-19.46	N/A	N/A	10.97	12/01/2021
S&P Tot Mkt Index	2.35	10.76	17.05	22.27	13.07	16.56	14.22	23.88	26.06	-19.53	25.66	20.79	10.92	
Difference	0.07	0.02	-0.06	0.04	N/A	N/A	N/A	-0.17	0.35	0.07	N/A	N/A	0.05	
iShares:Core S&P 500 (IVV) - Net	2.70	11.03	17.84	22.77	N/A	N/A	N/A	24.88	25.74	-17.03	N/A	N/A	12.29	12/01/2021
S&P 500 Index (Cap Wtd)	2.66	11.00	17.88	23.01	14.42	17.29	14.82	25.02	26.29	-18.11	28.71	18.40	12.07	
Difference	0.04	0.04	-0.04	-0.24	N/A	N/A	N/A	-0.14	-0.55	1.08	N/A	N/A	0.23	
Domestic Mid Cap Equity														
iShares:Core S&P Md-Cp (IJH) - Net	1.63	7.29	7.81	12.62	9.22	12.12	N/A	13.83	16.39	-13.07	25.15	13.53	9.14	07/01/2017
S&P Mid Cap 400 Index (Cap Wtd)	1.64	7.29	7.50	12.56	9.12	12.06	10.72	13.93	16.44	-13.06	24.76	13.66	9.51	
Difference	-0.01	0.00	0.31	0.06	0.10	0.06	N/A	-0.09	-0.05	-0.01	0.39	-0.12	-0.36	

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

Montana Board of Investments
Comparative Performance
Domestic Equity Managers

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Small Cap Equity														
BlackRock MSCI USA Small Cap Index (SA) - Net	2.48	12.21	12.08	14.11	N/A	N/A	N/A	11.98	18.40	N/A	N/A	N/A	11.86	09/01/2022
MSCI US Sm Cap Index (USD) (Net)	2.38	11.97	11.63	13.65	7.59	11.64	10.42	11.57	17.86	-17.55	19.11	18.32	11.39	
Difference	0.10	0.24	0.45	0.47	N/A	N/A	N/A	0.41	0.54	N/A	N/A	N/A	0.47	
BlackRock MSCI USA Small Cap Index (SA) - Gross	2.49	12.22	12.11	14.15	N/A	N/A	N/A	12.01	18.43	N/A	N/A	N/A	11.89	09/01/2022
IM U.S. Small Cap Core Equity (SA+CF) Median	2.19	10.04	9.23	13.39	8.40	12.31	10.90	12.26	17.31	-16.15	24.21	18.89	11.21	
Rank	42	35	35	38	N/A	N/A	N/A	55	38	N/A	N/A	N/A	42	
iShares:Core S&P Sm-Cp (IJR) - Net	1.61	10.89	5.80	9.97	N/A	N/A	N/A	8.50	15.85	N/A	N/A	N/A	8.40	11/01/2022
S&P Sm Cap 600 Index (Cap Wtd)	1.70	10.97	6.02	10.17	7.31	9.96	9.81	8.70	16.05	-16.10	26.82	11.29	8.63	
Difference	-0.09	-0.08	-0.22	-0.21	N/A	N/A	N/A	-0.19	-0.20	N/A	N/A	N/A	-0.23	

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

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

See the Addendum for custom index specification.

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

Montana Board of Investments
Comparative Performance
International Equity Managers

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
International Developed Large Cap Equity														
Acadian Asset Non-US Equity (SA) - Net	5.92	11.68	32.60	20.89	12.38	12.85	11.82	17.22	13.66	-13.02	16.67	8.89	6.05	11/01/2006
MSCI ACW Ex US Val Index (USD) (Net)	7.61	16.35	39.50	20.17	11.87	10.50	8.74	6.04	17.30	-8.59	10.46	-0.77	4.56	
Difference	-1.69	-4.67	-6.90	0.72	0.52	2.35	3.07	11.18	-3.64	-4.43	6.22	9.66	1.49	
Acadian Asset Non-US Equity (SA) - Gross	6.03	11.93	33.18	21.43	12.90	13.38	12.36	17.74	14.18	-12.61	17.23	9.45	6.61	11/01/2006
IM ACWI Ex US Value (SA+CF)	5.71	13.27	37.32	20.13	11.38	12.43	10.11	7.20	20.15	-11.11	11.05	6.52	6.37	
Rank	43	67	72	16	21	13	8	4	89	63	10	43	41	
Lazard Asset Management (SA) - Net	3.29	10.34	32.16	16.89	7.60	9.79	7.69	3.70	16.54	-13.28	4.11	9.59	6.31	06/01/2015
Lazard Custom Index	5.05	12.29	32.39	17.33	7.91	10.15	8.30	5.53	15.62	-16.00	7.82	10.65	6.19	
Difference	-1.76	-1.96	-0.22	-0.44	-0.31	-0.35	-0.61	-1.83	0.92	2.73	-3.72	-1.06	0.12	
Lazard Asset Management (SA) - Gross	3.41	10.57	32.72	17.40	8.09	10.31	8.21	4.16	17.06	-12.84	4.62	10.14	6.83	06/01/2015
IM ACWI Ex US Value (SA+CF)	5.71	13.27	37.32	20.13	11.38	12.43	10.11	7.20	20.15	-11.11	11.05	6.52	8.34	
Rank	83	81	73	88	91	83	90	72	64	63	94	39	89	
BlackRock ACW Ex US SuperFund A (CF) - Net	4.93	12.25	32.81	17.48	8.08	10.33	8.62	5.49	15.74	-15.77	8.00	10.80	7.52	06/01/2009
MSCI ACW Ex US Index (USD) (Net)	5.05	12.29	32.39	17.33	7.91	10.15	8.41	5.53	15.62	-16.00	7.82	10.65	7.32	
Difference	-0.12	-0.04	0.42	0.15	0.18	0.18	0.21	-0.05	0.12	0.23	0.17	0.15	0.20	
BlackRock ACW Ex US SuperFund A (CF) - Gross	4.94	12.27	32.86	17.52	8.13	10.39	8.69	5.53	15.77	-15.72	8.07	10.88	7.59	06/01/2009
IM All ACWI Ex US (SA+CF)	4.31	10.02	31.79	17.98	8.14	11.17	9.06	6.10	17.15	-17.08	9.43	15.08	8.91	
Rank	34	34	45	53	51	65	64	56	68	43	64	60	87	
iShares:Core MSCI EAFE (IEFA) - Net	4.44	9.23	32.13	17.31	N/A	N/A	N/A	3.30	18.26	N/A	N/A	N/A	20.30	11/01/2022
MSCI EAFE IM Index (USD) (Net)	4.54	9.74	31.33	16.91	8.44	10.34	8.08	3.55	17.51	-15.53	11.08	8.47	19.95	
Difference	-0.11	-0.52	0.80	0.40	N/A	N/A	N/A	-0.25	0.76	N/A	N/A	N/A	0.36	
Invesco (SA) - Net	2.74	5.09	16.33	10.66	3.30	8.29	6.38	-0.26	16.78	-17.80	5.60	14.84	5.14	06/01/2015
MSCI ACW Ex US Grth Index (USD) (Net)	2.56	8.42	25.65	14.61	4.01	9.56	7.92	5.07	14.03	-23.05	5.09	22.20	6.54	
Difference	0.18	-3.33	-9.32	-3.95	-0.71	-1.27	-1.54	-5.33	2.75	5.26	0.50	-7.36	-1.40	
Invesco (SA) - Gross	2.87	5.36	16.92	11.23	3.86	8.89	7.00	0.26	17.41	-17.32	6.20	15.51	5.76	06/01/2015
IM ACWI Ex US Growth (SA+CF)	1.79	4.94	21.88	14.70	5.04	10.48	8.83	5.33	16.84	-23.43	9.20	22.06	7.64	
Rank	26	48	84	91	62	92	91	96	41	22	78	83	94	

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

Montana Board of Investments
Comparative Performance
International Equity Managers

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
International Developed Small Cap Equity														
BlackRock ACW Ex US Sm Cap Index (CF) - Net	2.97	9.97	29.88	15.57	6.95	10.13	8.31	3.12	15.26	-19.65	12.84	14.45	7.87	02/01/2012
MSCI ACWI Ex US Sm Cap Index (USD) (Net)	2.96	9.84	29.26	15.61	6.91	10.03	8.13	3.36	15.66	-19.97	12.93	14.24	7.70	
Difference	0.01	0.13	0.62	-0.04	0.05	0.10	0.18	-0.24	-0.40	0.32	-0.08	0.21	0.18	
BlackRock ACW Ex US Sm Cap Index (CF) - Gross	2.99	10.00	29.96	15.64	7.04	10.23	8.42	3.18	15.32	-19.57	12.98	14.50	8.01	02/01/2012
IM International Small Cap Equity (SA+CF) Median	2.64	8.30	31.59	16.27	6.92	11.54	9.29	4.08	15.07	-21.49	13.63	13.95	10.44	
Rank	47	38	59	55	50	62	62	58	48	41	55	49	85	
Acadian Ex US Small Cap (SA) - Net	3.13	11.04	34.34	19.08	N/A	N/A	N/A	11.99	12.23	N/A	N/A	N/A	10.88	03/01/2022
MSCI ACW Ex US Sm Cap Index (USD) (Net)	2.96	9.84	29.26	15.61	6.91	10.03	8.13	3.36	15.66	-19.97	12.93	14.24	7.85	
Difference	0.16	1.20	5.08	3.47	N/A	N/A	N/A	8.64	-3.43	N/A	N/A	N/A	3.02	
Acadian Ex US Small Cap (SA) - Gross	3.29	11.38	35.15	19.82	N/A	N/A	N/A	12.69	12.94	N/A	N/A	N/A	11.58	03/01/2022
IM International Small Cap Equity (SA+CF) Median	2.64	8.30	31.59	16.27	6.92	11.54	9.29	4.08	15.07	-21.49	13.63	13.95	9.41	
Rank	45	27	34	35	N/A	N/A	N/A	14	74	N/A	N/A	N/A	37	
International Emerging Equity														
iShares:Core MSCI EmMkts (IEMG) - Net	3.73	13.91	32.53	16.39	N/A	N/A	N/A	6.52	11.68	-21.88	N/A	N/A	5.35	01/01/2022
MSCI Emg Mkts IM Index (USD) (Net)	4.31	14.62	31.38	16.25	4.66	8.32	8.37	7.09	11.67	-19.83	-0.28	18.39	5.94	
Difference	-0.58	-0.71	1.15	0.13	N/A	N/A	N/A	-0.57	0.01	-2.04	N/A	N/A	-0.59	

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

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

Montana Board of Investments
 Comparative Performance
 Core Fixed Income Managers

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
US Fixed Income Aggregate - Net	1.14	3.23	7.51	4.67	-0.10	N/A	N/A	1.21	5.40	-11.87	-1.52	7.65	1.13	12/01/2019
Bloomberg US Agg Bond Index	1.10	3.15	7.30	4.66	-0.36	1.99	2.01	1.25	5.53	-13.01	-1.55	7.51	0.88	
Difference	0.04	0.08	0.21	0.01	0.27	N/A	N/A	-0.04	-0.13	1.14	0.02	0.15	0.25	

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

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

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Neuberger Berman High Yield (SA) - Net	1.53	4.03	9.03	9.67	4.14	5.77	5.85	8.11	11.90	-11.34	4.76	6.30	6.16	01/01/2010
Bloomberg US HY 2% Issuer Cap Index	1.31	3.88	8.62	10.06	4.50	6.22	6.52	8.19	13.44	-11.18	5.26	7.05	6.56	
Difference	0.22	0.15	0.41	-0.39	-0.36	-0.44	-0.67	-0.09	-1.55	-0.16	-0.50	-0.74	-0.40	
Neuberger Berman High Yield (SA) - Gross	1.58	4.13	9.25	9.89	4.35	6.05	6.19	8.33	12.12	-11.16	4.96	6.75	6.56	01/01/2010
IM U.S. High Yield Bonds (SA+CF) Median	1.54	3.98	8.66	9.89	4.83	6.27	6.37	8.14	12.74	-9.21	5.36	6.59	6.75	
Rank	44	37	28	51	80	64	62	44	65	84	61	47	60	
Oaktree US High Yield (SA) (CAPP) - Net	1.45	4.13	8.16	9.56	4.44	6.25	N/A	7.91	12.68	-9.92	4.91	6.56	4.92	01/01/2018
Bloomberg US HY 2% Issuer Cap Index	1.31	3.88	8.62	10.06	4.50	6.22	6.52	8.19	13.44	-11.18	5.26	7.05	5.14	
Difference	0.14	0.25	-0.46	-0.50	-0.06	0.04	N/A	-0.29	-0.76	1.26	-0.35	-0.49	-0.23	
Oaktree US High Yield (SA) (CAPP) - Gross	1.54	4.31	8.54	9.96	4.83	6.68	N/A	8.31	13.10	-9.60	5.34	7.07	5.36	01/01/2018
IM U.S. High Yield Bonds (SA+CF) Median	1.54	3.98	8.66	9.89	4.83	6.27	6.37	8.14	12.74	-9.21	5.36	6.59	5.19	
Rank	50	23	54	47	50	28	N/A	44	40	54	51	44	42	
Shenkman High Yield Fixed Income (SA) (CAPP) - Net	1.23	3.95	8.28	9.18	4.33	5.90	N/A	7.26	12.06	-8.87	4.24	6.32	4.78	12/01/2017
Bloomberg US HY 2% Issuer Cap Index	1.31	3.88	8.62	10.06	4.50	6.22	6.52	8.19	13.44	-11.18	5.26	7.05	5.13	
Difference	-0.08	0.07	-0.35	-0.88	-0.17	-0.32	N/A	-0.94	-1.38	2.31	-1.02	-0.73	-0.34	
Shenkman High Yield Fixed Income (SA) (CAPP) - Gross	1.33	4.15	8.70	9.60	4.74	6.34	N/A	7.67	12.50	-8.52	4.68	6.82	5.23	12/01/2017
IM U.S. High Yield Bonds (SA+CF) Median	1.54	3.98	8.66	9.89	4.83	6.27	6.37	8.14	12.74	-9.21	5.36	6.59	5.21	
Rank	73	35	48	67	54	45	N/A	67	56	38	71	47	50	

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

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

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Cohen & Steers Preferred Securities (SA) - Net	1.02	4.75	8.48	8.70	3.33	N/A	N/A	10.35	7.28	-11.53	3.70	N/A	4.13	11/01/2020
Cohen & Steers Preferred Securities Custom Benchmark	0.86	4.70	8.15	8.57	2.95	N/A	N/A	8.99	8.57	-12.02	2.72	N/A	3.65	
Difference	0.16	0.05	0.33	0.13	0.38	N/A	N/A	1.36	-1.29	0.49	0.98	N/A	0.48	
Payden & Rygel EMD (SA) - Net	3.79	8.19	17.43	10.73	2.07	N/A	N/A	3.49	11.73	-15.45	-3.49	N/A	2.07	01/01/2021
Payden & Rygel EMD Custom Benchmark	3.31	7.61	15.80	10.29	1.61	N/A	N/A	3.81	11.59	-15.97	-3.92	N/A	1.61	
Difference	0.48	0.58	1.63	0.45	0.46	N/A	N/A	-0.32	0.13	0.52	0.43	N/A	0.46	
Payden & Rygel EMD (SA) - Gross	3.88	8.38	17.84	11.12	2.43	N/A	N/A	3.85	12.12	-15.15	-3.14	N/A	2.43	01/01/2021
IM Emerging Markets Debt (SA+CF) Median	3.45	7.43	15.73	10.80	2.99	5.02	5.43	6.94	12.61	-11.96	-2.12	6.67	2.99	
Rank	32	33	32	44	71	N/A	N/A	64	59	69	59	N/A	71	
Zazove Convertible Bonds (SA) - Net	0.35	6.93	14.62	N/A	N/A	N/A	N/A	5.82	N/A	N/A	N/A	N/A	9.25	04/01/2023
Bloomberg US Convert's Liquid Bond Index	-0.56	9.23	16.95	13.87	4.00	12.69	11.35	10.13	14.64	-20.06	3.07	54.45	13.35	
Difference	0.91	-2.30	-2.33	N/A	N/A	N/A	N/A	-4.30	N/A	N/A	N/A	N/A	-4.10	
Zazove Convertible Bonds (SA) - Gross	0.46	7.16	15.13	N/A	N/A	N/A	N/A	6.32	N/A	N/A	N/A	N/A	9.77	04/01/2023
IM U.S. Convertible Bonds (SA+CF) Median	1.03	6.13	13.08	9.86	4.53	9.09	8.77	9.40	8.17	-11.78	6.16	19.19	11.08	
Rank	71	47	40	N/A	N/A	N/A	N/A	75	N/A	N/A	N/A	N/A	63	

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 December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Trust Funds Investment Pool Fixed Income	1.24	3.50	8.09	5.76	0.89	3.14	2.94	2.27	7.03	-11.24	-0.47	8.84	5.21	10/01/1995
Bloomberg US Agg Bond Index	1.10	3.15	7.30	4.66	-0.36	1.99	2.01	1.25	5.53	-13.01	-1.55	7.51	4.32	
Difference	0.14	0.34	0.79	1.10	1.25	1.15	0.93	1.02	1.50	1.77	1.08	1.33	0.89	
Trust Funds Investment Pool Fixed Income	1.24	3.50	8.09	5.76	0.89	3.14	2.94	2.27	7.03	-11.24	-0.47	8.84	5.21	10/01/1995
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	1.11	3.29	7.63	5.20	0.08	2.55	2.54	1.93	5.99	-12.95	-1.23	8.32	4.81	
Rank	23	22	19	15	12	11	16	38	12	8	22	35	7	
Shenkman High Yield Fixed Income (SA) (TFIP) - Net	1.17	3.90	8.22	9.12	4.28	N/A	N/A	7.18	12.02	-9.04	4.31	6.05	4.84	07/01/2019
Bloomberg US HY 2% Issuer Cap Index	1.31	3.88	8.62	10.06	4.50	6.22	6.52	8.19	13.44	-11.18	5.26	7.05	5.17	
Difference	-0.13	0.03	-0.40	-0.94	-0.23	N/A	N/A	-1.02	-1.42	2.15	-0.95	-1.00	-0.33	
Shenkman High Yield Fixed Income (SA) (TFIP) - Gross	1.27	4.11	8.64	9.55	4.69	N/A	N/A	7.59	12.46	-8.68	4.74	6.54	5.27	07/01/2019
IM U.S. High Yield Bonds (SA+CF) Median	1.54	3.98	8.66	9.89	4.83	6.27	6.37	8.14	12.74	-9.21	5.36	6.59	5.31	
Rank	78	39	51	68	57	N/A	N/A	70	56	39	68	54	53	
Oaktree US High Yield (SA) (TFIP) - Net	1.38	4.10	8.25	9.65	4.60	N/A	N/A	8.04	12.72	-9.51	4.93	6.72	5.29	08/01/2019
Bloomberg US HY 2% Issuer Cap Index	1.31	3.88	8.62	10.06	4.50	6.22	6.52	8.19	13.44	-11.18	5.26	7.05	5.14	
Difference	0.07	0.22	-0.37	-0.41	0.09	N/A	N/A	-0.15	-0.72	1.67	-0.33	-0.32	0.14	
Oaktree US High Yield (SA) (TFIP) - Gross	1.47	4.29	8.65	10.05	4.98	N/A	N/A	8.44	13.14	-9.20	5.36	7.25	5.70	08/01/2019
IM U.S. High Yield Bonds (SA+CF) Median	1.54	3.98	8.66	9.89	4.83	6.27	6.37	8.14	12.74	-9.21	5.36	6.59	5.32	
Rank	58	25	51	41	37	N/A	N/A	42	40	50	51	39	21	
Neuberger Berman High Yield (SA) (TFIP) - Net	1.54	4.02	8.98	9.67	4.10	N/A	N/A	8.24	11.83	-11.43	4.62	N/A	6.88	04/01/2020
Bloomberg US HY 2% Issuer Cap Index	1.31	3.88	8.62	10.06	4.50	6.22	6.52	8.19	13.44	-11.18	5.26	7.05	7.65	
Difference	0.23	0.15	0.36	-0.39	-0.41	N/A	N/A	0.04	-1.62	-0.25	-0.64	N/A	-0.77	
Neuberger Berman High Yield (SA) (TFIP) - Gross	1.59	4.13	9.20	9.89	4.30	N/A	N/A	8.46	12.05	-11.25	4.81	N/A	7.13	04/01/2020
IM U.S. High Yield Bonds (SA+CF) Median	1.54	3.98	8.66	9.89	4.83	6.27	6.37	8.14	12.74	-9.21	5.36	6.59	7.69	
Rank	43	38	29	50	84	N/A	N/A	40	69	84	65	N/A	74	

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

Montana Board of Investments
Comparative Performance
Trust Accounts

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Abandoned Mine Trust	1.15	2.30	4.55	5.01	3.34	2.83	2.38	5.35	5.13	1.68	0.13	0.73	3.79	12/01/1993
Barker Hughesville St Response	1.15	2.93	6.71	3.65	1.65	N/A	N/A	1.43	2.90	-3.87	1.36	N/A	1.88	05/01/2020
Belt Water Treatment Plant Fund	1.15	2.90	6.62	3.64	1.67	3.35	N/A	1.40	2.96	-3.71	1.34	6.80	3.26	03/01/2018
Big Sky Economic Development Fund	1.14	3.04	7.14	3.43	1.45	3.25	3.11	0.73	2.53	-4.27	1.45	7.12	4.20	07/01/2005
Butte Area One Restoration	1.16	2.95	6.75	3.71	1.79	3.09	2.84	1.39	3.08	-3.26	1.26	6.07	3.07	11/01/2008
Clark Fork River Restoration	1.15	2.93	6.68	3.71	1.79	3.07	2.80	1.47	3.06	-3.17	1.19	5.65	3.27	11/01/2008
Coal Tax Cultural Trust Fund	1.17	3.09	7.18	3.53	1.52	3.28	3.13	0.78	2.73	-4.20	1.43	6.99	5.36	12/01/1993
Coal Tax Park Acquisition	1.17	3.04	7.02	3.54	1.55	3.28	3.13	0.98	2.72	-4.02	1.37	6.86	5.34	12/01/1993
Conservation District Fund	1.14	3.03	6.80	N/A	N/A	N/A	N/A	-0.06	N/A	N/A	N/A	N/A	3.41	12/01/2023
Debt and Liability Fee Account	5.15	6.34	8.92	N/A	N/A	N/A	N/A	5.39	N/A	N/A	N/A	N/A	7.02	11/01/2023
East Helena Compensation Fund	1.06	2.21	4.52	4.29	2.74	3.12	2.77	3.84	4.53	0.48	0.42	2.65	2.42	01/01/2013
East Helena Greenway Trail Maintenance	1.15	2.92	6.55	3.97	N/A	N/A	N/A	2.08	3.32	-2.81	N/A	N/A	2.40	03/01/2021
Endowment for Children	1.17	3.08	7.16	3.56	1.53	3.28	3.09	0.80	2.80	-4.18	1.41	7.01	4.17	08/01/2007
Flying J CECRA Facilities Fund	1.15	2.93	6.70	3.66	1.65	N/A	N/A	1.44	2.91	-3.85	1.36	N/A	1.90	05/01/2020
FWP License Account	1.11	2.56	5.49	4.42	2.43	2.48	2.08	3.75	4.04	-1.41	0.46	1.85	2.85	11/01/1997
FWP Mitigation Trust Fund	1.15	2.85	6.40	4.03	2.02	2.76	2.23	2.32	3.41	-2.79	0.98	3.84	3.62	12/01/1993
FWP Real Property Trust	1.17	3.09	7.14	3.55	1.53	3.26	3.09	0.84	2.77	-4.13	1.38	6.83	4.84	12/01/1993
Group Benefits	1.10	2.44	5.14	4.55	2.77	2.84	2.37	4.35	4.16	-0.33	0.63	2.05	3.68	12/01/1993
Harold Hamm Endowment	1.15	2.94	6.74	3.65	1.64	3.30	N/A	1.40	2.87	-3.94	1.43	6.71	2.64	07/01/2016
History and Civics Endowment	1.13	2.77	6.42	N/A	N/A	N/A	N/A	4.89	N/A	N/A	N/A	N/A	5.65	01/01/2024
Invasive Species Trust Fund	1.14	2.81	6.40	3.57	1.56	N/A	N/A	1.71	2.65	-3.88	1.19	N/A	1.63	10/01/2020
Kyiyo Pow Pow	2.18	6.55	13.22	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12.53	12/01/2024
Libby Asbestos Site State Cost	1.15	2.89	6.75	3.65	1.68	N/A	N/A	1.30	2.98	-3.60	1.25	N/A	1.92	05/01/2020
Lubrecht Forest Carbon Offset Credits	2.21	6.59	13.28	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	11.80	12/01/2024
Luttrell Pit - Operational & Maintenance	1.15	2.93	6.76	3.69	1.79	N/A	N/A	1.30	3.07	-3.27	1.36	N/A	2.00	05/01/2020
Montana Pole	1.15	2.90	6.57	3.77	1.87	3.18	2.96	1.67	3.12	-2.92	1.14	5.61	4.60	09/01/1996
Montana State University	1.13	2.37	5.04	4.78	3.02	2.75	2.35	4.53	4.77	0.58	0.30	1.30	2.25	08/01/2004
Montana State Library Trust	1.16	2.98	6.88	N/A	N/A	N/A	N/A	1.15	N/A	N/A	N/A	N/A	6.02	10/01/2023
Montana Tech-UM Agency Funds	1.07	2.26	4.62	4.90	3.23	2.81	2.35	5.08	4.99	1.36	0.20	1.01	2.11	03/01/2003
MT BOI - Clark Fork Site	1.17	3.03	6.99	3.57	1.60	3.20	3.03	1.01	2.81	-3.95	1.44	6.65	3.69	11/01/2008
MT BOI UOFM Other	1.10	2.51	5.37	4.56	2.83	3.16	2.80	4.38	3.94	-0.16	0.73	3.47	2.99	08/01/2002
MT Housing Infrastructure Trust	0.59	1.15	2.13	N/A	N/A	N/A	N/A	3.92	N/A	N/A	N/A	N/A	3.44	08/01/2023
MUS Group Insurance	1.09	2.35	4.88	4.79	3.02	2.88	2.45	4.74	4.74	0.57	0.26	1.70	2.03	10/01/2011
MUS Workers Compensation	1.10	2.45	5.19	4.53	2.81	3.00	N/A	3.97	4.44	0.10	0.46	2.55	2.53	04/01/2016

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

Montana Board of Investments
Comparative Performance
Trust Accounts

As of December 31, 2025

	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Older Montanans Trust	1.17	3.11	7.20	3.60	1.55	3.32	3.15	0.92	2.78	-4.23	1.41	7.19	4.06	08/01/2007
Permanent Coal Trust Excl Crp	1.08	2.68	5.94	3.31	1.92	3.12	3.04	1.48	2.57	-2.02	1.82	5.57	5.14	12/01/1993
PERS Defined Cont Disability	2.54	8.49	16.98	15.36	7.97	10.57	8.58	12.08	17.09	-15.55	13.16	14.06	8.30	09/01/2015
Potter Trust Fund	1.16	2.94	6.74	3.64	1.63	3.31	N/A	1.37	2.86	-3.96	1.41	6.78	2.88	06/01/2016
Resource Indemnity Trust	1.18	3.12	7.29	3.48	1.45	3.29	3.15	0.66	2.60	-4.44	1.48	7.23	5.42	12/01/1993
School Facilities Fund	1.17	3.07	7.20	3.41	1.43	3.11	N/A	0.73	2.42	-4.24	1.39	6.97	2.70	01/01/2018
Smelter Hill Up Restorative	1.16	2.99	6.85	3.71	1.74	2.83	2.50	1.36	3.00	-3.54	1.29	5.62	2.34	11/01/2008
State Fund Insurance	1.47	4.23	9.43	6.52	2.83	4.46	4.00	3.72	6.49	-7.68	3.04	7.62	5.24	12/01/1993
Streamside Tailings Operable Unit	1.16	3.00	6.92	3.66	1.67	3.22	3.03	1.25	2.90	-3.70	1.27	6.47	4.71	02/01/1999
Subsequent Injury Fund	1.02	2.11	4.33	4.97	3.32	2.80	2.32	5.22	5.37	1.66	0.13	0.73	3.04	12/01/1993
Tobacco Trust Fund	1.17	3.10	7.21	3.47	1.46	3.25	3.11	0.68	2.63	-4.40	1.51	7.10	4.86	01/01/2001
Treasurers	1.08	2.40	4.88	4.87	3.19	2.69	2.25	4.65	5.08	1.34	0.10	0.63	2.88	12/01/1993
Montana Coal Endowment Fund	1.17	3.11	7.26	3.50	1.47	3.29	3.14	0.71	2.63	-4.37	1.47	7.15	5.32	12/01/1993
MT Coal Endowment Regional Water	1.17	3.11	7.26	3.50	1.47	3.29	3.14	0.71	2.63	-4.37	1.47	7.15	5.00	06/01/2000
Trust and Legacy Account	1.17	3.12	7.24	3.50	1.47	3.30	3.15	0.73	2.62	-4.37	1.47	7.19	5.96	07/01/1991
UCFRB Assess/Litig Cost Rec	1.17	3.06	7.17	3.47	1.47	3.18	3.03	0.74	2.61	-4.37	1.53	6.68	4.94	07/01/1999
UCFRB Restoration Fund	1.17	3.08	7.15	3.57	1.53	3.26	3.07	0.96	2.71	-4.22	1.36	6.90	4.89	06/01/1999
Upper Blackfoot Response	1.08	2.30	4.77	4.89	3.22	3.13	2.70	4.97	4.94	1.22	0.32	1.55	2.18	09/01/2010
Weed Control Trust	1.18	3.12	7.29	3.48	1.45	3.29	3.15	0.66	2.60	-4.44	1.48	7.23	4.73	12/01/1993
Wildlife Habitat Trust	1.17	3.05	7.02	3.55	1.54	3.25	3.08	1.01	2.72	-4.10	1.38	6.75	4.84	12/01/1993
Work Force Housing	1.06	2.21	4.14	N/A	N/A	N/A	N/A	5.21	N/A	N/A	N/A	N/A	4.74	11/01/2023
Yellowstone Pipeline Cleanup Fund	1.14	2.81	6.31	3.86	N/A	N/A	N/A	2.15	3.16	-1.42	N/A	N/A	2.44	04/01/2021
Zortman/Landusky LT H2O	1.06	2.21	4.46	4.97	3.32	2.80	2.39	5.33	5.13	1.68	0.13	0.73	5.72	09/01/1999
Z/L Long Term H2O Trust Fund	1.06	2.21	4.46	4.97	3.32	2.80	2.40	5.33	5.13	1.68	0.13	0.73	3.95	09/01/2005

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

Performance Notes

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

Index Notes

- Retirement plan custom benchmarks are provided by State Street Bank and are calculated daily using actual allocations.
- The CAPP Custom Benchmark consists of the portfolio weighted average of the primary benchmark for each CAPP asset class.
- The Short Term Custom Benchmark consists of 100% ICE 1 Mo LIBOR Index (USD) through 4/30/2018, and 100% Federal Reserve US Treasury 1 Mo Constant Maturity Index thereafter.
- The Domestic Equity Custom Index consists of 100% S&P 1500 Comp Index through 04/30/2017 and 100% MSCI USA IM Index (USD) (Gross) thereafter.
- The International Equity Custom Index consists of 100% MSCI EAFE Index (USD) (Net) through 10/31/2006, 100% MSCI ACW Ex US Index (USD) (Net) through 06/30/2007, 92.5% MSCI ACW Ex US Index (USD) (Net) and 7.5% MSCI ACW Ex US SC IM Index (USD) (Net) through 02/28/2014, and 100% MSCI ACW Ex-US IM Index thereafter.
- The Real Estate Custom Index consists of 100% NCREIF ODCE Index (AWA) (Net) (1 Qtr Lag) through 03/31/2017, 100% MSCI US REIT Index (USD) (Gross) through 06/30/2020, and 100% NCREIF ODCE (AWA) (1 Qtr Lag) Index thereafter.
- The Private Investments Custom Index consists of 100% S&P 1500 Comp Index+4% (1 Qtr Lag) through 03/31/2017, 100% MSCI US Small Cap Index (USD) (Gross) through 12/31/2020, and the portfolio weighted average of MSCI US SC / S&P LSTA US Leverage Loan 100 Index for PE / PC thereafter.
- The Cambridge Actual Allocation Index consists of 100% Cambridge PE & VC Aggregate Index through 10/30/2016, actual quarterly average allocations of Cambridge PE & VC Aggregate Index, Cambridge Private Credit Index, ICE BofA 3Month U.S. T-Bill, MSCI World Commodity Producers Index through 3/31/2017, and actual quarterly average allocations of Cambridge PE & VC Aggregate Index, Cambridge Private Credit Index, ICE BofA 3Month U.S. T-Bill 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 Cohen & Steers Custom Index consists of 60% ICE BofA US IG Institutional Capital Securities Index, 20% ICE BofA 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 Real Assets Custom Index consists of 100% MSCI All Country World Commodity Producers Index (USD) (Net) through 12/31/2020, 33.33% MSCI All Country World Commodity Producers Index (USD) (Net), 33.33% MSCI All Country World Infrastructure Index, 33.33% Bloomberg Barclays Global Inflation Linked US TIPS Index through 5/31/2024, and the portfolio weighted average of MSCI All Country World Commodity Producers Index (USD) (Net), MSCI All Country World Infrastructure Index, Bloomberg Barclays Global Inflation Linked US TIPS Index, and Short Term Custom Benchmark thereafter.
- The Core Fixed Income Custom Index consists of 100% Bloomberg US Agg Bond Index through 03/31/2017, the portfolio weighted average of Broad Fixed Income - PAC Custom Blend, Bloomberg US Corp Inv Grade Index, Bloomberg US MBS Index, Bloomberg US Int TIPS Index, Bloomberg US Trsy Int Trm Index through 11/30/2019, and 100% Bloomberg US Agg Bond Index thereafter.
- As of 07/01/2021, the Trust Fund Custom Index Benchmark is the portfolio weighted averaged of the primary benchmark, consisting of NCREIF ODCE Index (1Q lag), Bloomberg US High Yield - 2% Issuer Cap Index, and Bloomberg US Aggregate Bond Index.

Manager Transition Comments

- Baillie Gifford (SA) was terminated in 09/2025.
- BlackRock MSCI Emg Mkts Index NL (CF) was terminated in 04/2023.
- Zazove Convertible Bonds (SA) was funded in 03/2023.
- American Century Investment Mgmt (SA) was terminated in 03/2023.
- Templeton Investment Counsel (SA) was terminated in 03/2023.
- Reams Asset Core Plus (SA) was terminated in 03/2023.
- iShares:Russ 2000 ETF (IWM) and iShares:MSCI EAFE ETF (EFA) were liquidated in Q4 2022 to fund iShares:Core S&P Small Cap ETF (IJR) and iShares:Core MSCI EAFE ETF (IEFA), respectively.
- BlackRock MSCI USA Small Cap Index was transitioned from a commingled fund to a separate account structure during Q3 2022 to obtain a lower fee structure.
- Acadian Ex US Small Cap (SA) was funded in 02/2022.
- DFA Emg Mkts Sm Cap;I (DEMSX) was liquidated in 02/2022.
- DFA Intl Sm Co;I (DFISX) was liquidated in 02/2022.
- iShares:MSCI Em Mkts (EEM) was liquidated in 01/2022.
- iShares:Core MSCI EmMkts (IEMG) was funded in 12/2021.
- SPDR S&P 500 ETF (SPY) was liquidated in 12/2021.
- iShares:Core S&P 500 (IVV) was funded in 11/2021.
- Vaughan Nelson Management (SA), T. Rowe U.S. Structured Research (SA), J.P. Morgan 130/30 (SA), Jacobs Levy 130/30 Large Cap (SA), and DFA US Sm Cap TR (CF) were liquidated in 11/2021.
- iShares:Core S&P Tot USM (ITOT) was funded in 11/2021.
- Payden & Rygel EMD (SA) was funded in 12/2020.
- Cohen & Steers Preferred Securities (SA) was funded in 10/2020.
- Neuberger Berman High Yield (SA) and TFIP Private Real Estate were funded in the Trust Fund Investment Pool during Q1 2020.
- Diversifying Strategies investments were liquidated and Investment Grade Credit, US Treasury & Agency, and TIPS were consolidated into the Core Fixed Income composite during Q4 2019.
- Post High Yield Plus (SA), GMO:Bchmk-Fr All;III (GBMFX), and PIMCO:All Asset;Inst (PAAIX) were liquidated during Q3 2019.
- Oaktree US High Yield Fixed Income (SA) and Shenkman High Yield Fixed Income (SA) were funded in the Trust Fund Investment Pool during Q3 2019.
- Artisan Partners (SA), Iridian Asset Management (SA), Congress Mid Cap Growth (SA), TimeSquare Capital Management (SA), and Alliance Bernstein (SA) were liquidated in Q2 2019.
- BlackRock MSCI US Equity Index (CF) was transitioned into a separately managed account during Q1 2019.
- Northern Trust MSCI US Equity Index (SA), GMO:Bchmk-Fr All;III (GBMFX), and PIMCO:All Asset;Inst (PAAIX) were funded during Q4 2018.
- Voya Investment Management (SA) was liquidated in 07/2018.
- iShares:Russ 2000 ETF (IWM) was funded in 04/2018.
- Jacobs Levy 130/30 Large Cap (SA) was funded in 03/2018.
- Congress Mid Cap Growth (SA) was funded in 02/2018.
- Oaktree US High Yield (SA) and Shenkman High Yield Fixed Income (SA) were funded in 12/2017.
- Analytic Investors 130/30 (SA) was liquidated in 09/2017.
- Residual assets from the liquidation of AllianceBernstein Int'l Value (SA), Martin Currie (SA), Hansberger Global Investors (SA), and Aberdeen Total Return Bond Strategy (SA) were distributed in 06/2017.
- INTECH Enhanced Plus was liquidated in 06/2017.
- BlackRock MSCI US Equity Index (CF), BlackRock MSCI US Sm Cap Equity Index (CF), and iShares:Core S&P Md-Cp (IJH) were funded in 06/2017.
- SPDR S&P 500 ETF (SPY) and iShares:MSCI EAFE ETF (EFA) were re-funded in 06/2017.
- BlackRock Equity Index Fund A (CF) and BlackRock Mid Cap Equity Index A (CF) were liquidated in 05/2017.
- Nicholas Investment Partners was liquidated in 07/2016. Residual assets from liquidation were distributed in 03/2017.
- Wells Capital Management (SA), Domestic Equity Pool SPIF, and International Equity Pool SPIF were liquidated in 10/2016. Wells Capital Management (SA) residual assets from liquidation were distributed in 03/2017.
- DFA Emg Mkts Sm Cap;I (DEMSX) was funded in 02/2017.
- SPDR S&P 500 ETF (SPY) was liquidated in 01/2017.
- iShares:MSCI Em Mkts (EEM) was funded in 12/2016.
- SPDR S&P 500 ETF (SPY) was initially funded in 09/2015, was then liquidated in 12/2015, and was re-funded in 10/2016.
- iShares S&P SmallCap 600 Index ETF (IJR) was liquidated in 01/2016.

**Montana Board of Investments
Fee Schedule**

As of December 31, 2025

	Fee Schedule	Market Value As of 12/31/2025 (\$)
iShares Core S&P Total US Stock Mkt ETF (ITOT)	0.03 % of Assets	107,749,398
iShares Core S&P 500 ETF (IVV)	0.03 % of Assets	84,075,700
iShares Core S&P Mid-Cap ETF (IJH)	0.05 % of Assets	142,182,150
iShares Core S&P Small-Cap ETF (IJR)	0.06 % of Assets	74,980,302
iShares Core MSCI EAFE ETF (IEFA)	0.07 % of Assets	90,378,396
iShares Core MSCI Emerging Markets ETF (IEMG)	0.09 % of Assets	57,747,895

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

RVK

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Investment Update

Board Meeting: February 25, 2026

Information as of: December 31, 2025

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

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CIO Update

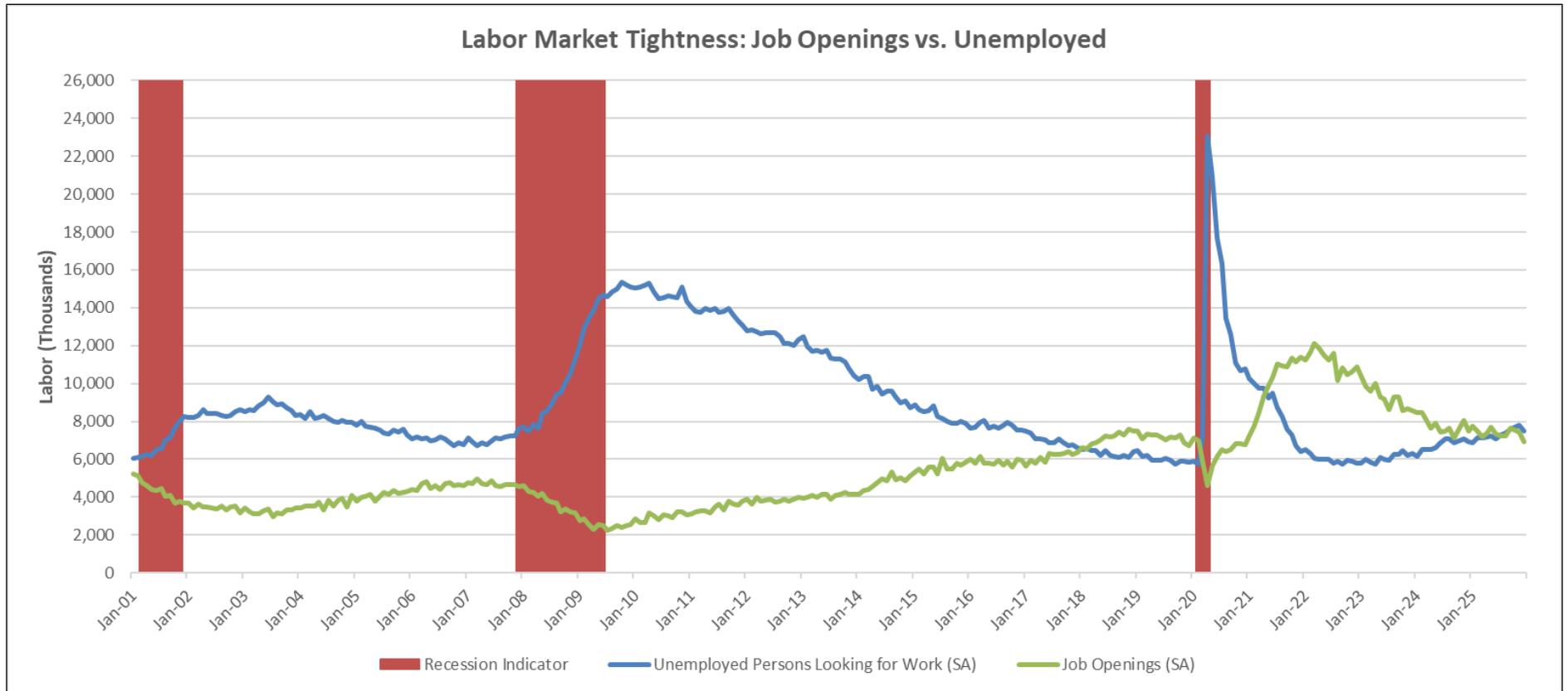
Economic Environment

- **GDP** – The Bloomberg Economics Survey in January forecasts U.S. GDP to grow 2.4% in 2026 and 2.0% in 2027.
- **Job Growth** – The unemployment rate ticked down in December to 4.4%. Private payrolls were up only 37K in December. The 3-month average addition to payrolls was -22K.
- **Retail Sales** – Retail sales remain solid supported by strong growth in average hourly earnings which were up 3.8% y/y in December.
- **Inflation** – In December, Core CPI was up 2.6% y/y. The median 5-year inflation expectation from the University of MI survey in January was 3.3%.
- **Housing** – The National Association of Home Builders Market Index was 37 in January. Readings below 50 indicate builders view conditions as poor.
- **ISM Indices** – In January, the ISM Manufacturers Index strengthened to 52.6. The ISM Services Index remained solid at 53.8. Readings above 50 indicate growth.

CIO Update

Economic Environment

Job growth weakened but so has labor force growth.

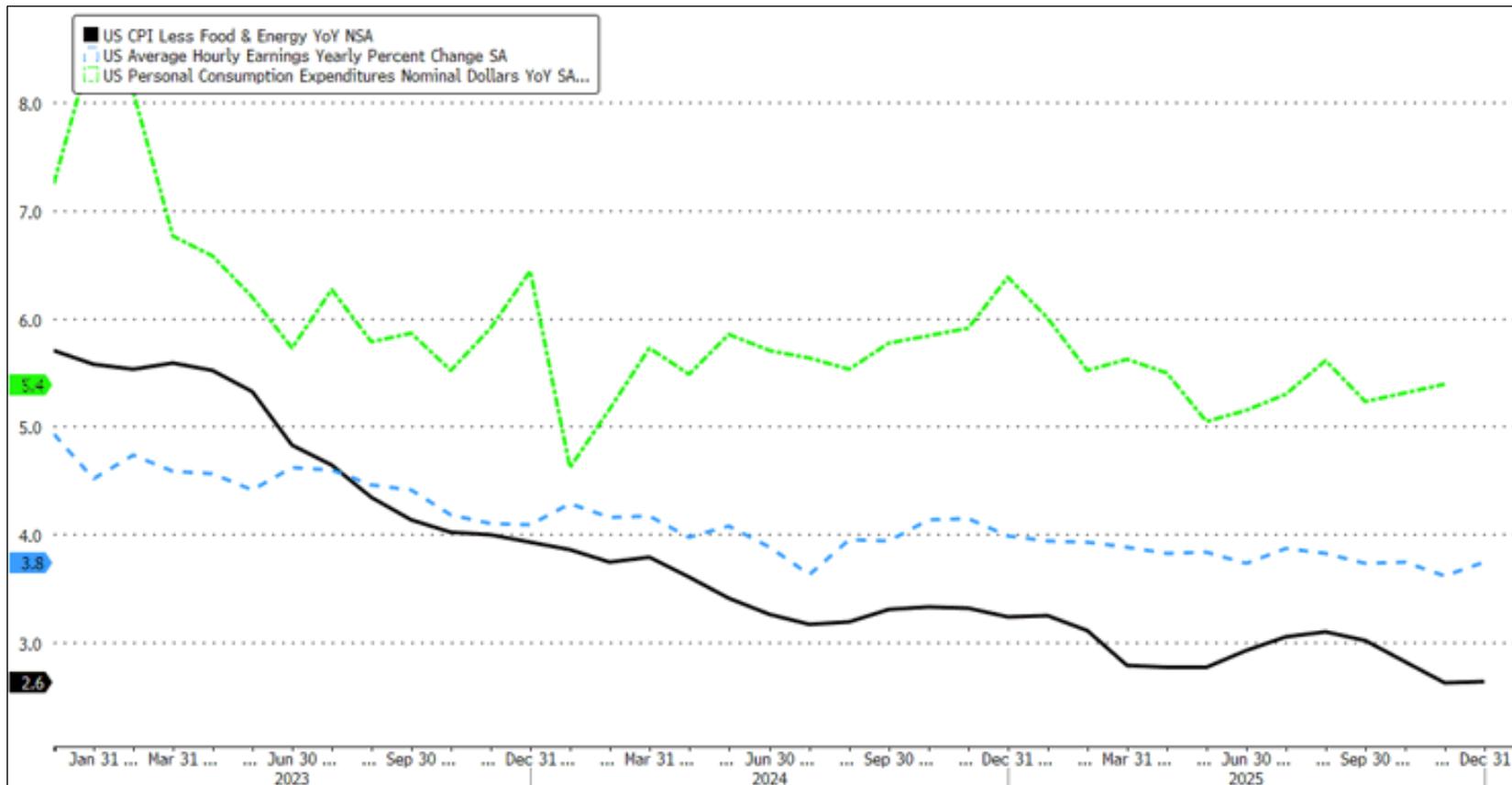


Source: Bloomberg

CIO Update

Economic Environment

Wage growth outpaced inflation, supporting consumer spending.

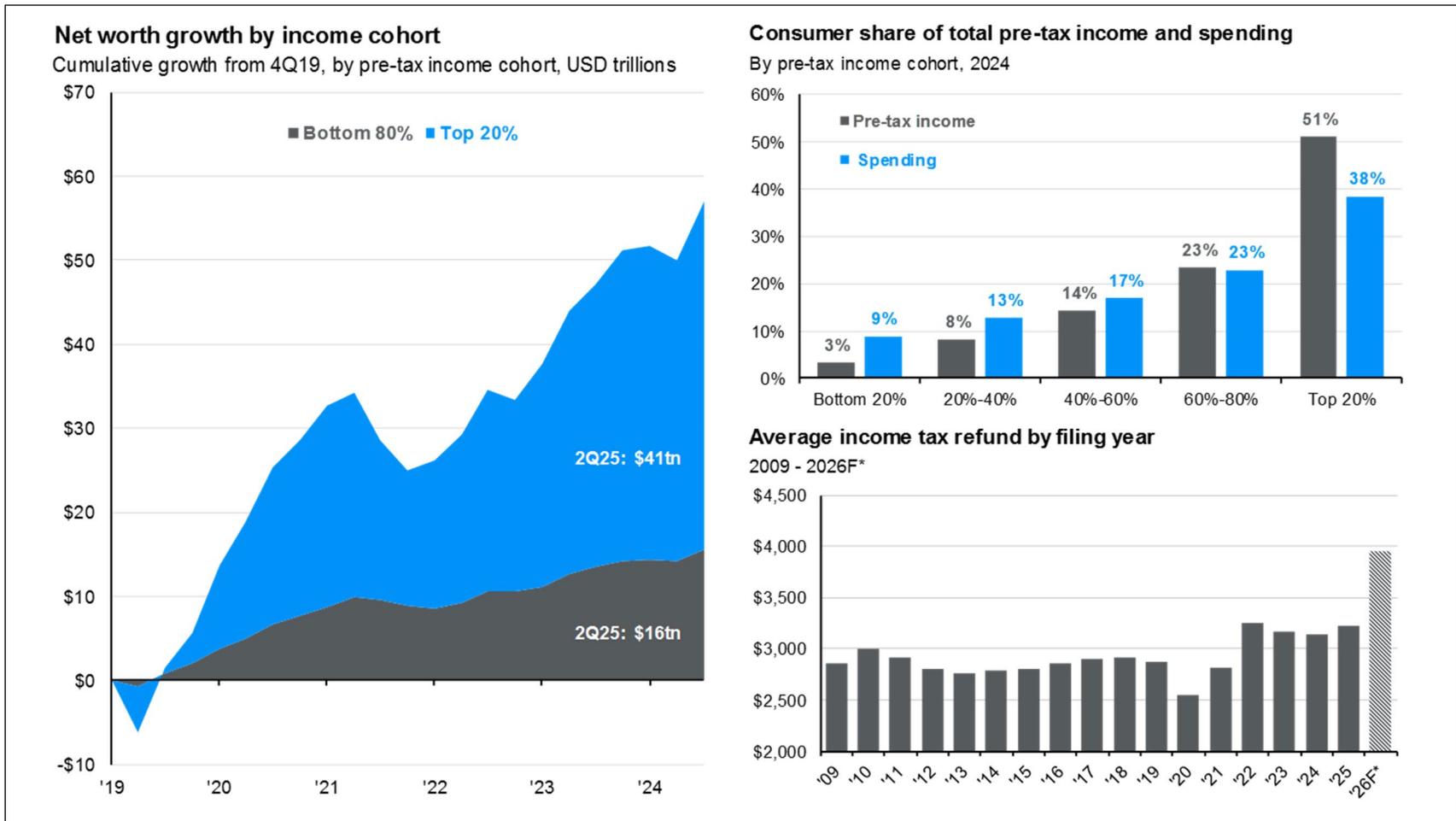


Source: Bloomberg

CIO Update

Economic Environment

Income growth has skewed toward upper-income households in recent years. Fiscal stimulus from tax cuts should boost growth the first half of 2026.

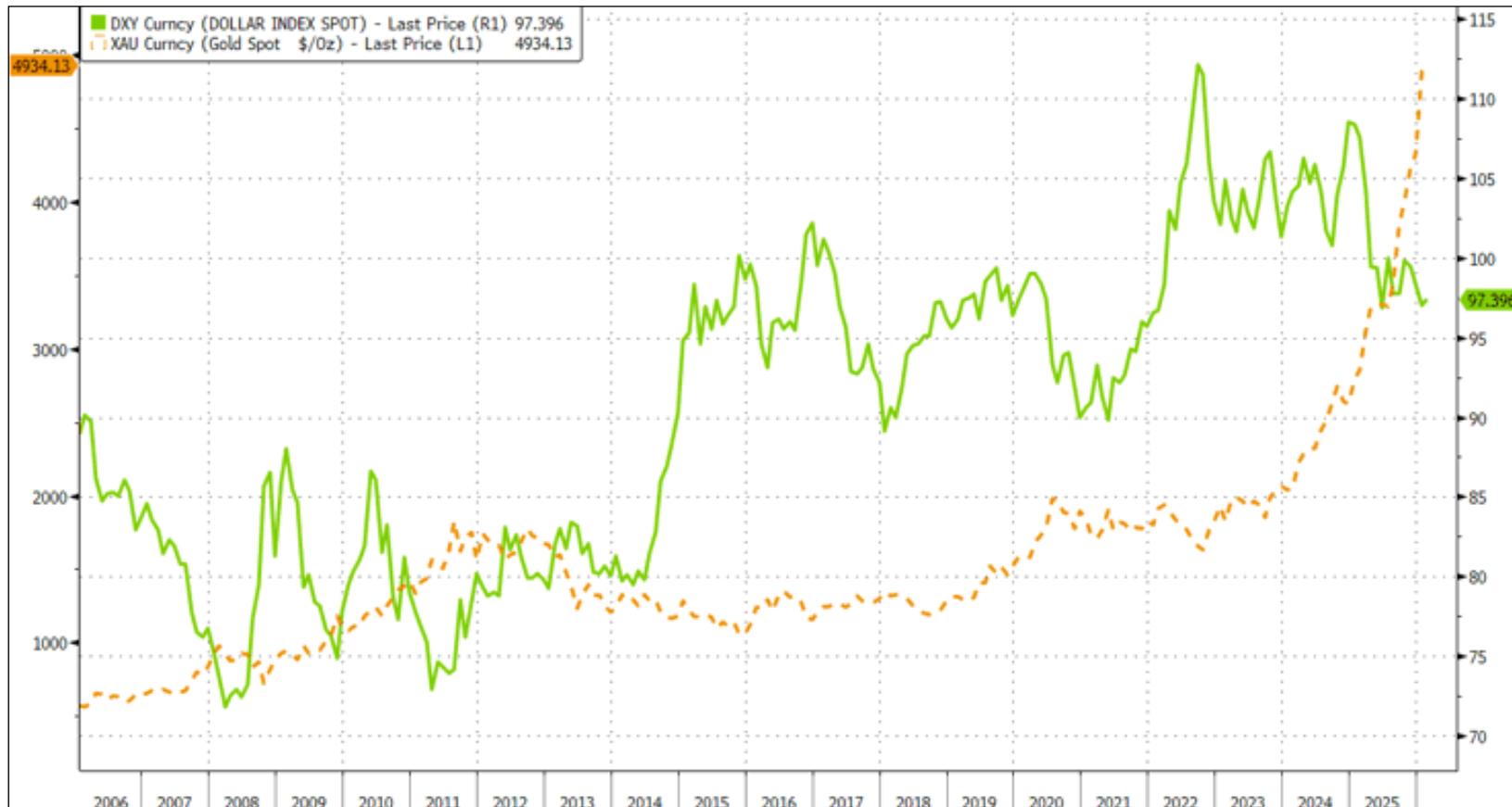


Source: J.P. Morgan Guide to the Markets as of 12/31/2025

CIO Update

Economic Environment

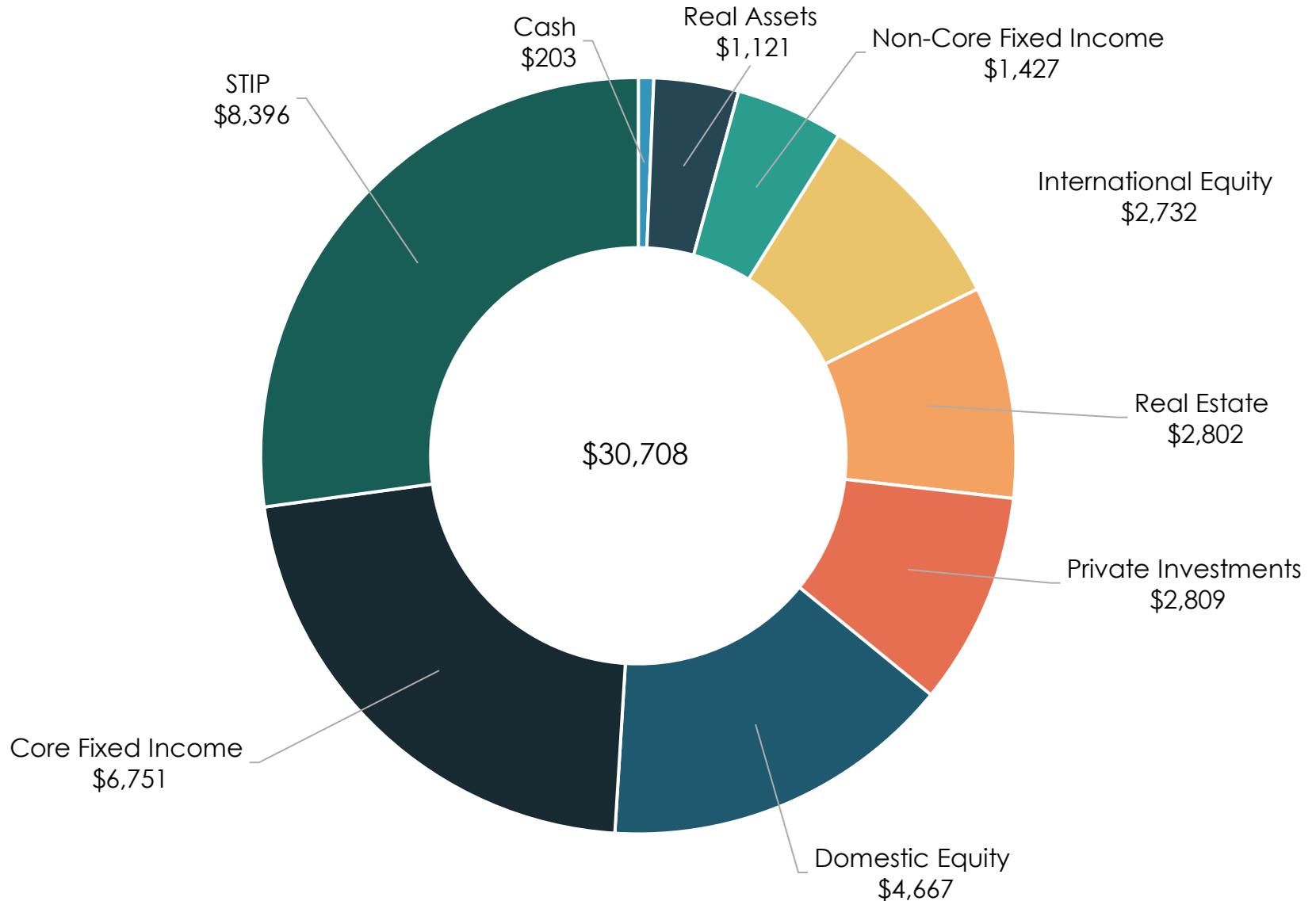
The U.S. dollar weakened, and precious metals spiked with concerns around geopolitics and U.S. deficit spending.



Source: Bloomberg

CIO Update

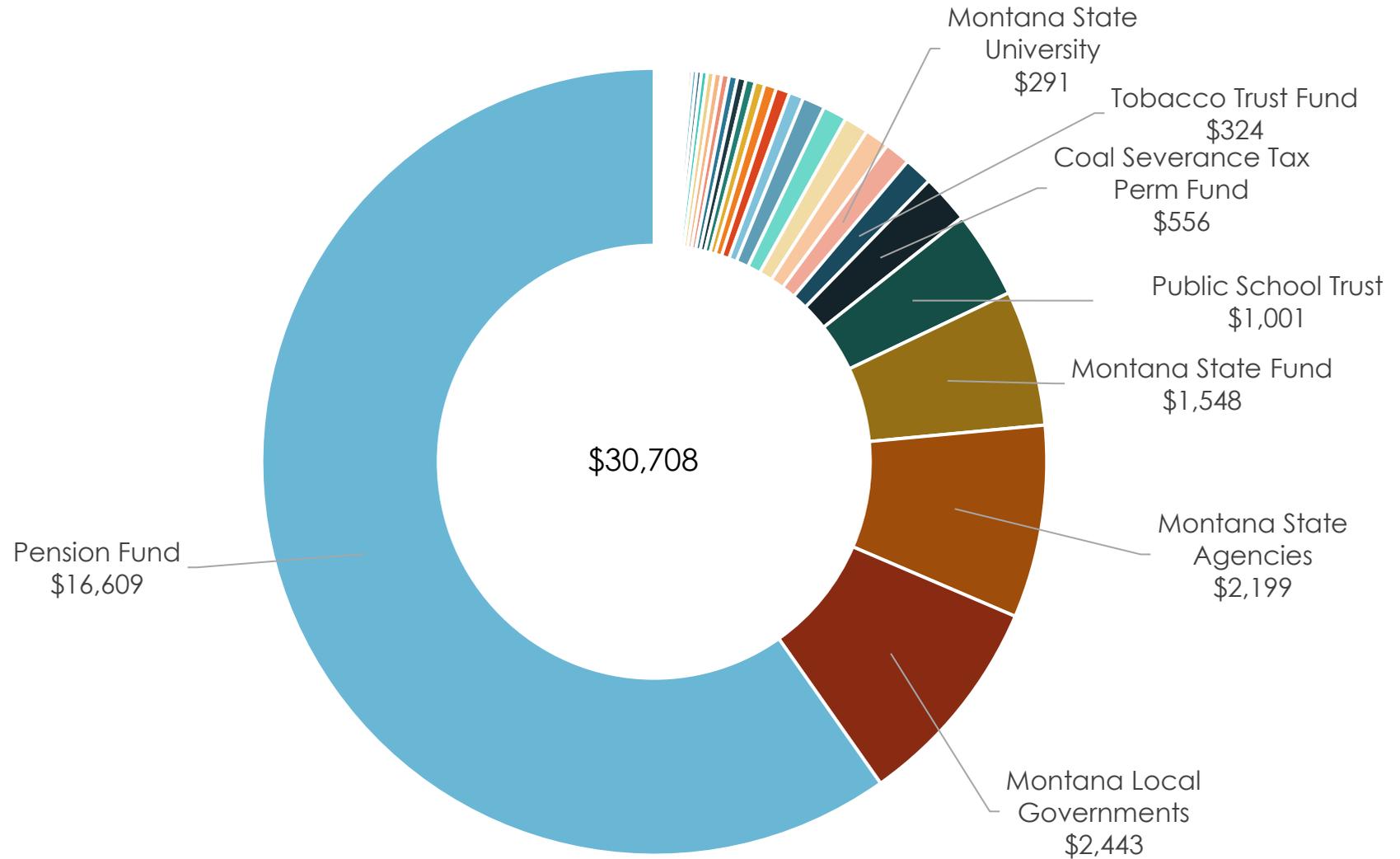
AUM by Asset Class



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

CIO Update

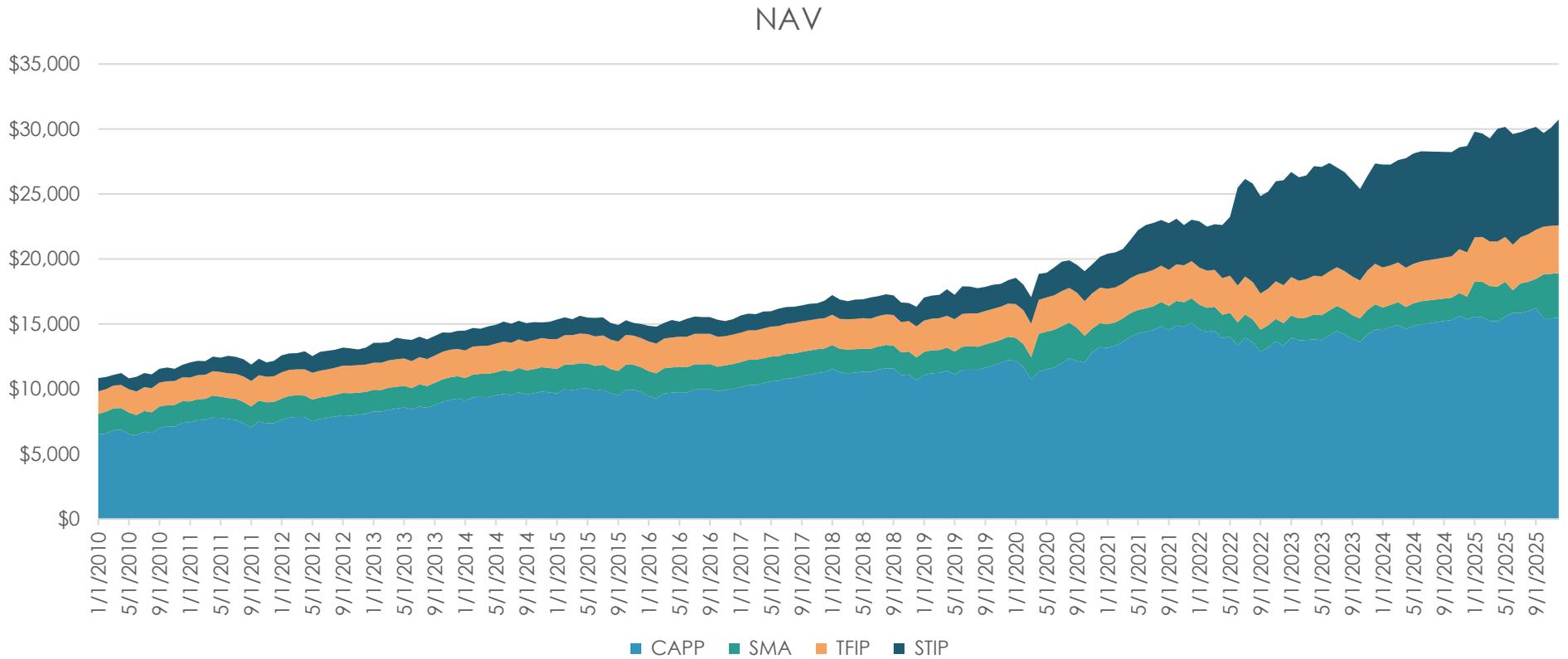
AUM by Participant Type



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

CIO Update

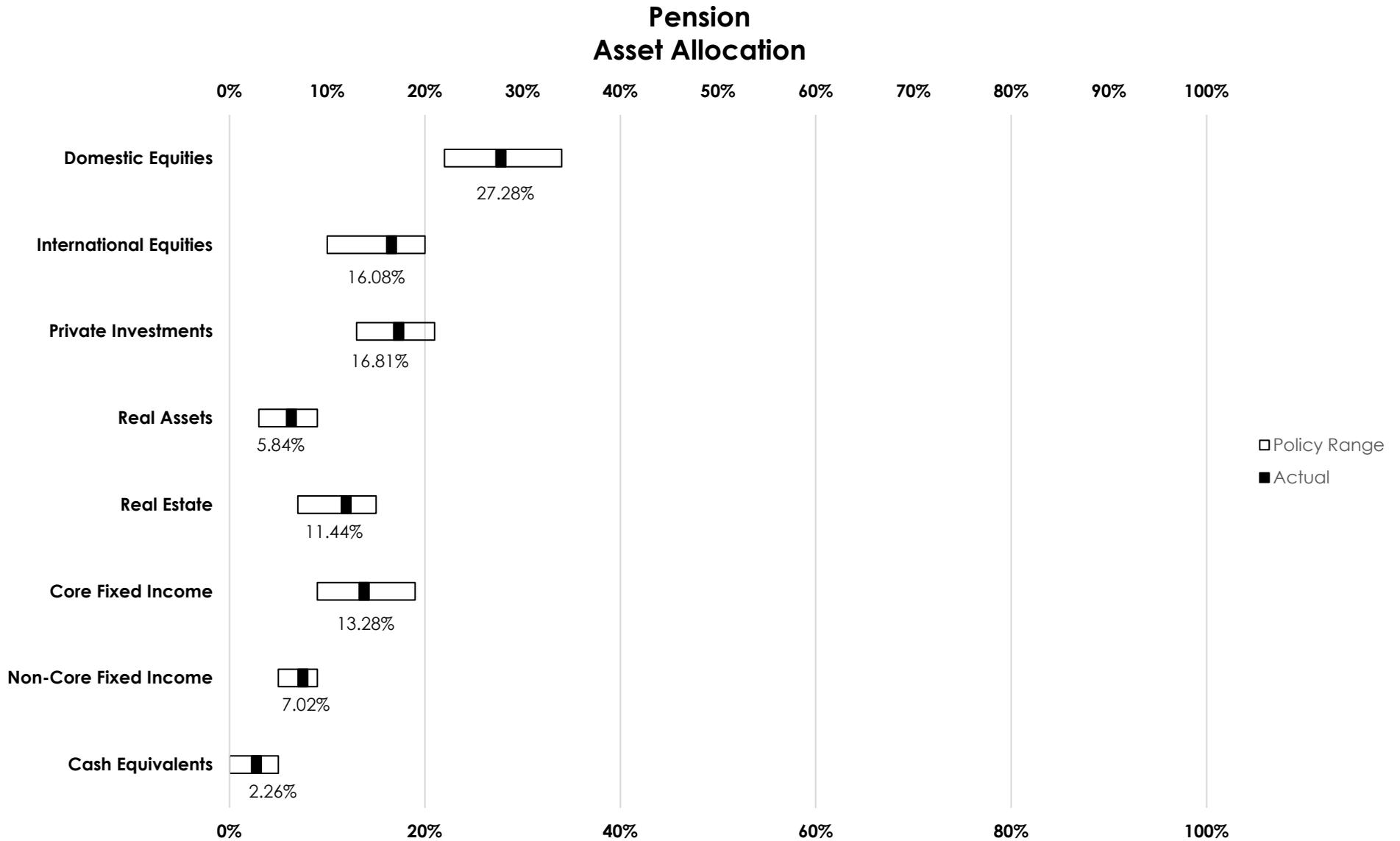
AUM by Pool



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

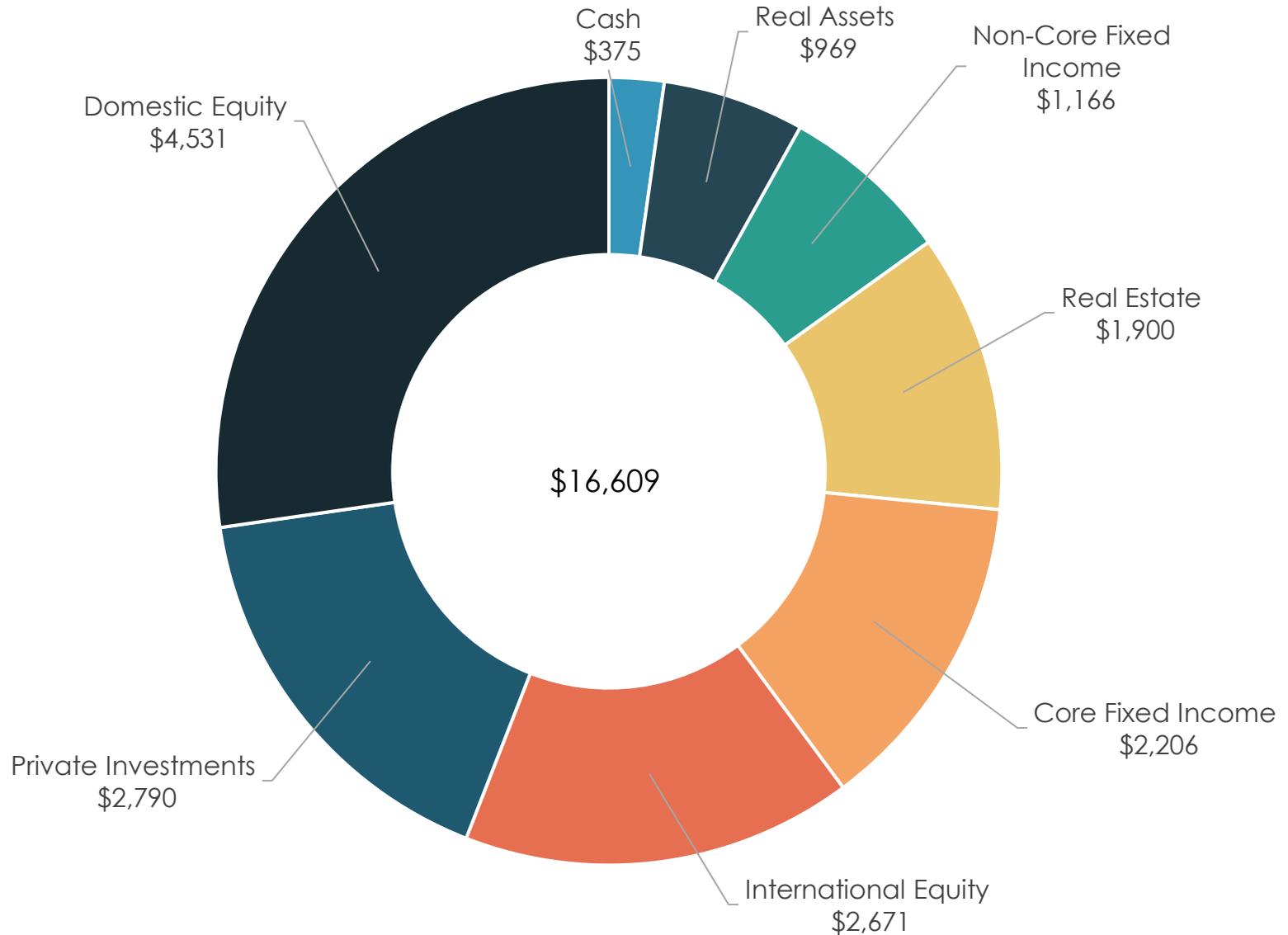
CIO Update

Pension Asset Allocation



CIO Update

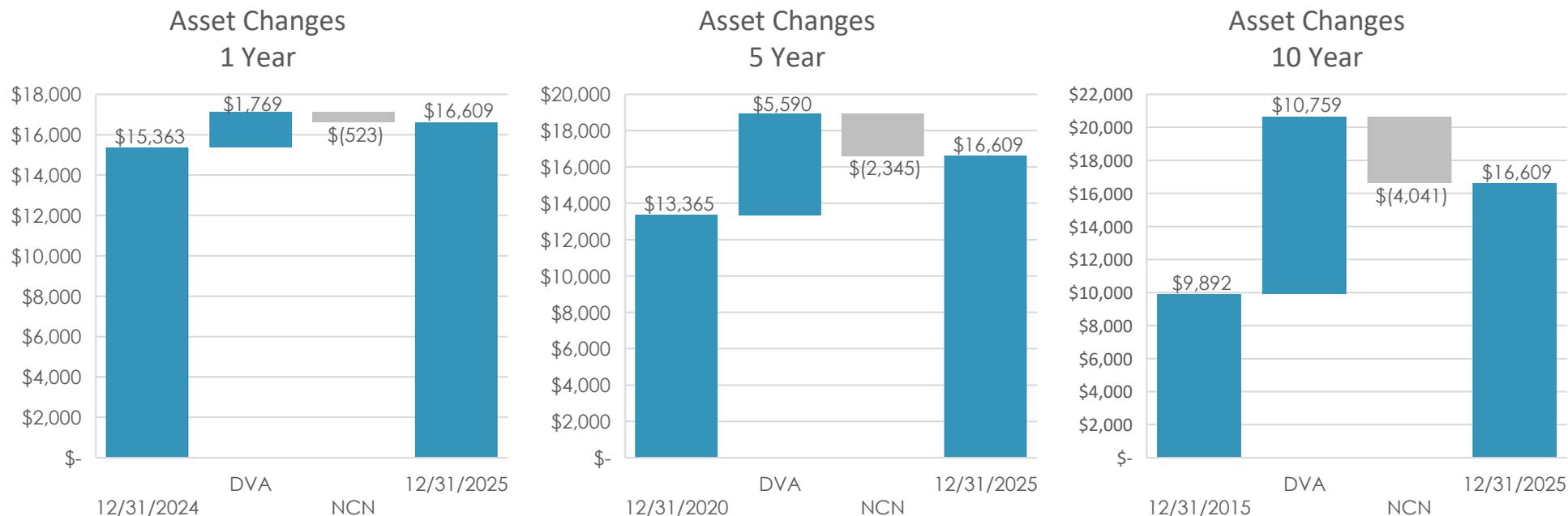
Pension Asset Allocation



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

CIO Update

Pension Net Performance



- 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 grey bar indicates an aggregate net outflow by all plans even though some plans may have experienced net inflows.
 - Though aggregates are shown, each plan is independent and not able to rely on other plans to meet their respective liabilities.

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

CIO Update

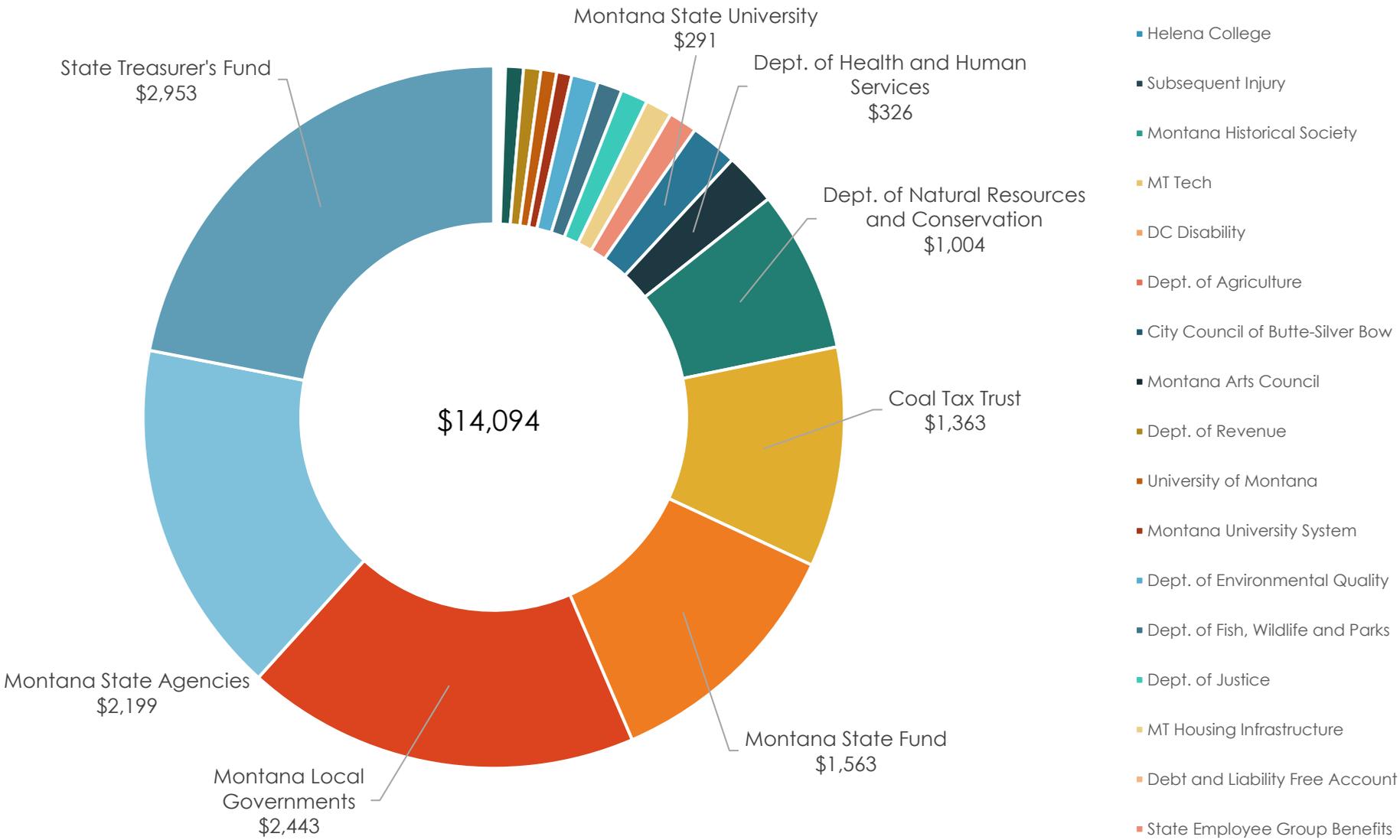
Pension Net Performance

Performance	FYTD	1 Year	3 Year	5 Year	10 Year	20 Year	Since Inception
Public Employees' Retirement	6.12%	11.70%	10.63%	7.83%	8.62%	7.27%	7.89%
Police Officers' Retirement	6.14%	11.73%	10.65%	7.83%	8.62%	7.25%	7.78%
Game Wardens' Retirement	6.12%	11.70%	10.62%	7.82%	8.61%	7.25%	7.81%
Sheriffs' Retirement	6.12%	11.70%	10.62%	7.82%	8.62%	7.26%	7.80%
Judges' Retirement	6.13%	11.72%	10.64%	7.83%	8.62%	7.27%	7.80%
Highway Patrol Retirement	6.12%	11.70%	10.62%	7.82%	8.62%	7.27%	7.79%
Teachers' Retirement	6.12%	11.69%	10.62%	7.81%	8.61%	7.26%	7.89%
Vol Firefighters' Retirement	6.14%	11.72%	10.63%	7.82%	8.60%	7.26%	7.64%
Firefighters' Retirement	6.14%	11.72%	10.65%	7.83%	8.62%	7.26%	7.77%

Inception 7/1/1994

CIO Update

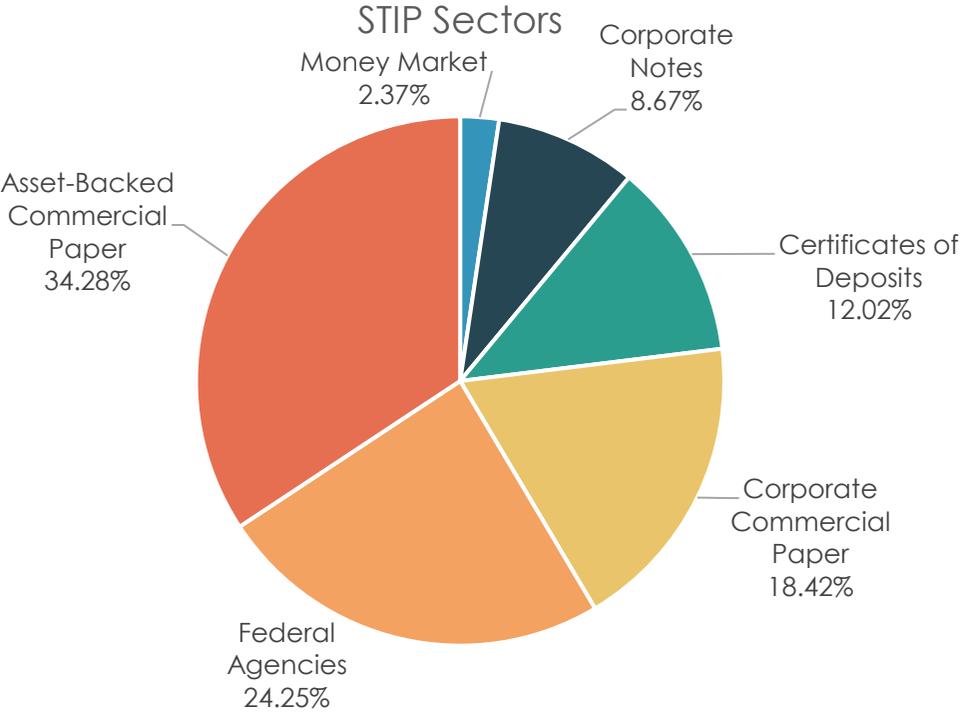
AUM ex. CAPP



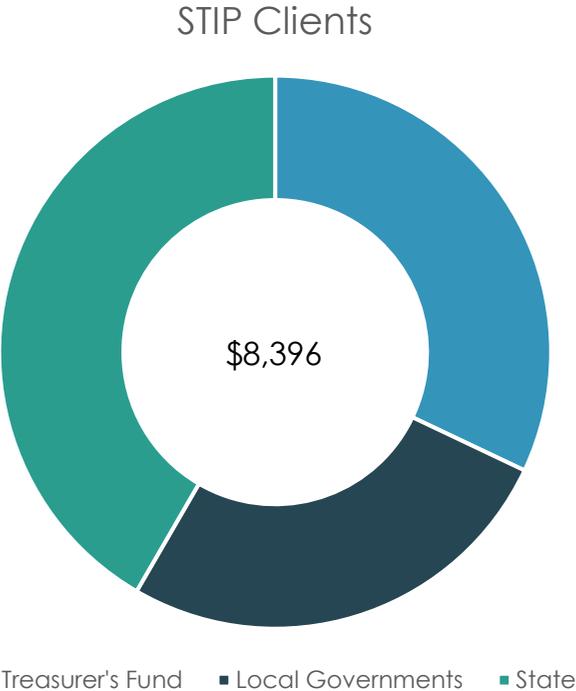
* Dollar values are in \$1,000,000
December 31, 2025

CIO Update

Short Term Investment Pool



- The weighted average maturity of the portfolio was 62 days at quarter end.
- The STIP Reserve was \$111M at quarter end.



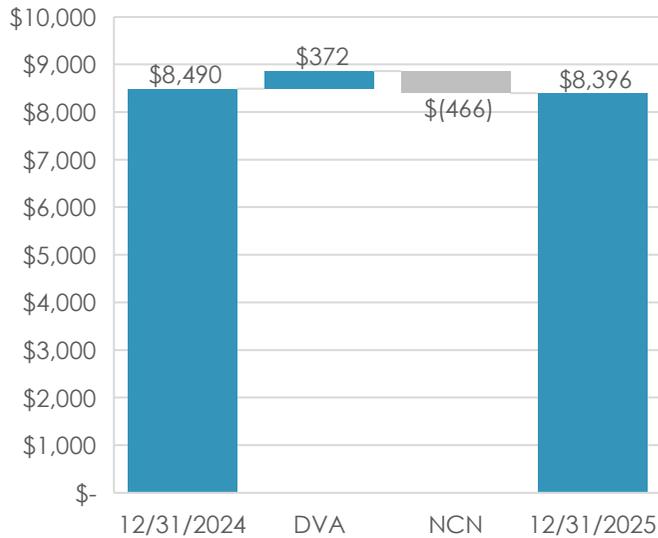
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December 31, 2025

CIO Update

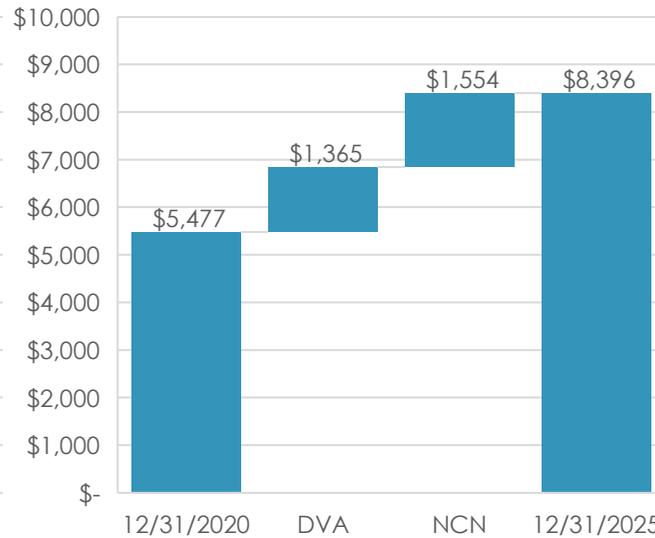
Short Term Investment Pool

STIP Net Performance

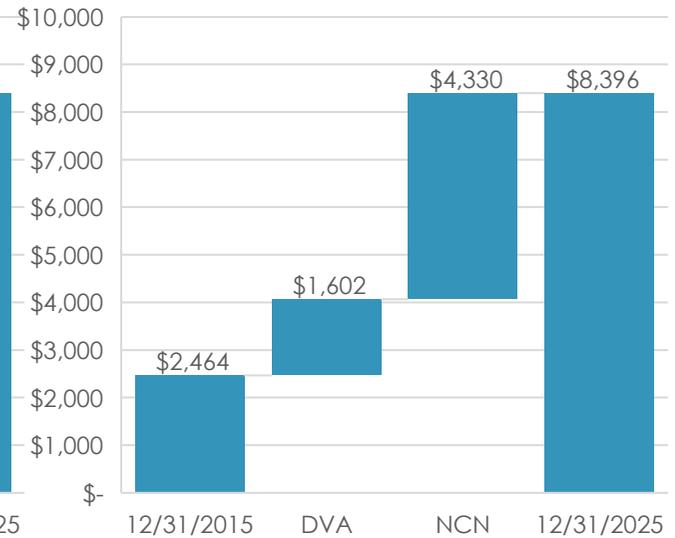
Asset Changes
1 Year



Asset Changes
5 Year



Asset Changes
10 Year



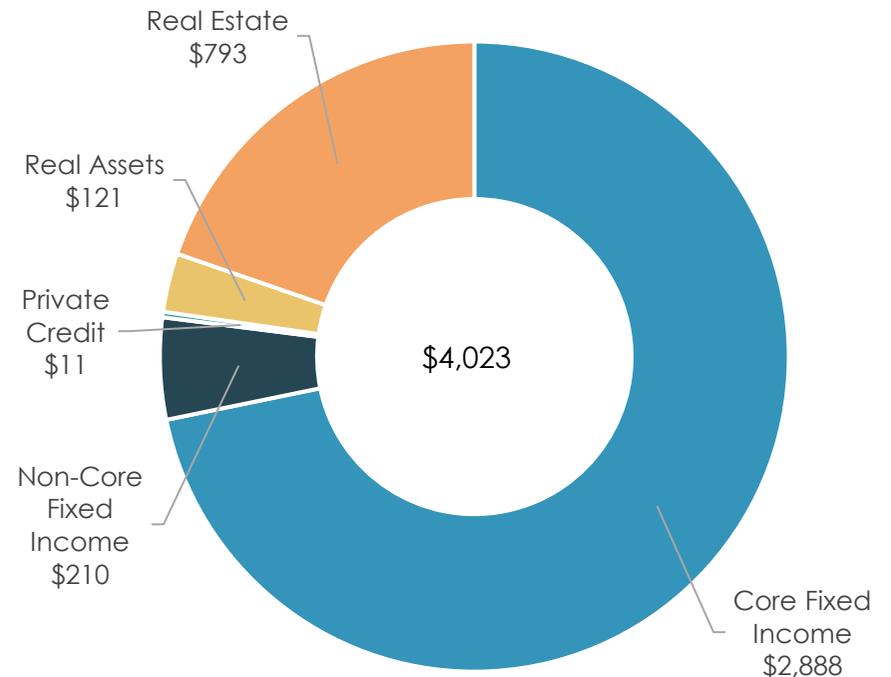
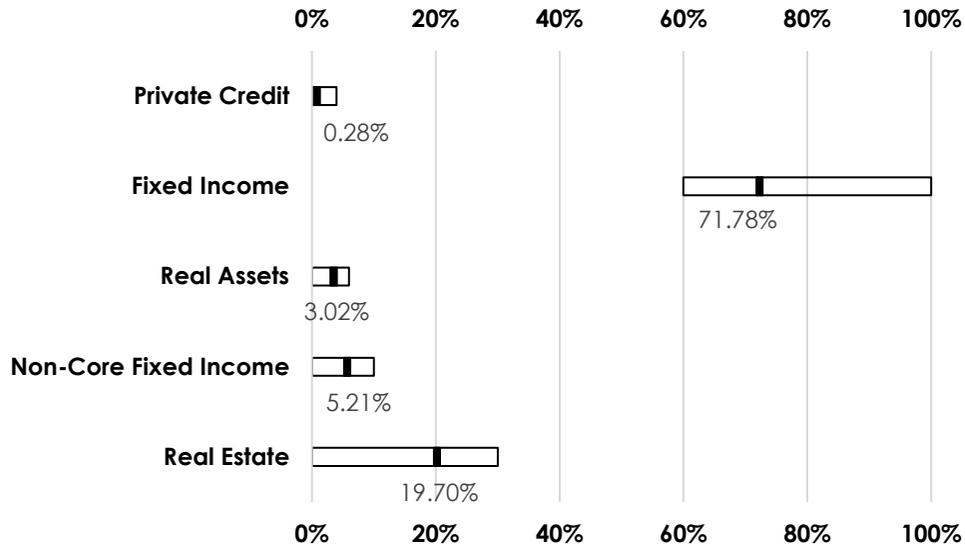
Performance	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Short Term Investment Pool (STIP)	2.21%	4.46%	4.98%	3.32%	2.32%	2.54%
Short Term Investment Pool Benchmark	2.13%	4.35%	5.02%	3.34%	2.27%	2.47%

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

CIO Update

Trust Funds Investment Pool

**Trust Funds
Asset Allocation**



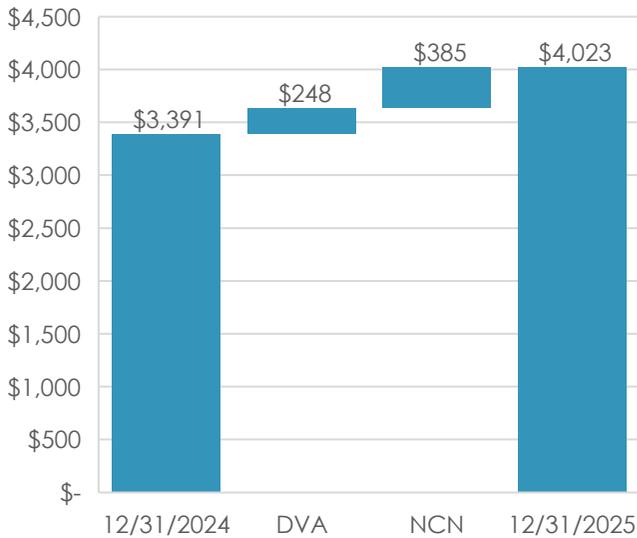
* Dollar values are in \$1,000,000
December 31, 2025

CIO Update

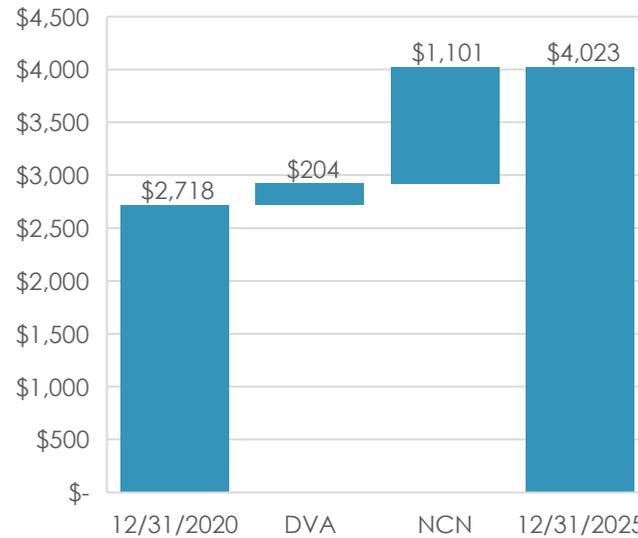
Trust Funds Investment Pool

TFIP Net Performance

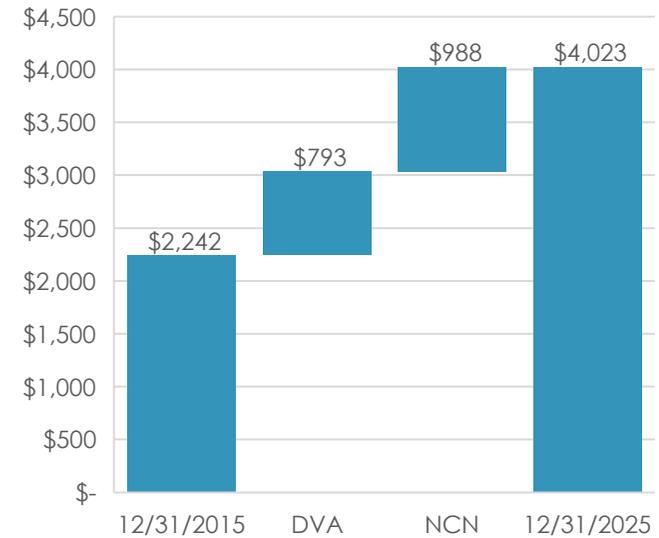
Asset Changes
1 Year



Asset Changes
5 Year



Asset Changes
10 Year



Performance	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Trust Funds Investment Pool (TFIP)	3.14%	7.15%	3.45%	1.04%	2.95%	5.28%
Trust Funds Investment Pool Benchmark	3.11%	7.10%	2.62%	0.66%	2.53%	4.50%

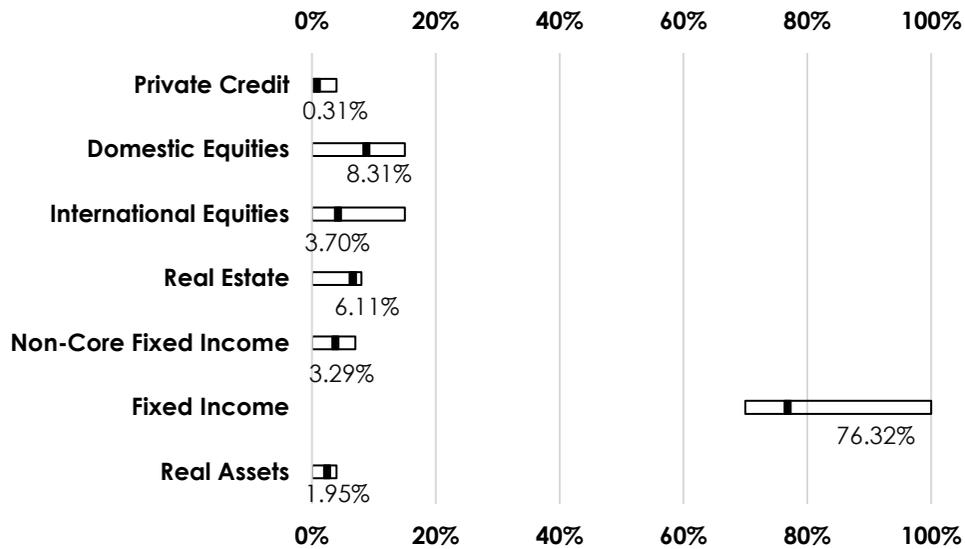
Yield	1 Year	3 Year	5 Year	10 Year
Trust Funds Investment Pool (TFIP)	4.10%	3.96%	3.67%	3.48%

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

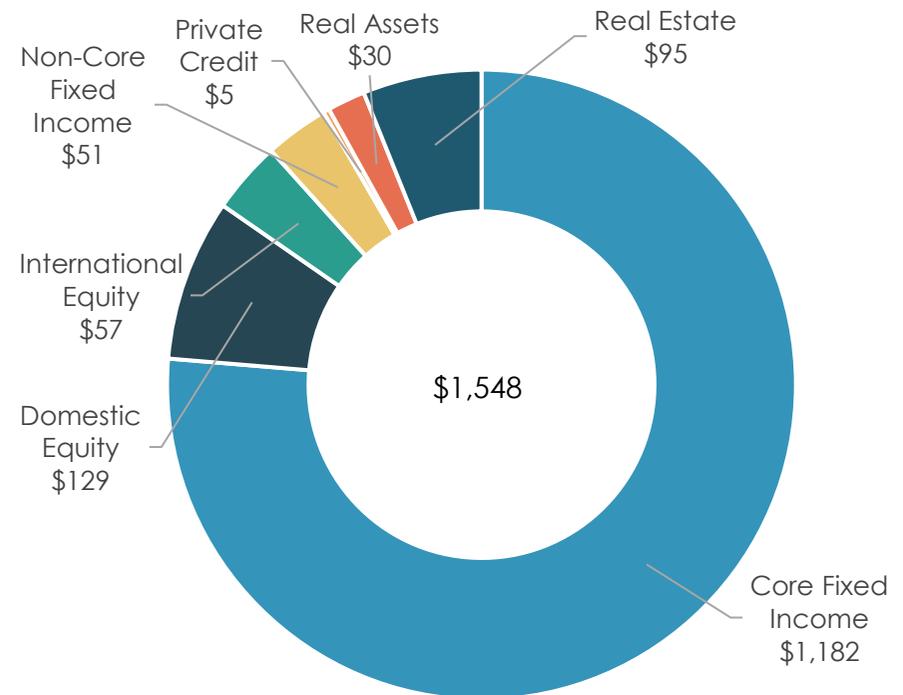
CIO Update

State Fund Investment Pool

State Fund
Asset Allocation



□ Policy Range
■ Actual



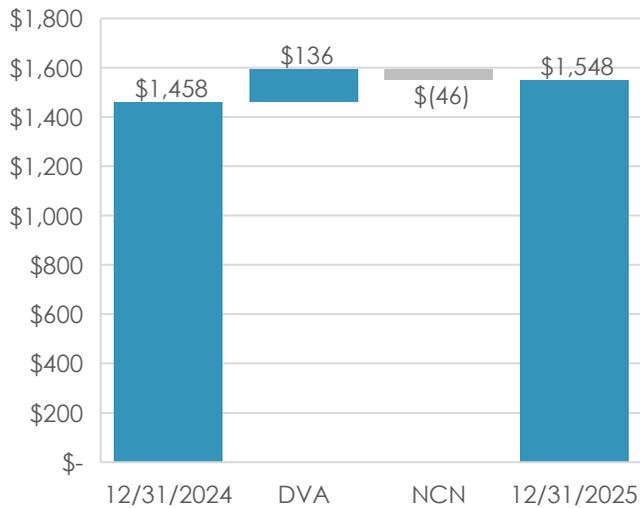
* Dollar values are in \$1,000,000
December 31, 2025

CIO Update

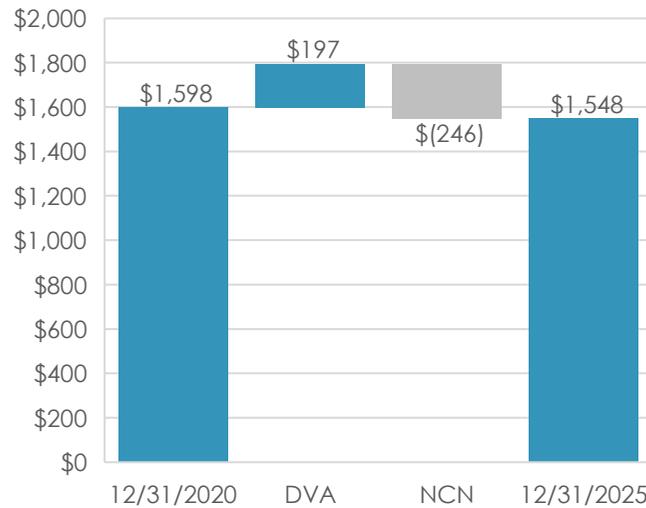
State Fund Investment Pool

SFIP Net Performance

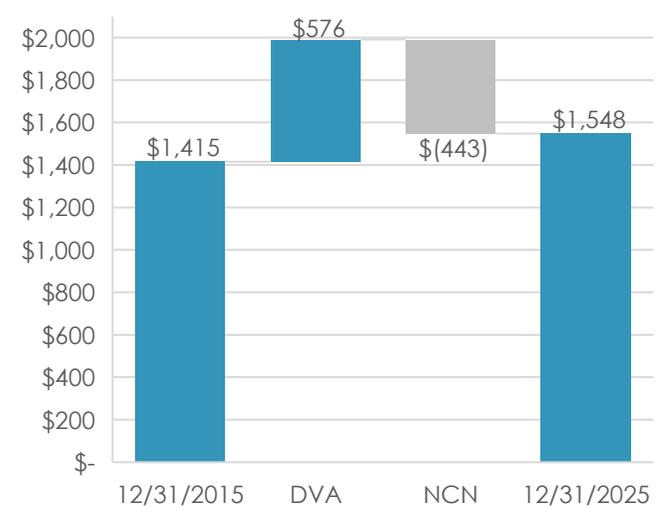
Asset Changes
1 Year



Asset Changes
5 Year



Asset Changes
10 Year



Performance	FYTD	1 Year	3 Year	5 Year	10 Year	Since Inception
State Fund	4.18%	9.35%	6.36%	2.70%	3.92%	5.21%
State Fund Benchmark	4.23%	9.32%	6.11%	2.33%	3.64%	4.71%

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

CIO Update

- Strong corporate spending on AI infrastructure and consumer spending by upper-income households drove 2025 growth. The expectation is continued growth in the 1st half of 2026, driven by elevated income tax refunds.
- Met with Public Employees' Retirement Board on February 12th and delivered the DC Plans report.
- Staff completed their annual review and update of the BOI desk manuals. Staff also completed their annual IT training.
- Interviewing for summer internships as well as a fixed income analyst position. Ethan Kittle was promoted to a Level II Analyst.

Macro Attribution

Key Takeaways – 3 Year

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

- All benchmarks except Real Estate provided positive contributions to the pension's policy-neutral return of 12.69%.

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

- About \$407M of equity asset classes and \$116M of fixed income/cash asset classes were sold during the last year. The pension net cash need was \$523M for the year.
- In aggregate, the overweighting/underweighting of the asset classes relative to their benchmarks decreased the pension portfolio's return by 47 bps with the underweight to Domestic Equity providing most of the underperformance.

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

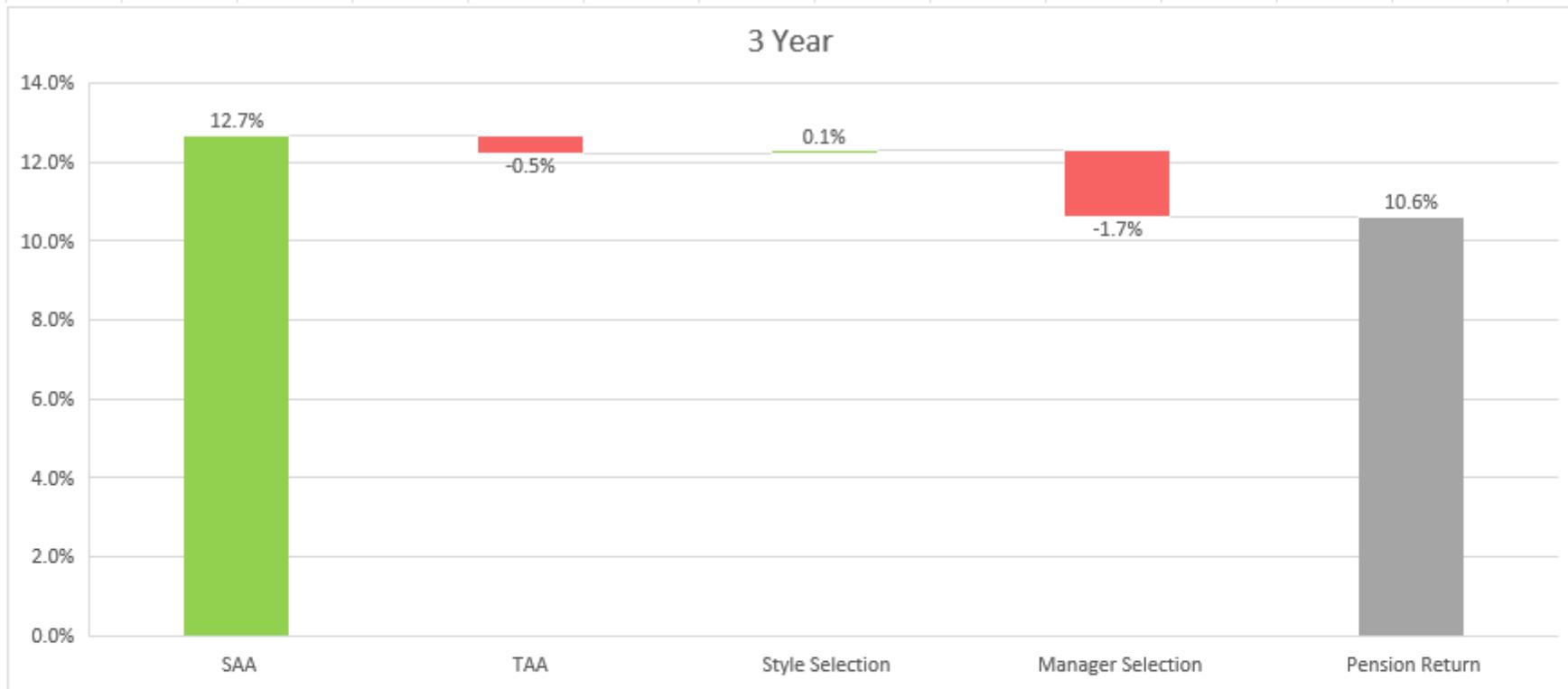
- The Domestic Equity manager benchmarks had higher exposure to small-cap than the asset class benchmark leading to total style underperformance of 16 bps.
- The International Equity manager benchmarks had higher exposure to growth benchmarks than the asset class benchmark leading to total style underperformance of 5 bps.
- The outperformance of the Infrastructure index relative to TIPS resulted in style outperformance of about 7 bps.
- Within Real Estate, the outperformance of the REIT index and CMBS index relative to the NCREIF ODCE led to style outperformance of 22 bps.
- Within Non-Core Fixed Income, there was negligible style performance.

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

- In Domestic Equity, International Equity, Core Fixed Income, and Non-Core Fixed Income there were negligible manager selection effects on a net basis.
- Private Investments manager selection underperformed by 163 bps.
- Real Assets underperformed by 29 bps due to the infrastructure and commodities portfolios.
- In Real Estate, the private real estate portfolios were the primary driver of the 31 bps of outperformance.

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

Macro Attribution



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

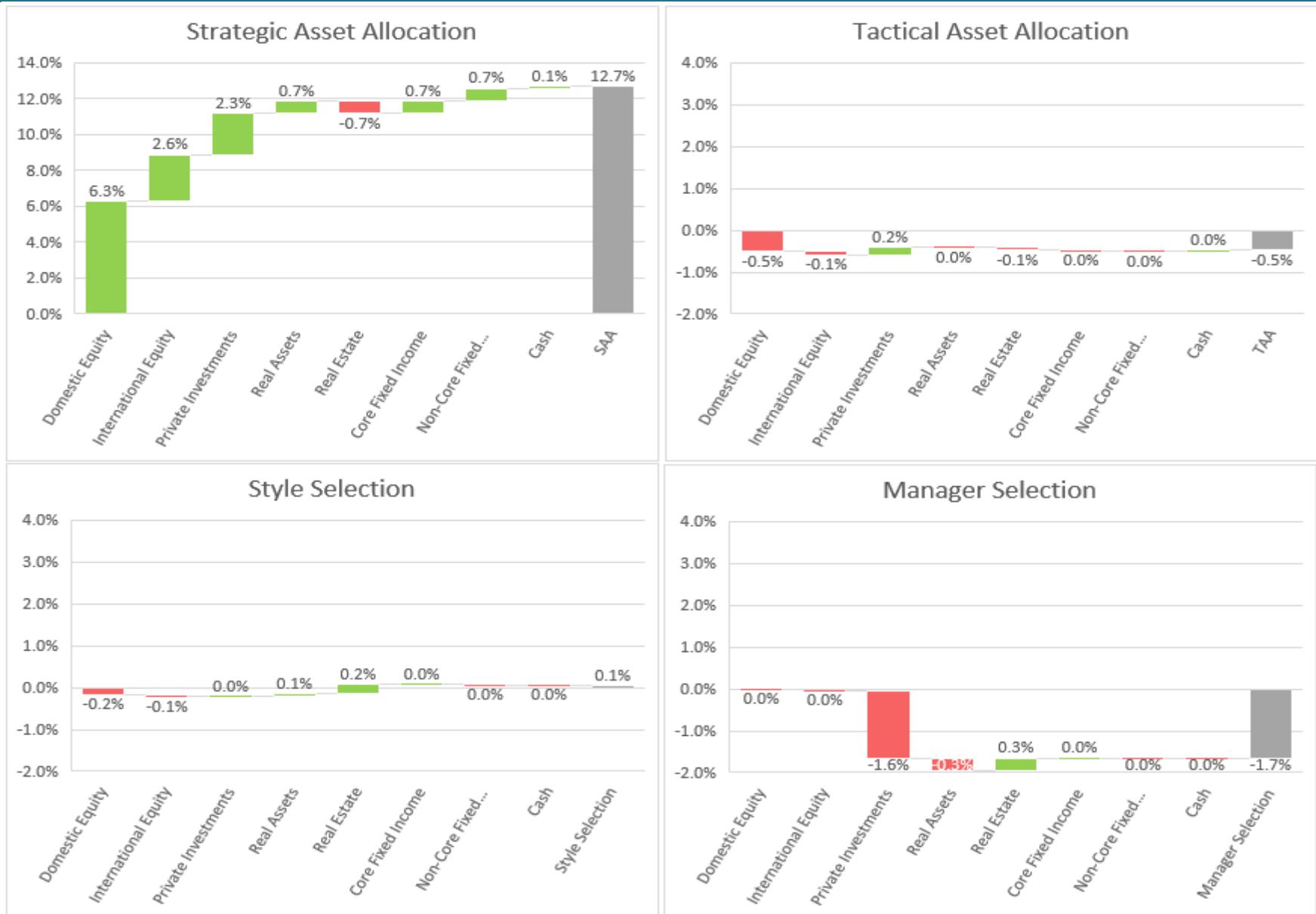
Tactical Asset Allocation (TAA) - The *additional* return earned by investing in the asset class benchmarks at our actual rather than midpoint weights.

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

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

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

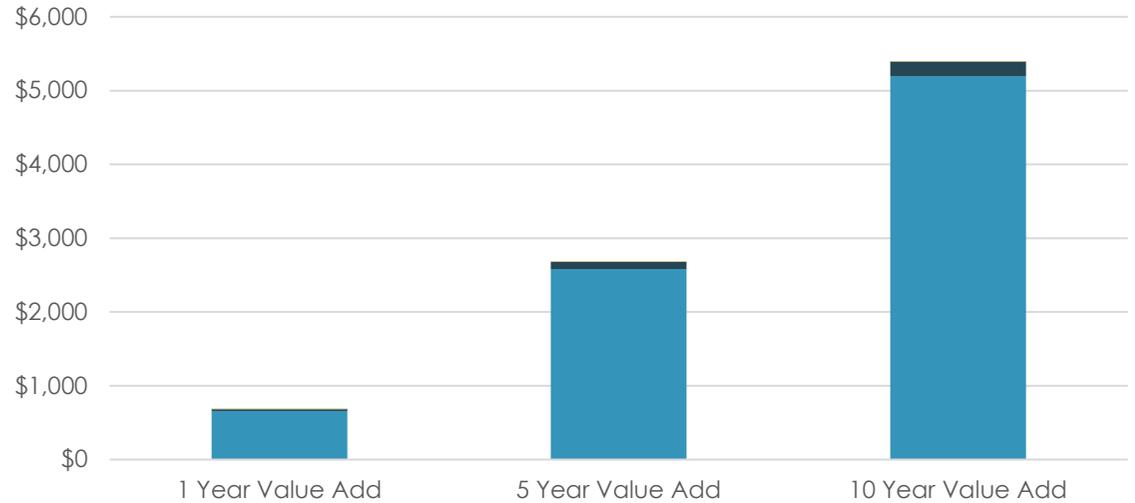
Macro Attribution



Domestic Equity Ownership Breakdown



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



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

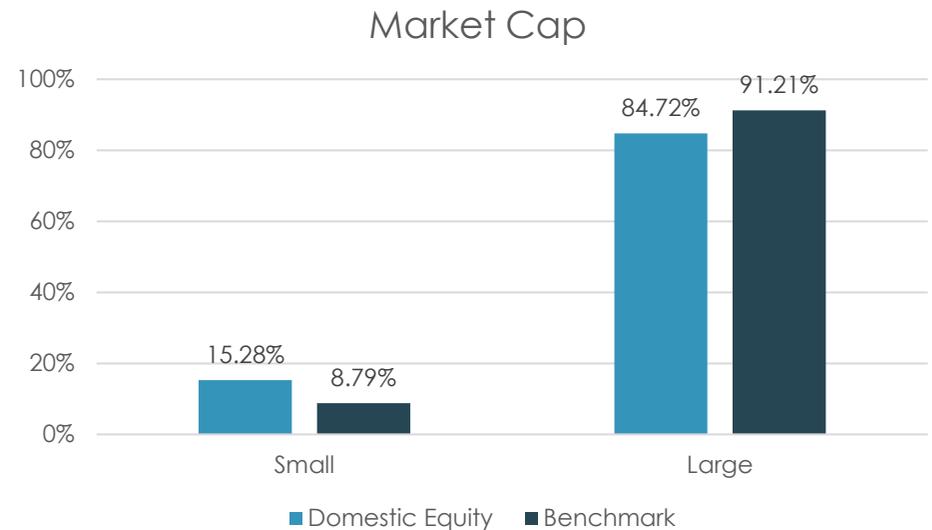
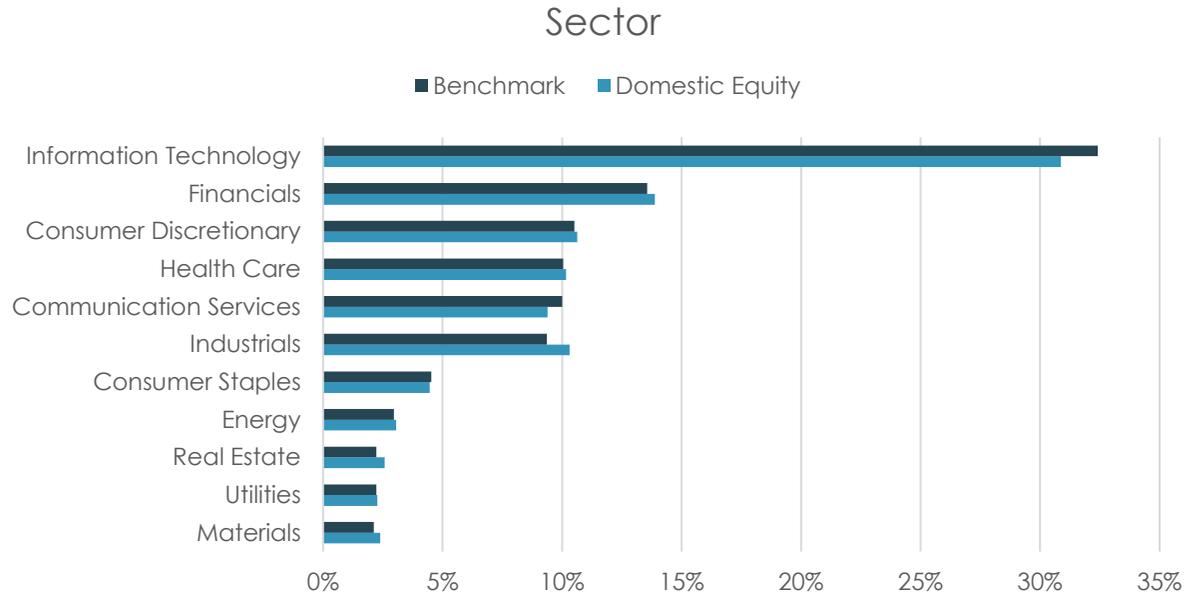
Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	16.45%	17.25%	13.14%	13.30%	13.80%	14.42%
State Fund	17.87%	17.88%	14.41%	14.42%	14.80%	14.82%
DC Disability	17.06%	17.05%	13.10%	13.07%	NA	NA
Lubrecht Forest	NA	NA	NA	NA	NA	NA
Kyiyo Pow Wow	NA	NA	NA	NA	NA	NA

- Modest gains in the fourth quarter capped another strong year for U.S. equities, although they trailed International stocks by the widest margin since 2009.
- Both large-cap and growth stocks outperformed in 2025, though by a much smaller margin than in the prior two years. Communications and Tech were the top-performing sectors in the S&P 500, while consumer-related sectors lagged.

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

December 31, 2025

Domestic Equity Characteristics - Pension



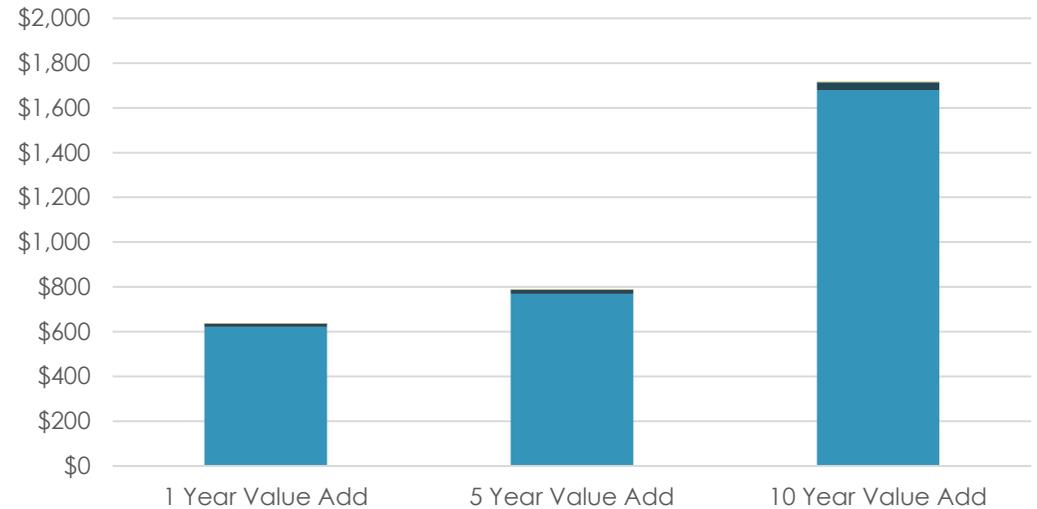
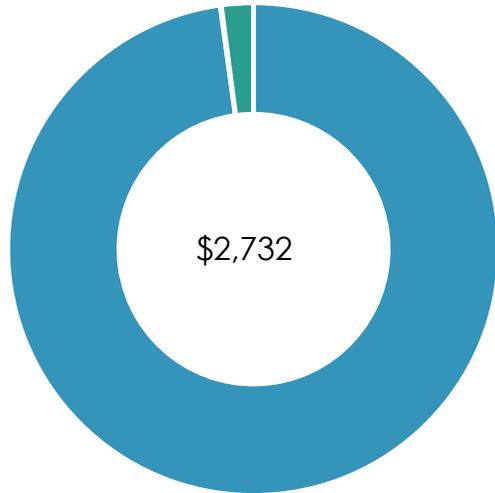
Domestic Equity Valuation

S&P 500 Index - Price/Earnings Ratio
(December 31, 2015 to December 31, 2025)



- P/E multiples fell in the quarter, with the S&P 500 forward P/E ratio ending the period at 22.0x. The average forward P/E for the S&P 500 since 1994 is 17.1x.
- The top 10 stocks in the S&P 500 trade at a forward P/E of 28.1x vs. 19.2x for the remaining stocks in the index. Concentration in the largest stocks remained roughly unchanged, with the 10 largest stocks in the S&P 500 comprising 41% of the index at the end of the quarter.

International Equity Ownership Breakdown



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

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

Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	29.84%	31.96%	7.12%	7.77%	8.36%	8.37%
State Fund	32.52%	32.39%	7.91%	7.91%	8.43%	8.41%
DC Disability	32.89%	32.39%	8.15%	7.91%	NA	NA
Lubrecht Forest	NA	NA	NA	NA	NA	NA
Kyiyo Pow Wow	NA	NA	NA	NA	NA	NA

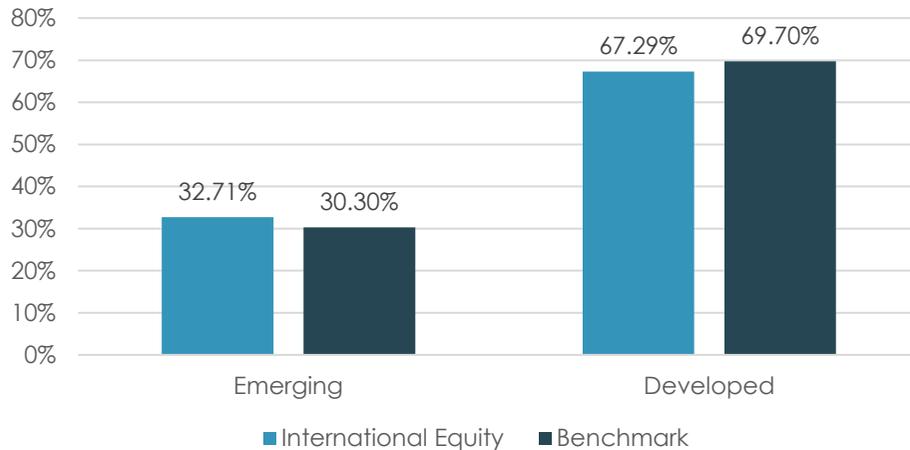
- International stocks had an exceptional year, far outpacing U.S. equities. Value outperformed growth by a wide margin. Large-cap stocks beat small-caps, and emerging markets outpaced developed markets by a modest amount.
- A weaker U.S. dollar boosted international stock returns, especially in the Eurozone, where currency movements provided a 16.6% boost to dollar-based returns.

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

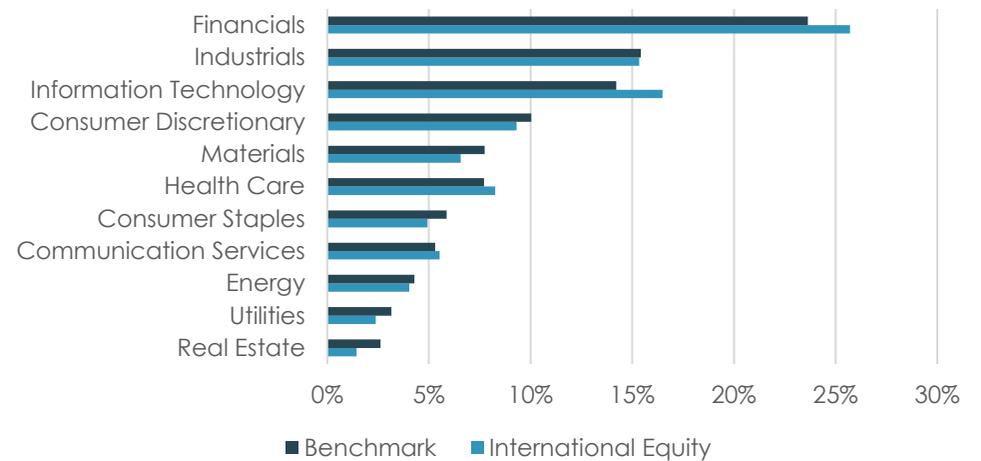
December 31, 2025

International Equity Characteristics - Pension

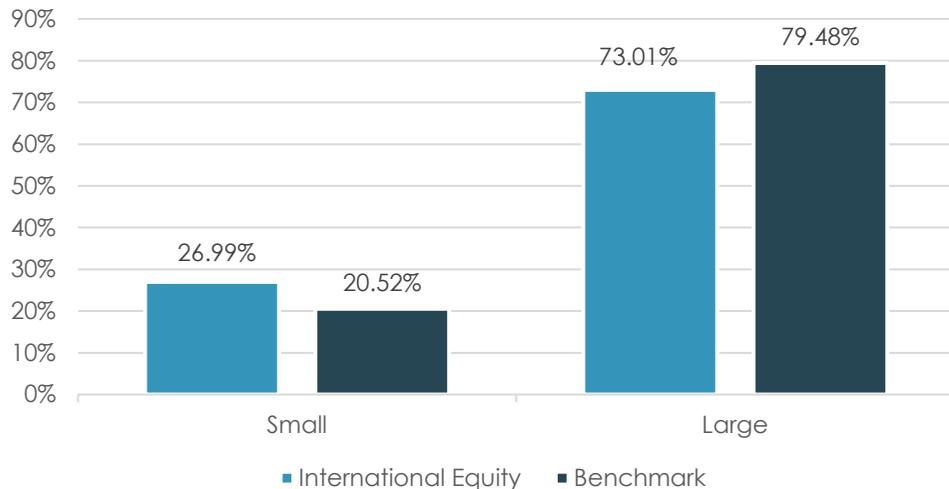
Developed vs. Emerging Markets



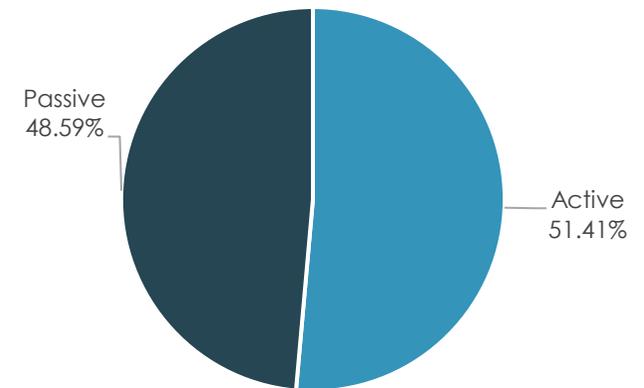
Sector



Market Cap



Active vs. Passive



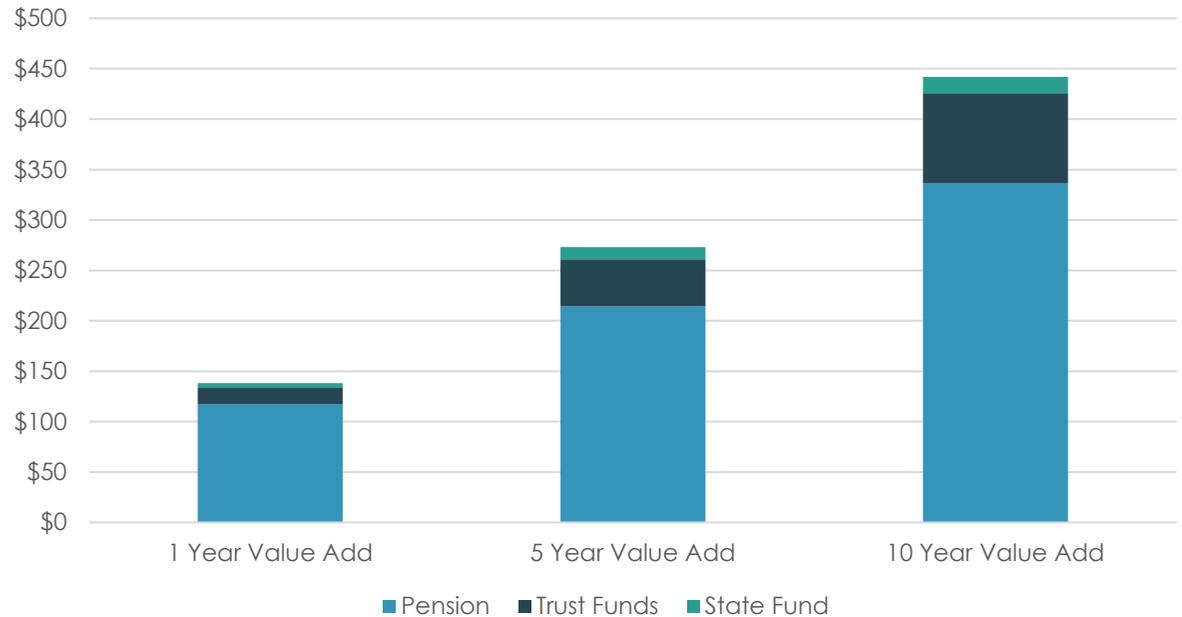
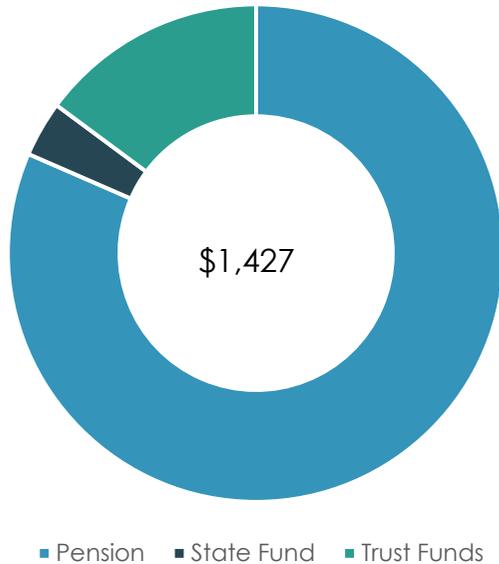
International Equity Valuation

ACWI ex. U.S. Index - Price/Earnings Ratio
(December 31, 2015 to December 31, 2025)



- The forward P/E for the MSCI ACWI ex-U.S. Index was 14.8x at the end of 4Q25, down slightly from 14.9x at the end of 3Q25 but up from 13.3x at the end of 4Q24. The 20-year average for the index is 13.1x.
- The valuation discount for international equities vs. U.S. stocks narrowed slightly in 4Q25, ending the quarter at a 33% discount. This compares to the 39% discount at the end of 2024.

Non-Core Fixed Income Ownership Breakdown



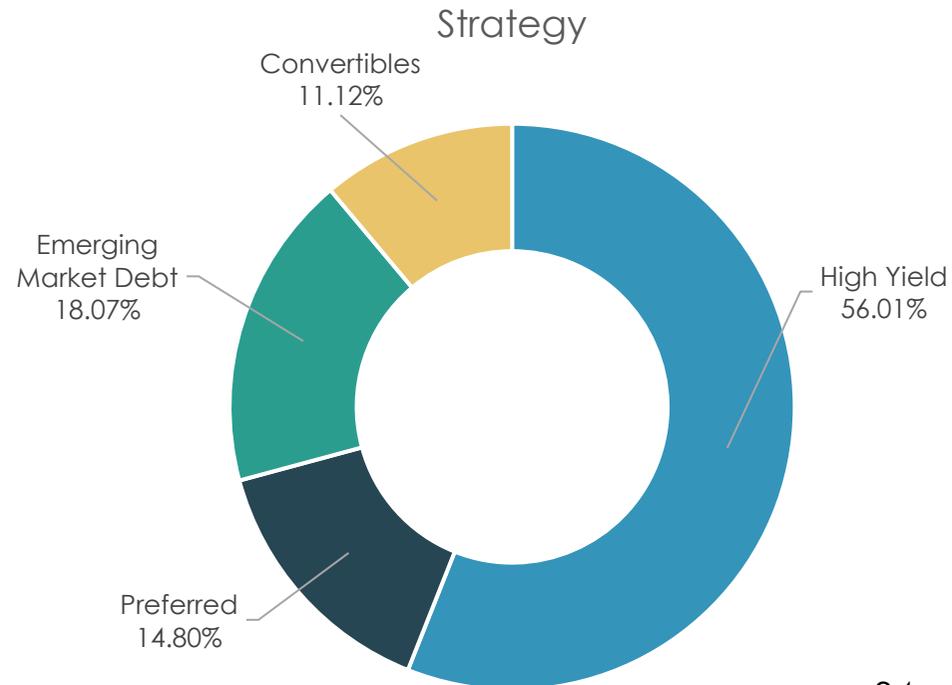
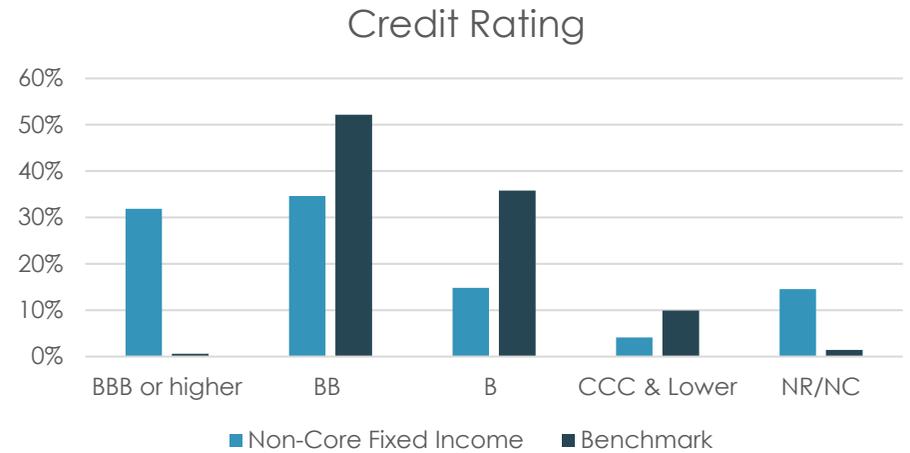
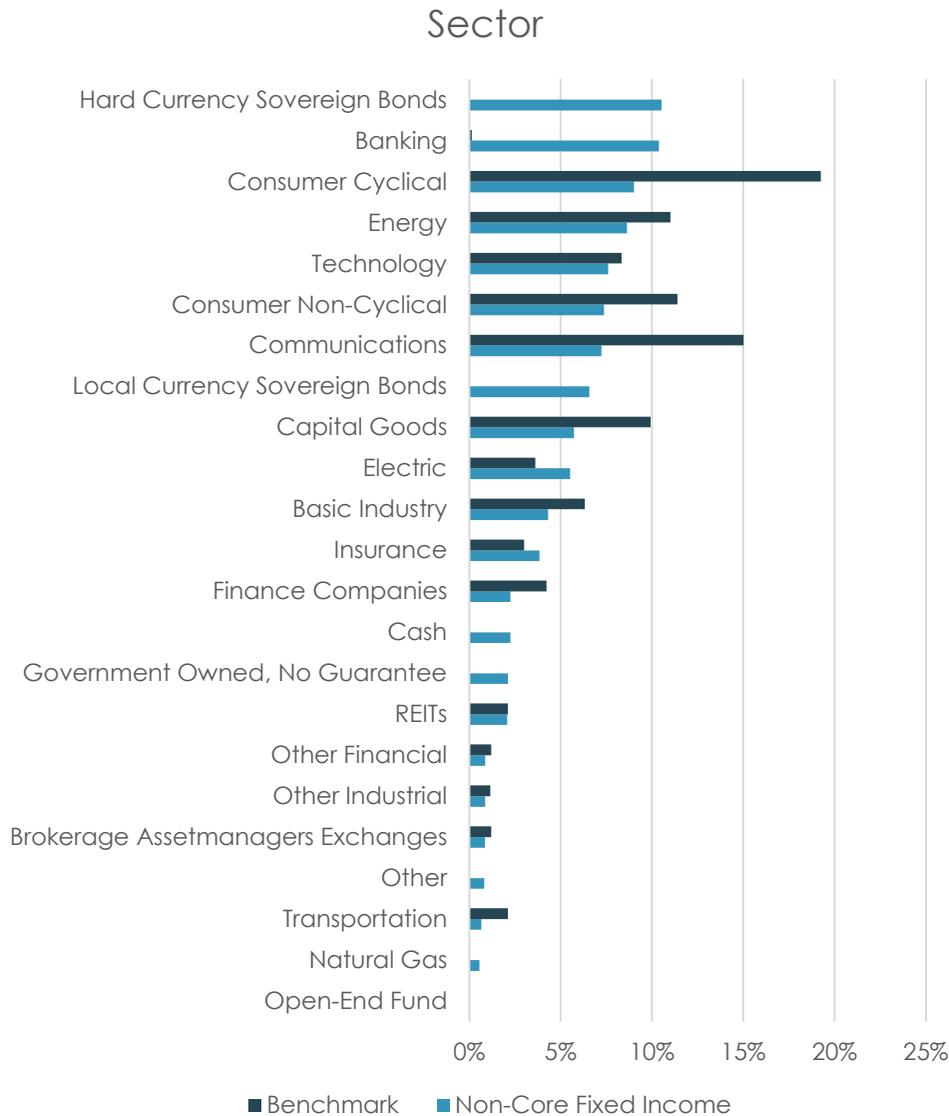
Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	11.14%	8.62%	3.94%	4.50%	5.53%	6.52%
State Fund	8.99%	8.62%	4.11%	4.50%	NA	NA
Trust Funds	8.46%	8.62%	4.34%	4.50%	5.12%	6.52%

- While U.S. high yield had another good year, emerging markets debt and convertible bonds were the standout performers in 2025.
- In U.S. high yield, higher-quality bonds outperformed, a reversal from 2024, when lower-quality credits far outpaced high-quality issues.
- Emerging markets debt rallied amid U.S. dollar weakness in 2025.

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

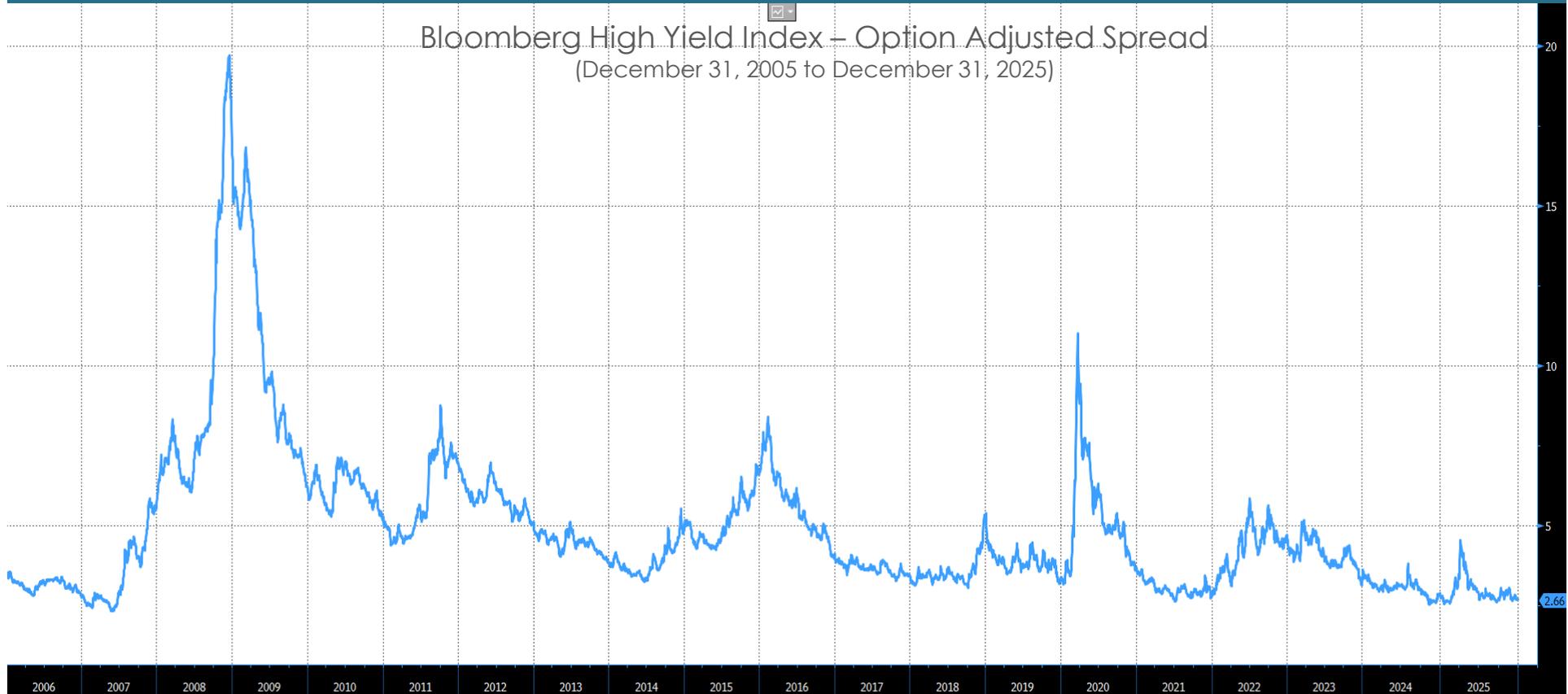
December 31, 2025

Non-Core Fixed Income Characteristics



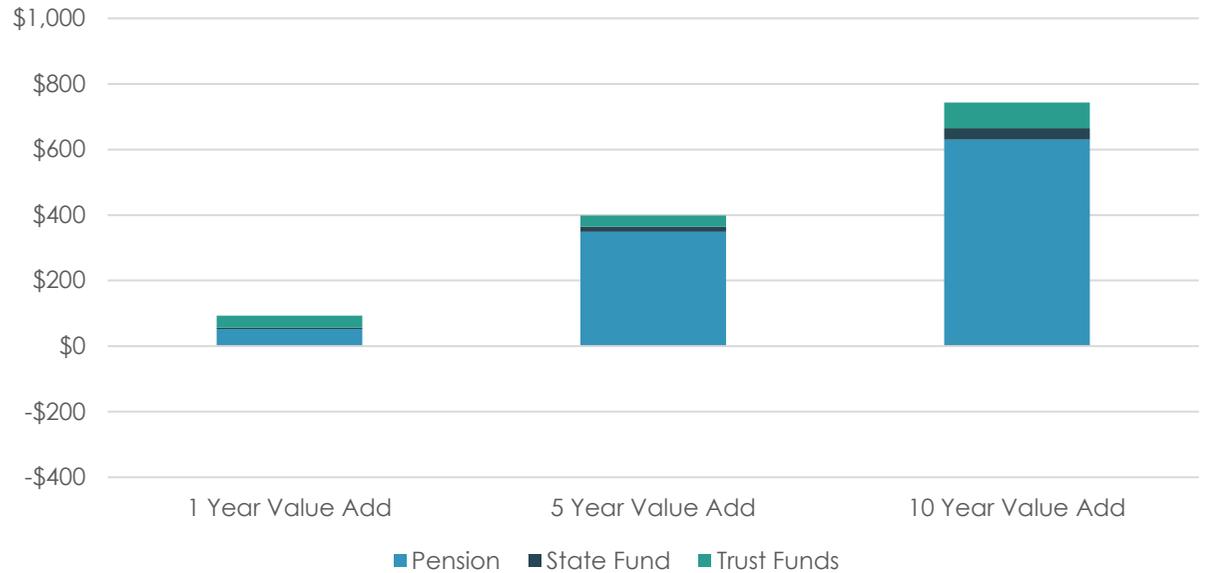
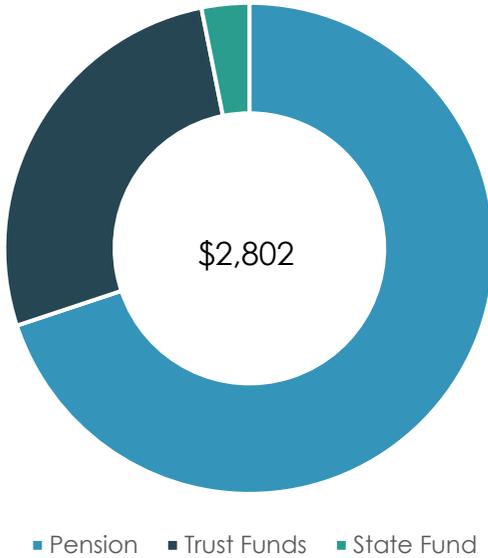
Non-Core Fixed Income Valuation

Bloomberg High Yield Index – Option Adjusted Spread
(December 31, 2005 to December 31, 2025)



- High yield bond spreads ended the quarter roughly unchanged but have tightened by almost 200 bps since their peak in early April.
- As spreads continued to compress, absolute yields continued to drop, ending 4Q25 at 6.5%, their lowest levels since early 2022.

Real Estate Ownership Breakdown



Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	2.82%	3.19%	4.91%	2.59%	5.80%	2.40%
State Fund	4.52%	3.19%	2.90%	2.59%	3.60%	4.13%
Trust Funds	5.20%	3.19%	4.68%	2.59%	4.89%	4.13%

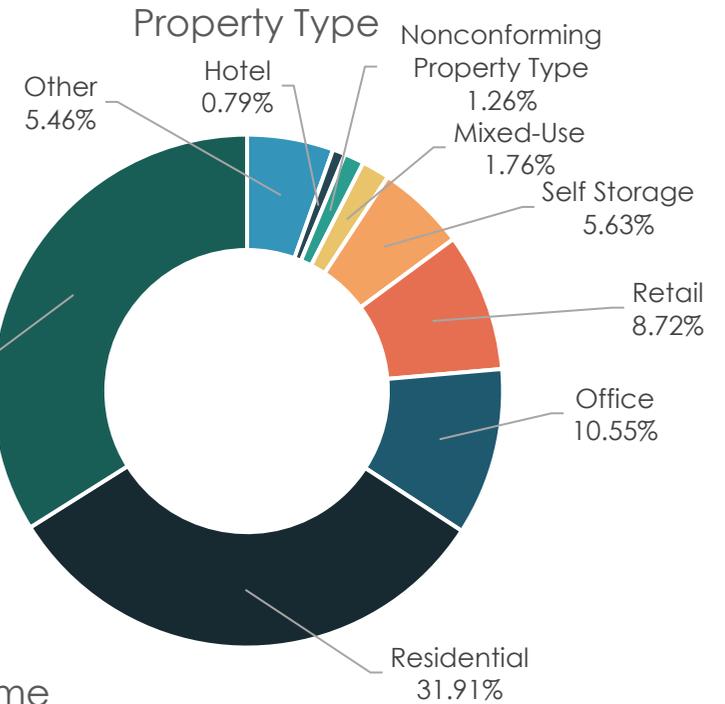
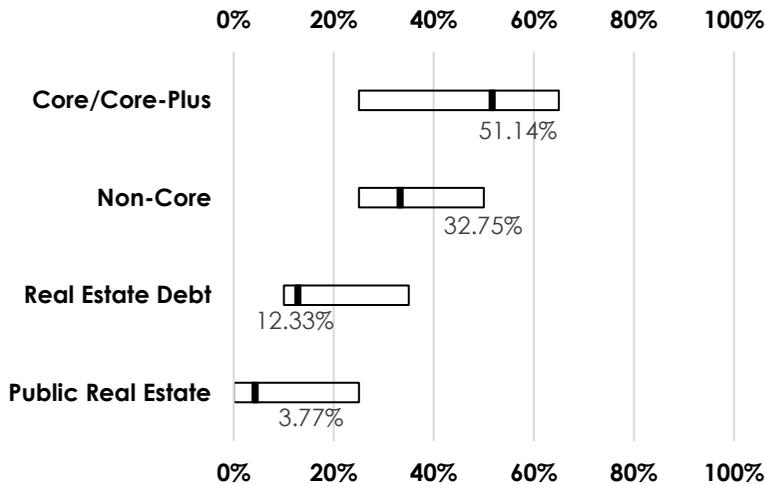
- Market rebound still in its early stages, transaction volumes remain volatile, economic uncertainty still has its grip on buyers and sellers, concerns around employment, costs, interest rates, inflation.
- Flight to quality continues, focus on operational expertise to drive value and net operating income.
- Dearth of development across property types portends optimism for fundamentals going forward.
- Current fundamentals mixed depending on property type and market location.
- Debt capital remains available, banks slowly returning.

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

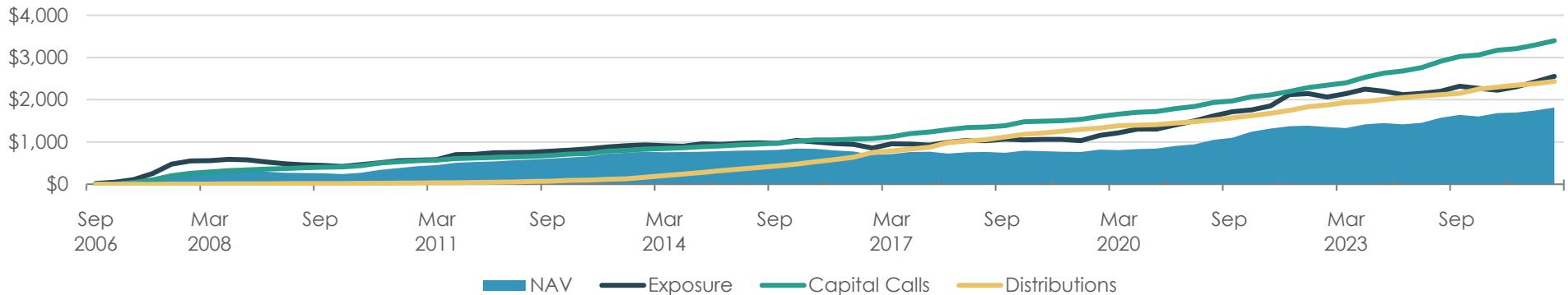
December 31, 2025

Real Estate Characteristics - Pension

Real Estate Asset Allocation



Private Real Estate Over Time
2006-2025



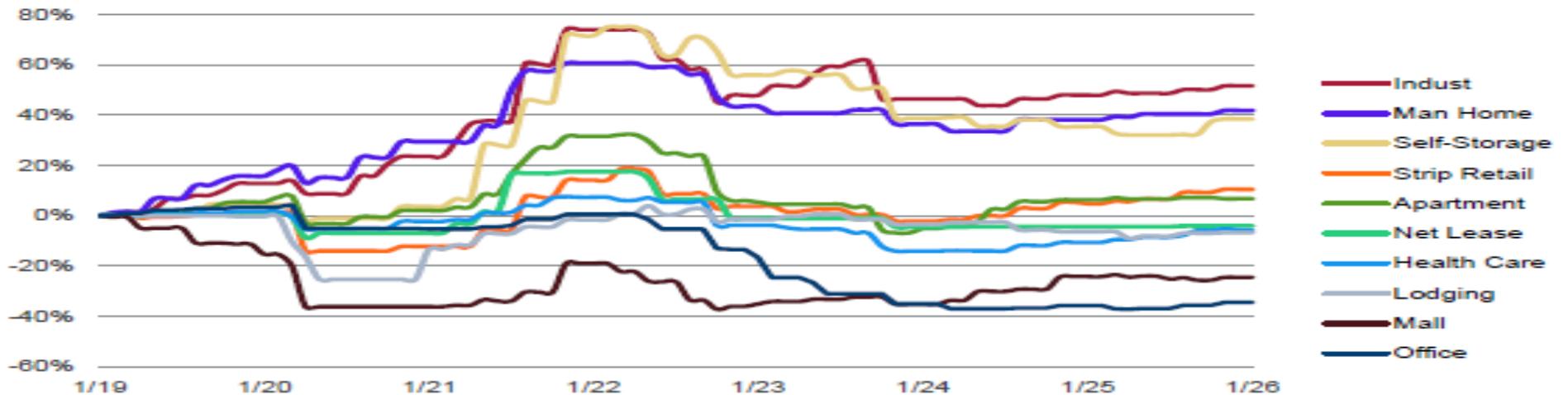
* Dollar values are in \$1,000,000
December 31, 2025

Real Estate Valuation

	Index Value	Change in Commercial Property Values		
		Past Month	Past 12 Mos	From '22 Peak
All Property	130.3	0.0%	2%	-16%
Core Sector	130.6	0.0%	2%	-18%
Apartment	154.0	0.0%	0%	-19%
Industrial	221.3	0.0%	2%	-13%
Mall	91.0	0.0%	0%	-7%
Office	74.0	0.0%	2%	-35%
Strip Retail	122.7	0.0%	5%	-7%
Data Center	115.6	0.0%	5%	-10%
Health Care	132.3	0.0%	5%	-12%
Lodging	101.9	0.0%	0%	-10%
Manufactured Home Park	285.8	0.0%	3%	-12%
Net Lease	94.6	0.0%	0%	-18%
Self-Storage	247.4	0.0%	2%	-21%

¹ Green Street Commercial Property Price Index® - February 5, 2026

Cumulative Change in CPPI®: Past Seven Years



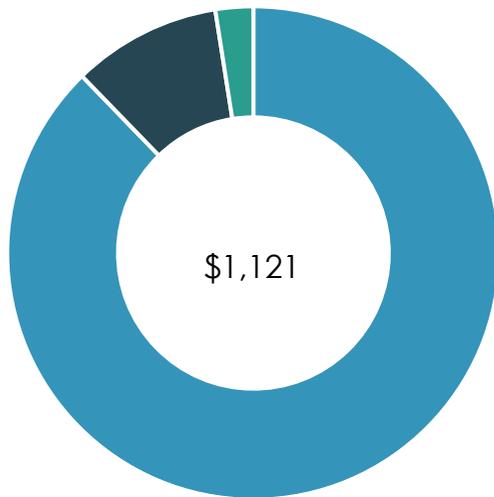
- Values continue to stabilize and recover in light of broad-based economic uncertainty.

Real Estate

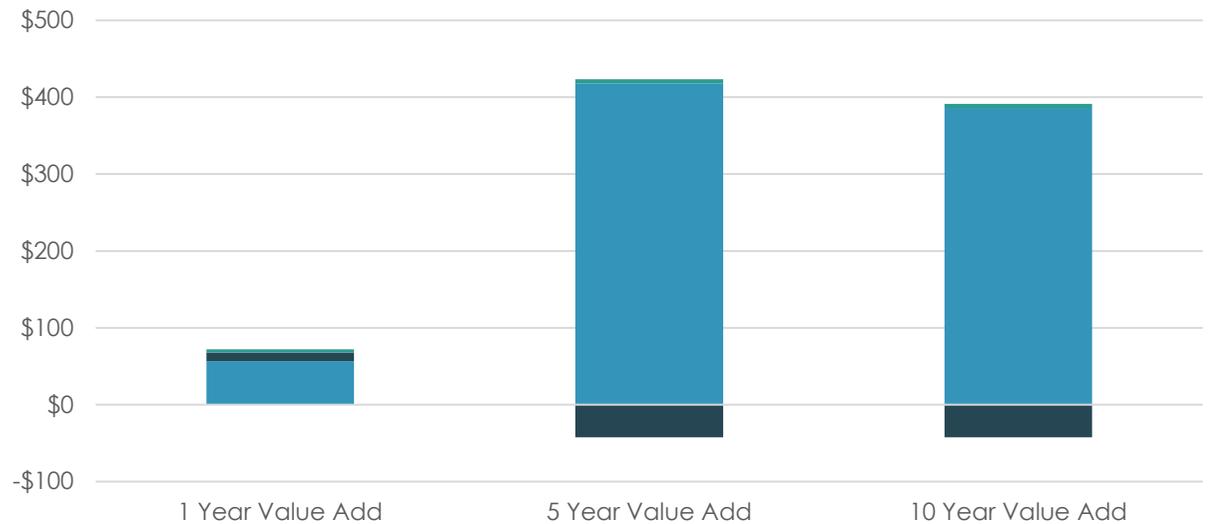
New Commitments

- Sterling United Properties Fund I, LP - \$50M (CAPP), \$50M (TFIP), \$15M (SFIP)
- Sweet Grass-Equus II, LP - \$100M (CAPP), \$50M (TFIP)
- **Walton Street Real Estate Debt Core Fund, LP - \$100M (CAPP), \$100M (TFIP)**

Real Assets Ownership Breakdown



■ Pension ■ Trust Funds ■ State Fund



■ Pension ■ Trust Funds ■ State Fund

Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	6.05%	26.49%	11.82%	9.32%	NA	NA
Trust Funds	10.75%	27.49%	NA	NA	NA	NA
State Fund	17.41%	27.49%	NA	NA	NA	NA

- U.S. oil/gas production at records, oil production stable, oil rig counts down, gas rig counts up.
- Housing construction remained muted in 4Q25 as affordability continues to impact construction.
- Railcar leasing rates outpacing inflation, utilization remains high.
- Strong volume uptick in aggregates in 3Q25, pricing momentum continued, up 6% for the quarter.
- U.S. South and PNW timber markets weakened with subdued construction and geopolitical uncertainty, lumber trending down.

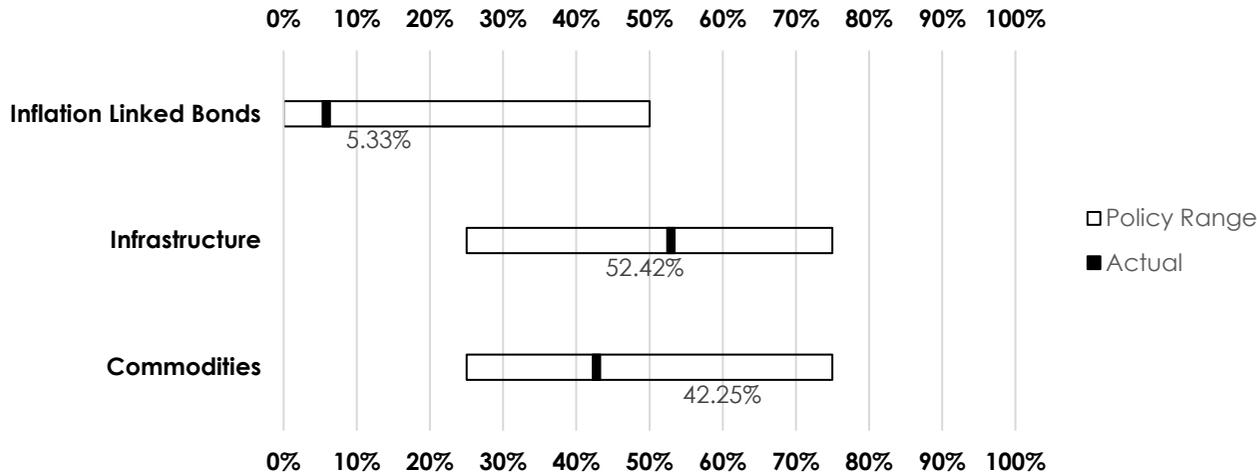
* Dollar values are in \$1,000,000

December 31, 2025

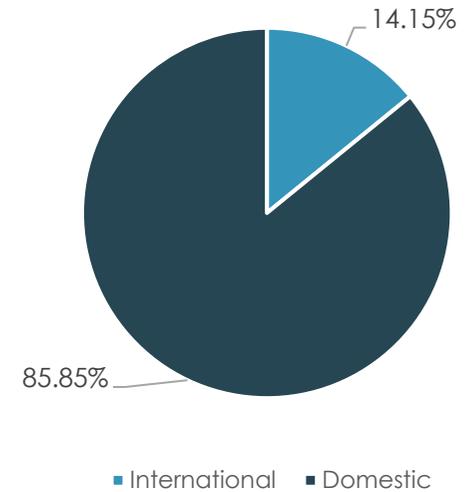
Real Assets

Characteristics - Pension

Real Assets Asset Allocation

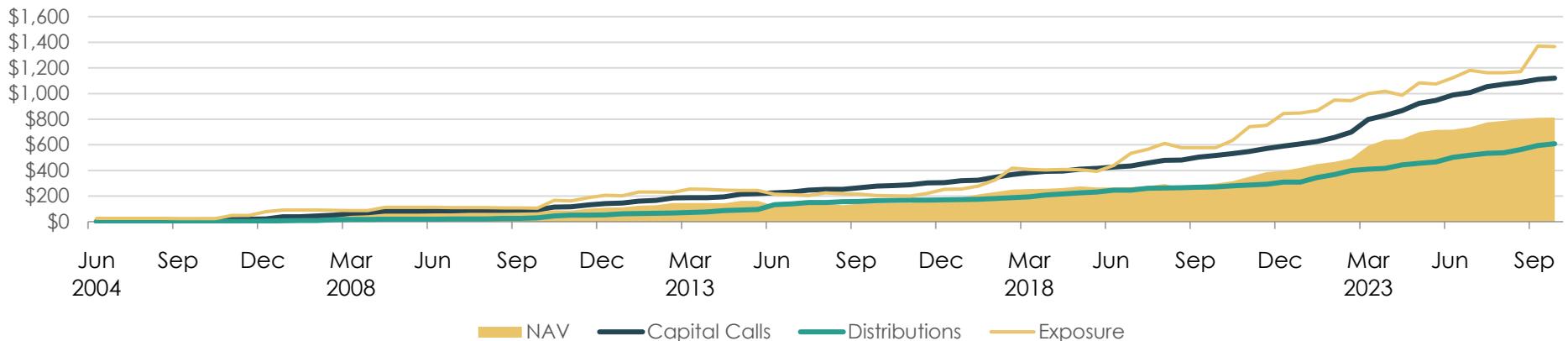


Domestic vs. International



Private Real Assets Over Time

2004-2025

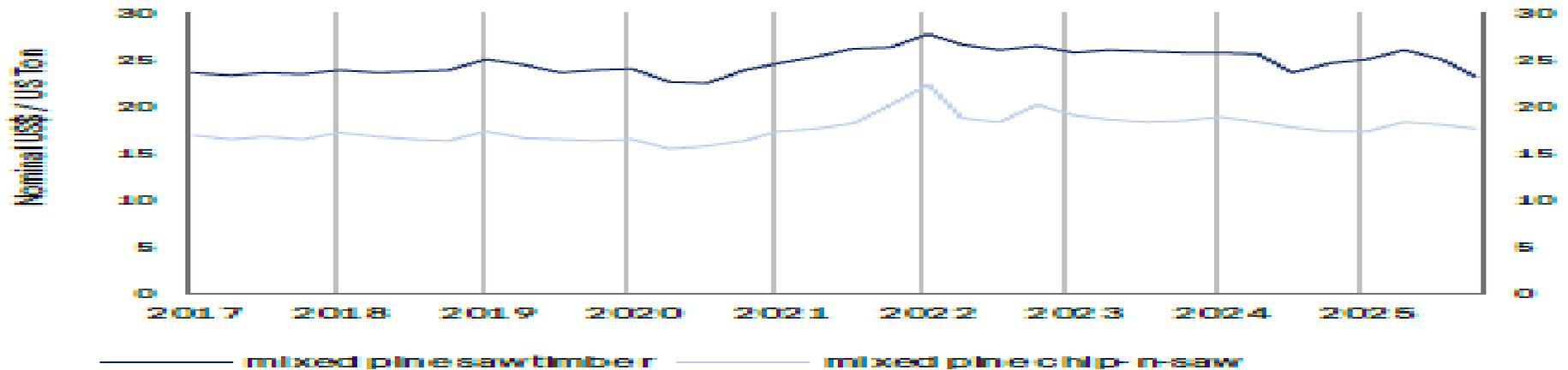


* Dollar values are in \$1,000,000
December 31, 2025

Real Assets Valuation



U.S. South Pine Chip-n-Saw and Sawtimber Prices.



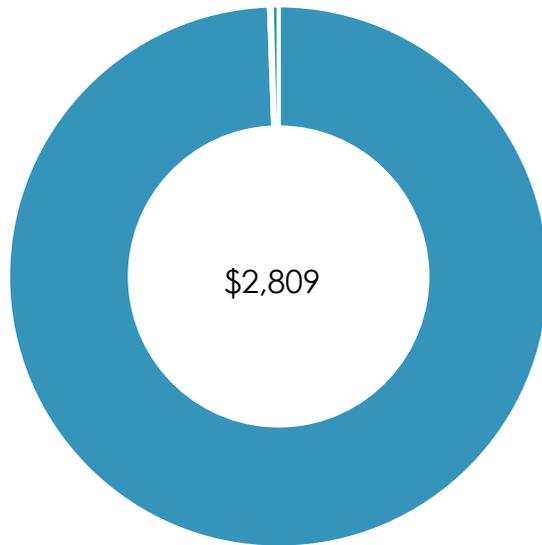
- Geopolitics and oversupply are the key themes for oil's recent range-bound performance. Natural gas is on the upswing with cold in the East and LNG export and data center driven demand.
- While timber prices have been generally stable, 4Q25 saw some softening due to a slump in new home construction, declining exports and supply increases due to favorable weather.

Real Assets

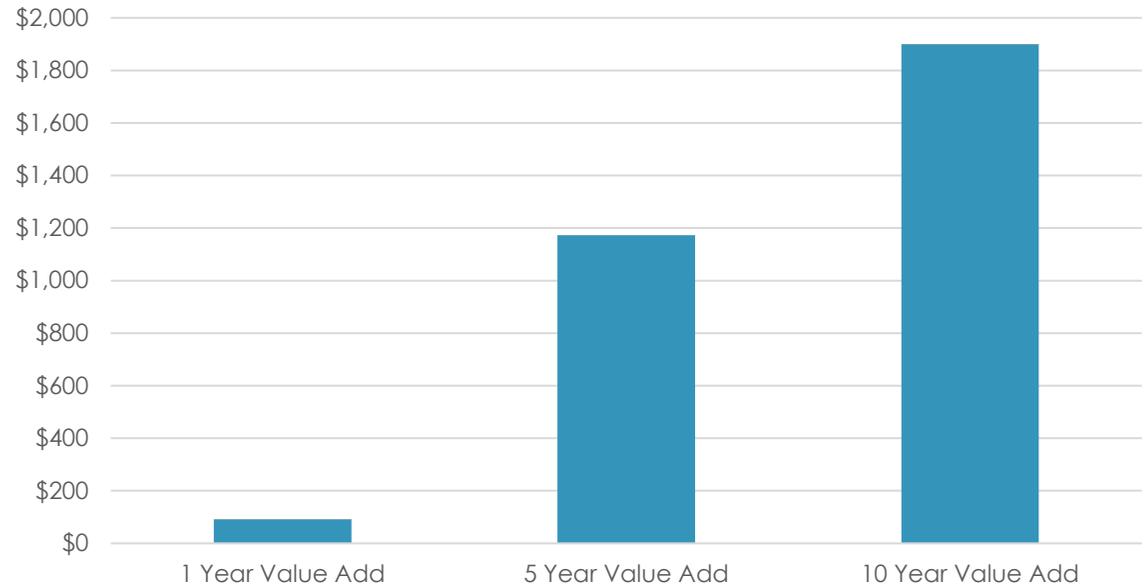
New Commitments FYTD

- CBRE Musselshell Infrastructure Investments, LP - \$100M (CAPP), \$35M (TFIP), 2nd tranche

Private Investments Ownership Breakdown



■ Pension ■ State Fund ■ Trust Funds



■ Pension ■ State Fund ■ Trust Funds

Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	3.35%	11.38%	11.29%	7.93%	11.43%	11.06%
State Fund	NA	NA	NA	NA	NA	NA
Trust Funds	NA	NA	NA	NA	NA	NA

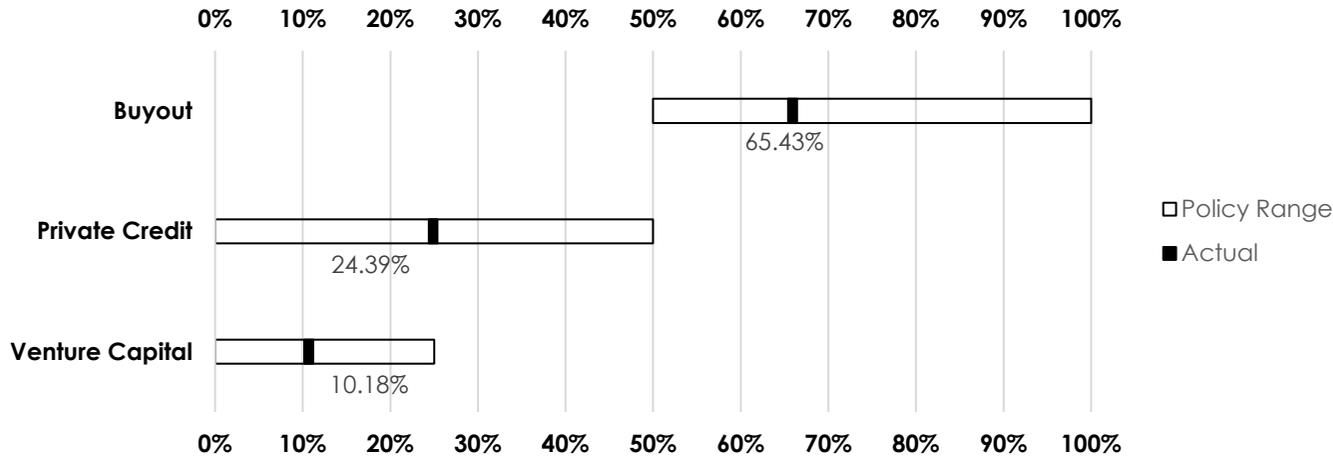
- Private markets returned to a risk-on stance during the third and fourth quarter.
- Higher equity contributions in buyout deals, averaging above 50%, contributed to lower average returns in the asset class.
- Long-term, the portfolio performs well and continues to outperform over 5 and 10 years.

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

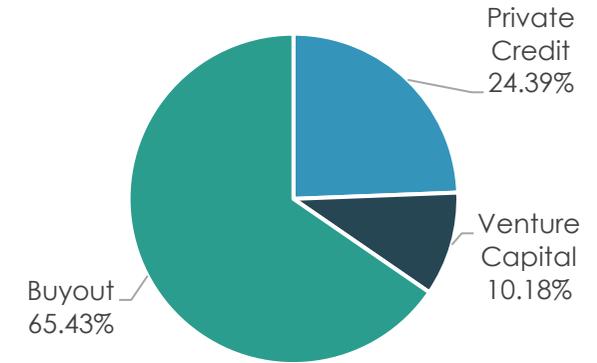
December 31, 2025

Private Investments Characteristics

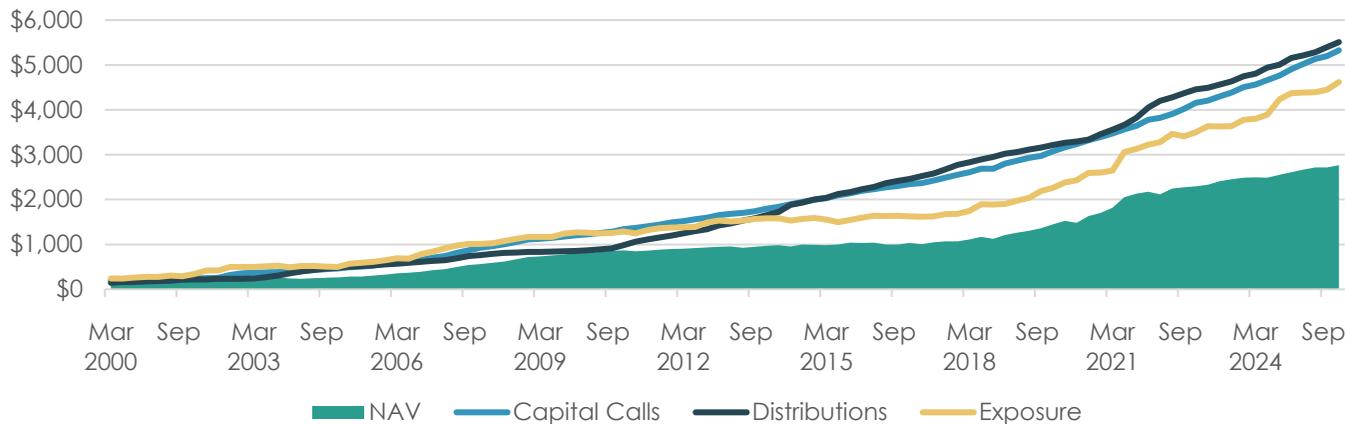
Private Investments Asset Allocation



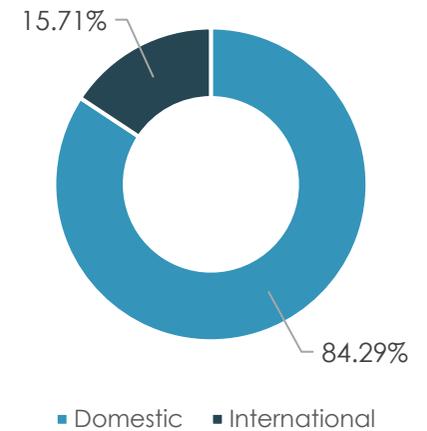
Strategy



Private Investments Over Time 2000 - 2025

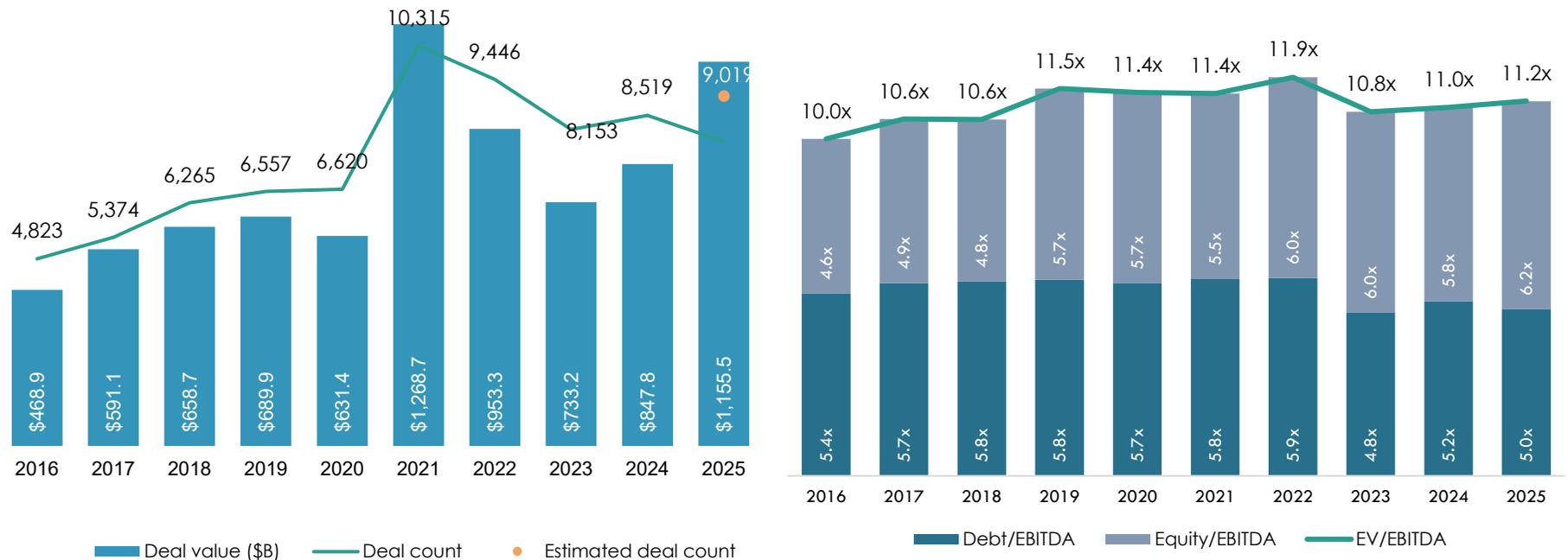


Domestic vs. International



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

Private Investments Valuation



- During the second half of 2025, private markets activity shifted back to “risk-on” and deal volume surpassed the \$1 trillion mark for the second time in the asset class’s history.
- Exit activity appears to have recovered, and in 2025 the PE industry saw the first double-digit YoY growth in exit count since 2021.
- Debt capacity limitations have pressured sponsors to deploy more equity capital to fund their portfolio investments. Leverage (debt/EBITDA), decreased by nearly a full turn (0.9x) to 5x, from the relative peak levels achieved in 2022.

Source: PitchBook. *as of 12/31/2025

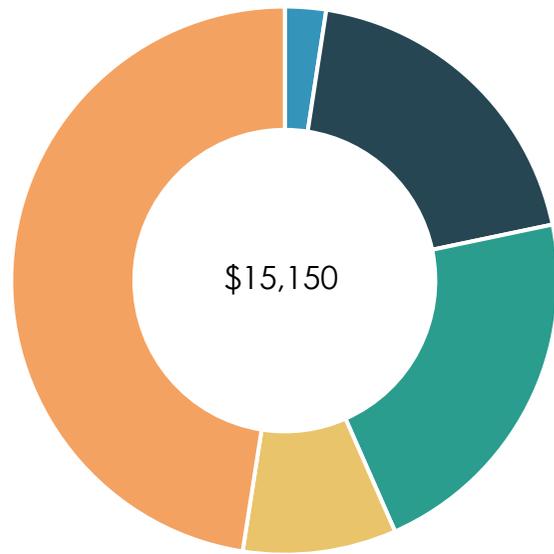
December 31, 2025

Private Investments

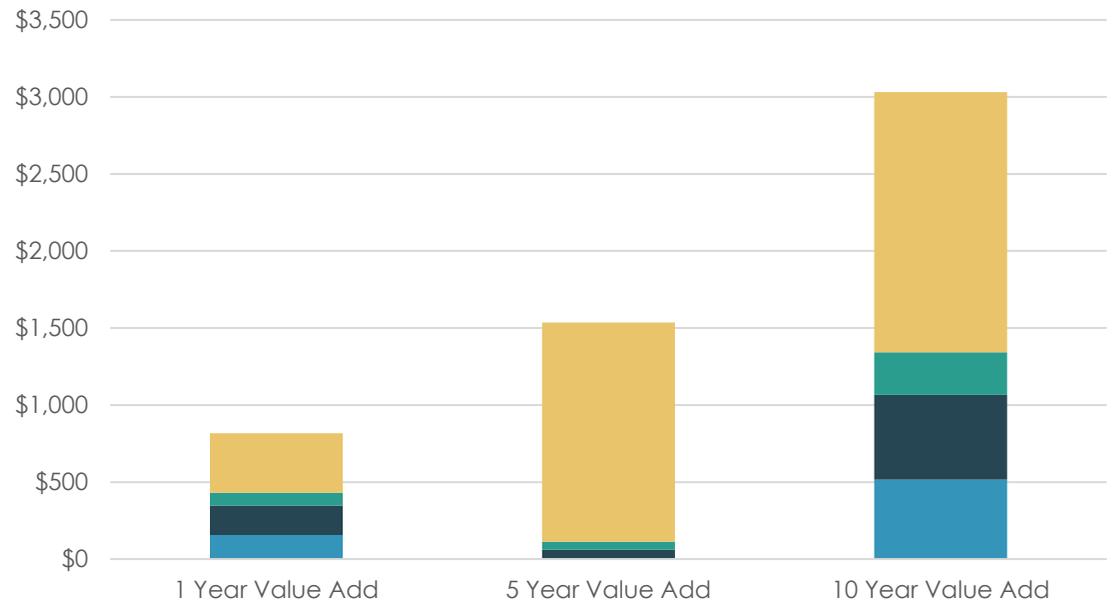
New Commitments FYTD

- Accolade Partners Venture Fund II, LP - \$25M
- Accolade Partners Fund X, LP - \$25M
- Access Capital Emerging Manager Fund I, LP - €50M (~\$58M)
- EQT Healthcare Growth Fund I, LP - \$50M
- Kester Capital Fund IV, LP - £40M (~\$53M)
- FLC Big Horn Investment Fund, LP - \$100M
- CapitalSpring Investment Partners Fund VII, LP - \$50M
- **Highland Rim Capital Fund I, LP - \$50M**
- **GoldenTree Tactical Opportunities Fund, LP - \$50M (additional)**

Core Fixed Income Ownership Breakdown



■ SMA ■ Pension ■ Trust Funds ■ State Fund ■ STIP



■ Pension ■ Trust Funds ■ State Fund ■ STIP

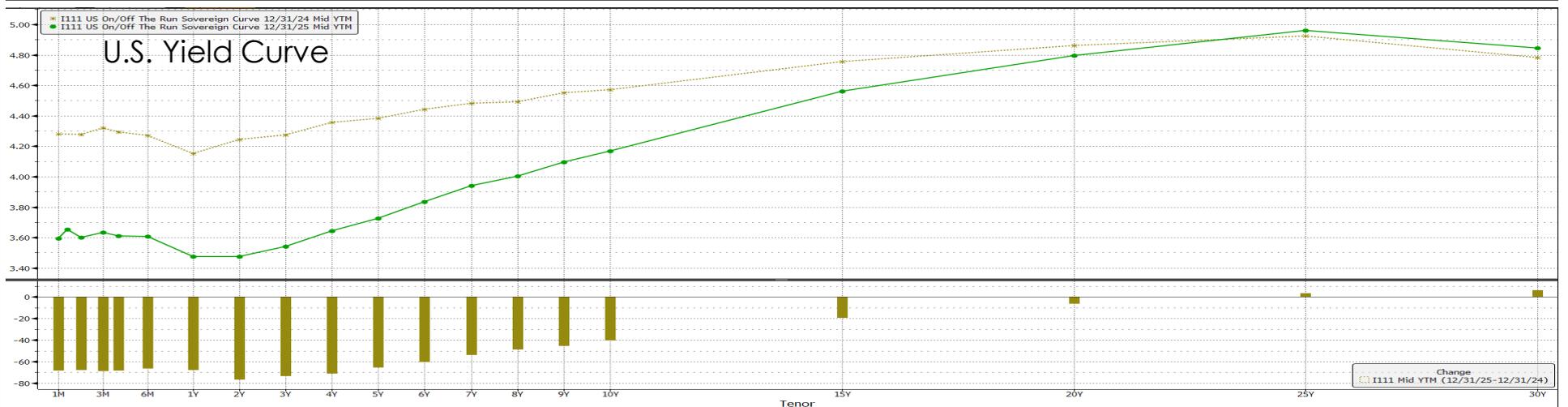
Performance	1 Year	1 Year Benchmark	5 Year	5 Year Benchmark	10 Year	10 Year Benchmark
Pension	7.49%	7.30%	-0.11%	-0.36%	2.06%	1.76%
Trust Funds	7.72%	7.30%	0.08%	-0.36%	2.38%	2.01%
State Fund	7.40%	7.30%	1.01%	0.36%	2.34%	1.93%
STIP	4.46%	4.35%	3.32%	3.34%	2.32%	2.27%

- Yields for maturities shorter than 20 years declined significantly over the past year.
- The market is pricing in one or two Fed Funds rate cuts over the next year.
- Significant uncertainty exists on future rates of inflation and Federal Reserve actions.

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

December 31, 2025

Core Fixed Income Valuation



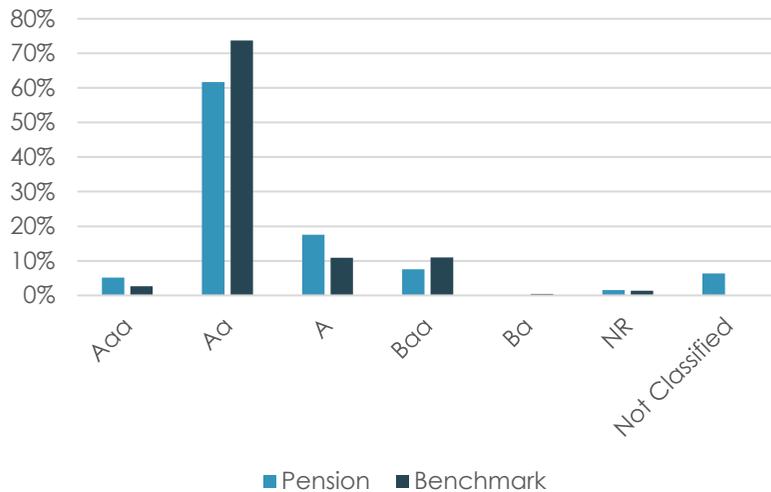
- Risk premiums remain below historical averages.
- The yield curve steepened significantly over the past year.

Core Fixed Income Characteristics - Pension

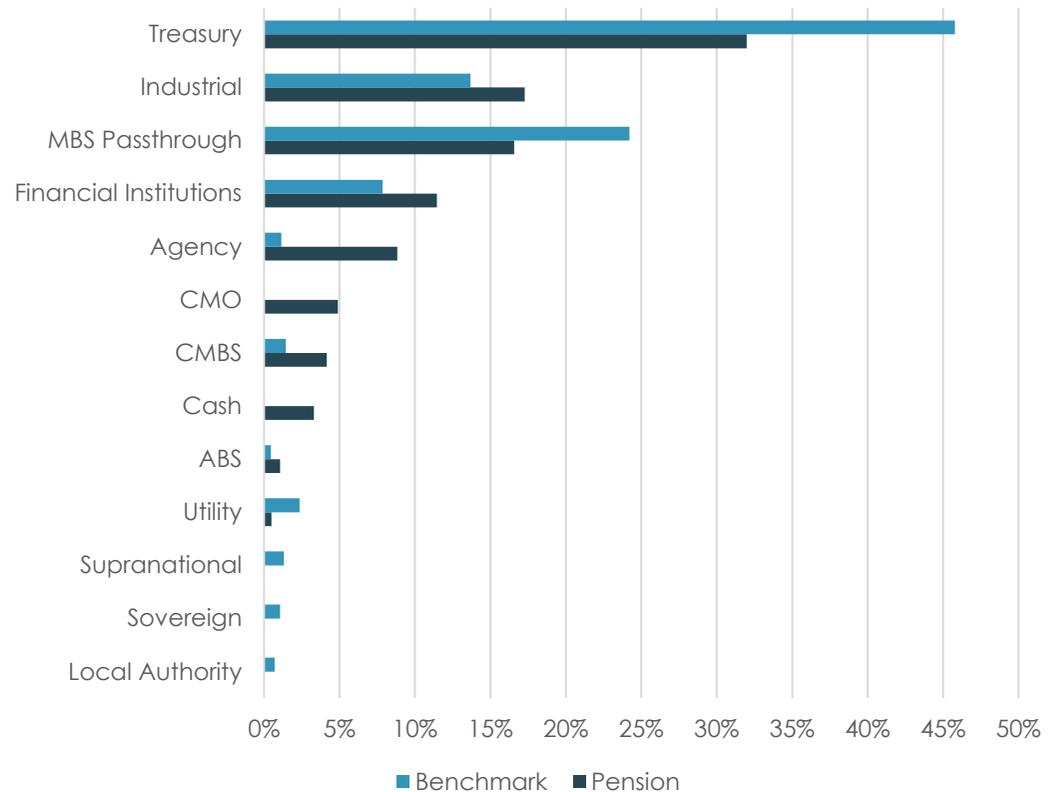
Core Fixed Income

	Portfolio	Index	Difference	% of Index
Duration (Yrs)	6.29	5.92	0.37	106.25%
Yield to Worst	4.45%	4.31%	0.14%	103.25%
CTD from Corporate	1.25	1.62	-0.37	77.16%

Credit Rating



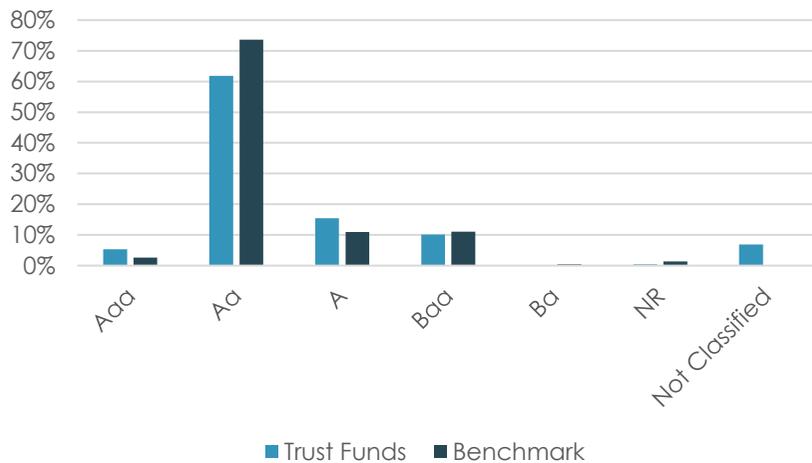
Sector



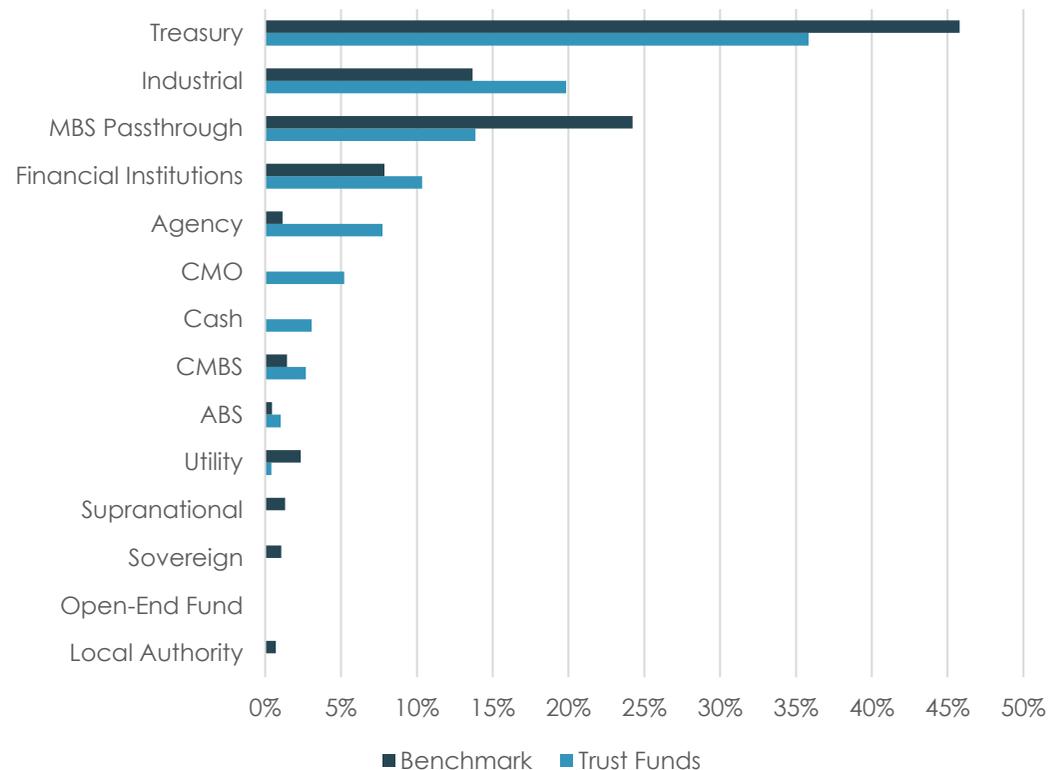
Core Fixed Income Characteristics – Trust Funds

	Trust Funds Investment Pool			
	Portfolio	Index	Difference	% of Index
Duration	6.29	5.92	0.37	106.25%
Yield to Worst	4.42%	4.31%	0.11%	102.55%
CTD from Corporate	1.41	1.62	-0.21	87.04%

Credit Rating



Sector



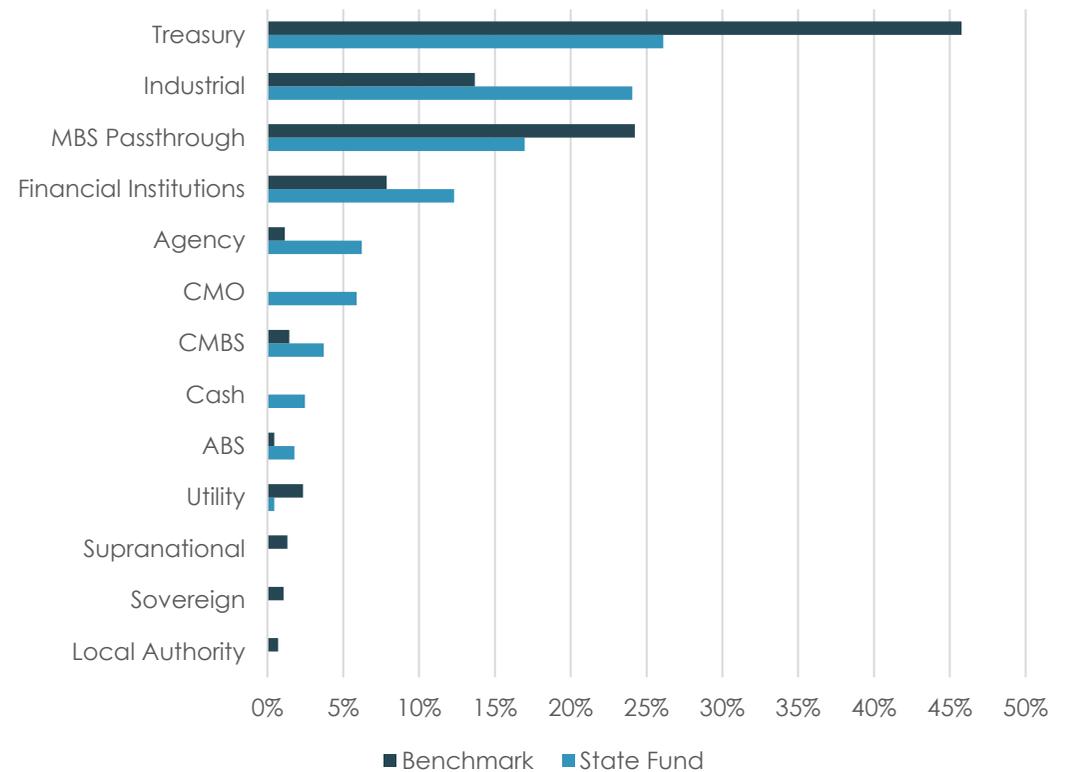
Core Fixed Income Characteristics – State Fund

State Fund Investment Pool				
	Portfolio	Index	Difference	% of Index
Duration	6.07	5.92	0.15	102.53%
Yield to Worst	4.45%	4.31%	0.14%	103.25%
CTD from Corporate	1.5	1.62	-0.12	92.59%

Credit Rating

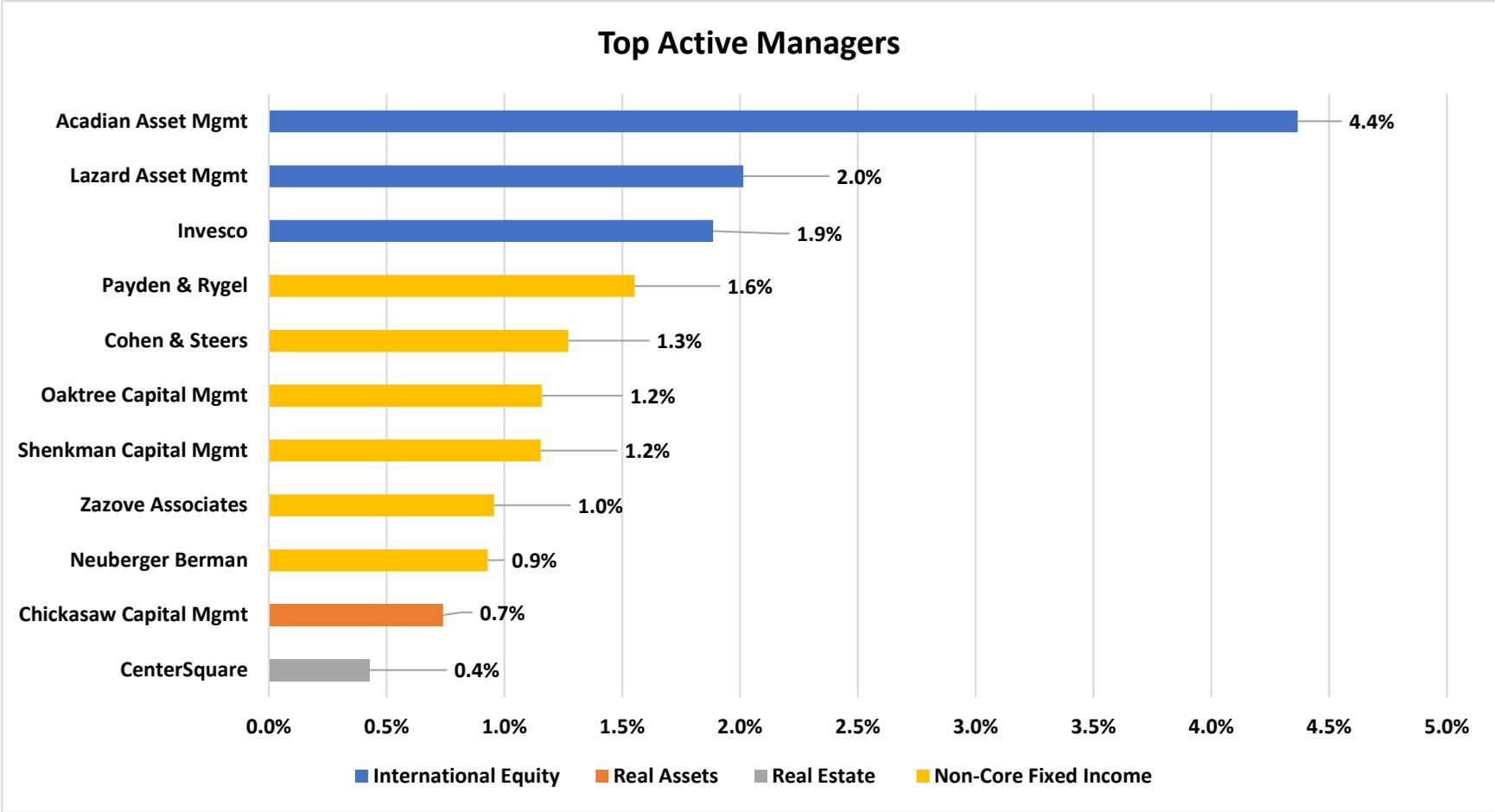


Sector



APPENDIX

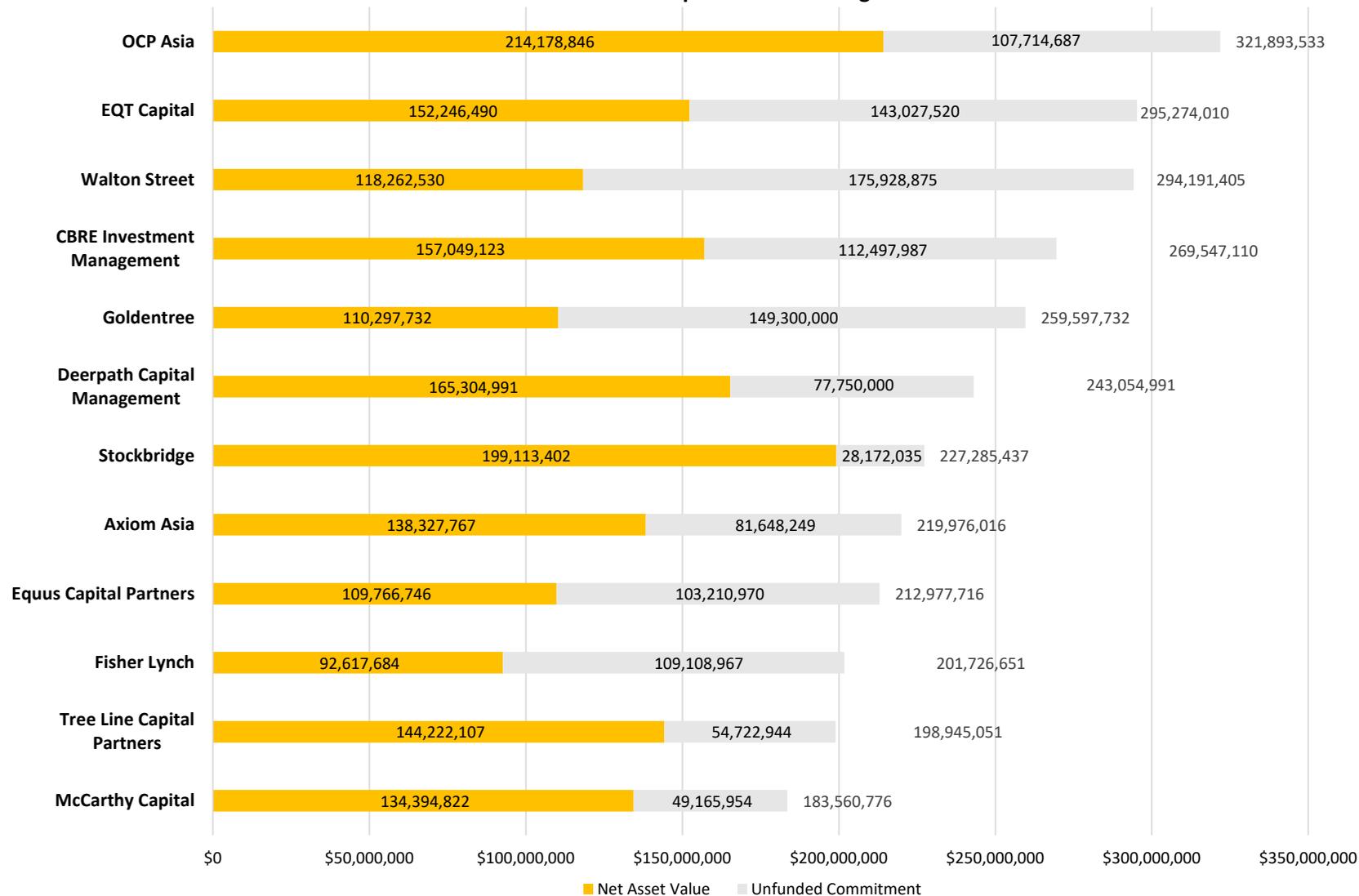
Risk Management Pension Holdings



*Montana Public Retirement Plans shall have no greater than 5% of its Net Asset Value managed by any one external manager using an active investment strategy

Risk Management Pension Holdings

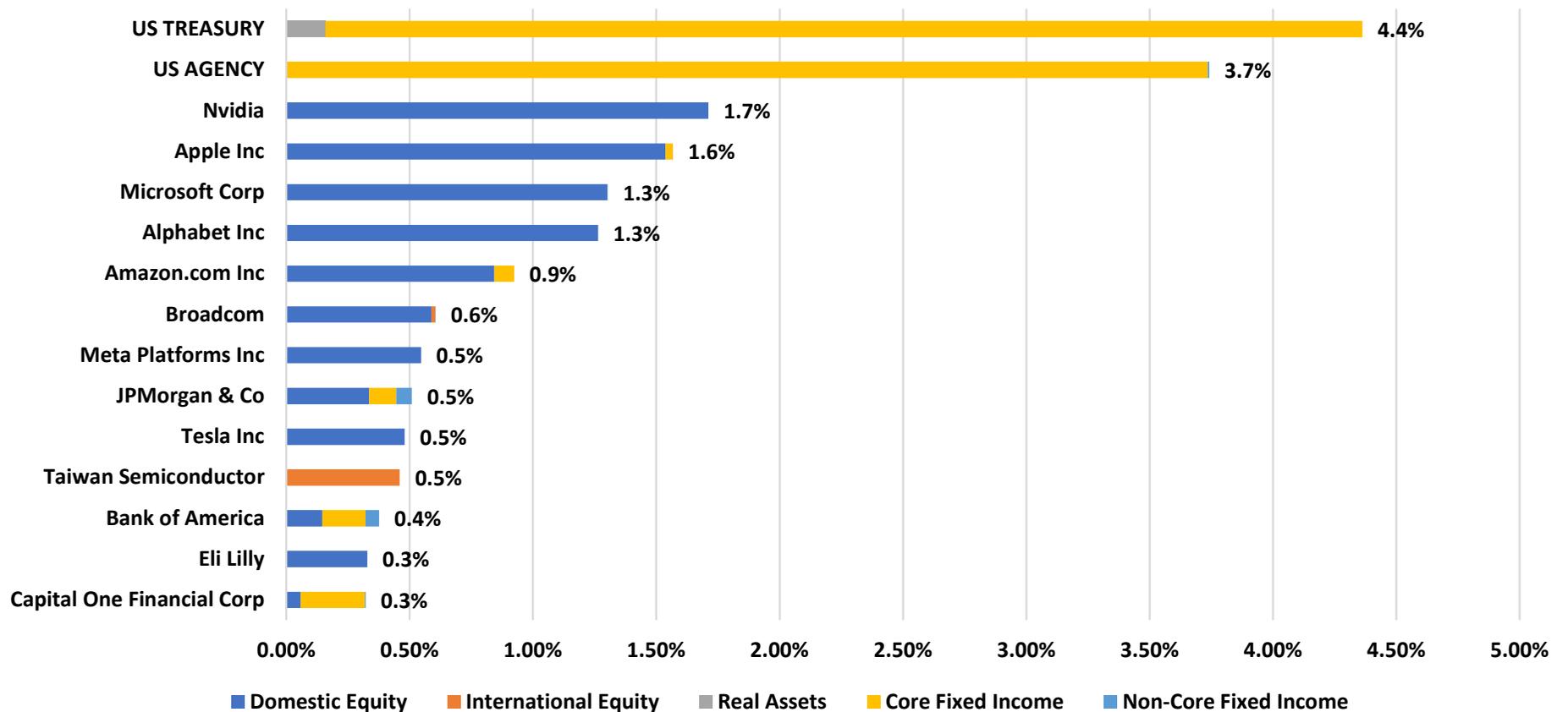
Top 12 Private Managers



Risk Management

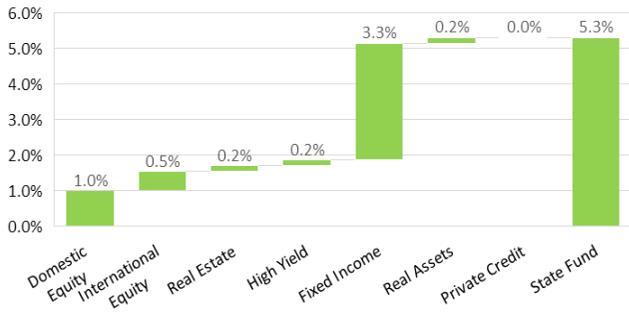
Pension Holdings

Top 15 Issuers



State Fund Performance

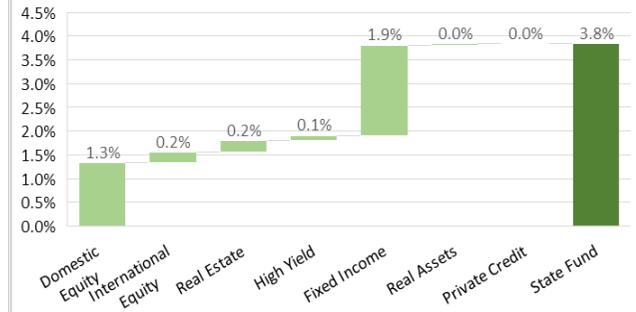
1 Year
Contribution to Total Return



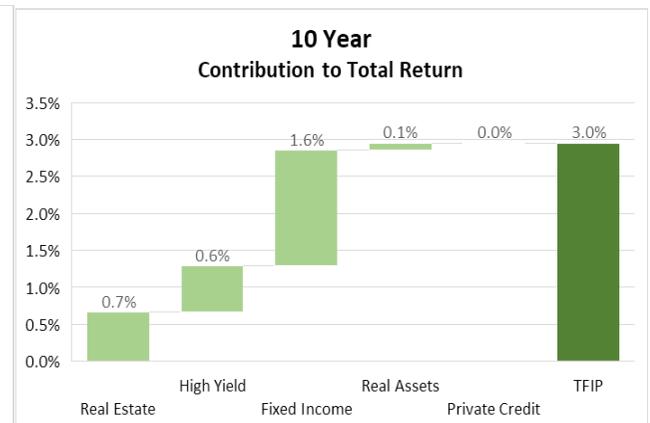
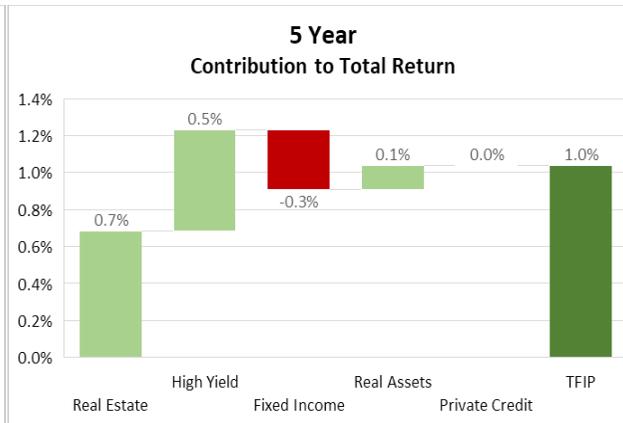
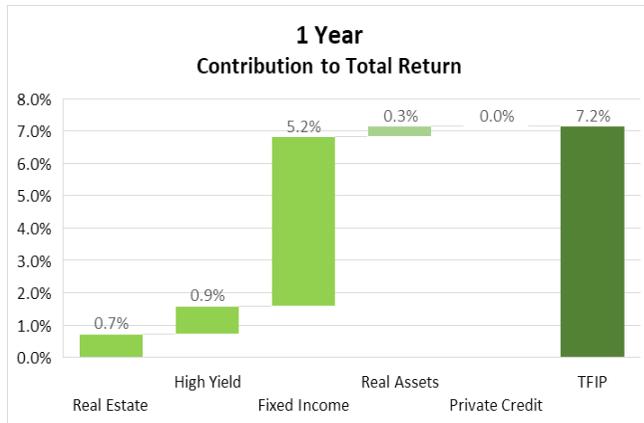
5 Year
Contribution to Total Return



10 Year
Contribution to Total Return



Trust Funds Investment Pool Performance



2026 Board of Investments Calendar

JANUARY

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

FEBRUARY

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28

MARCH

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

APRIL

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

MAY

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

JUNE

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

JULY

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

AUGUST

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

SEPTEMBER

S	M	T	W	T	F	S
	1	2	3	4	5	
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

OCTOBER

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

NOVEMBER

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

DECEMBER

S	M	T	W	T	F	S
	1	2	3	4	5	
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

2027 Board of Investments Calendar

JANUARY

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

FEBRUARY

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28						

MARCH

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

APRIL

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

MAY

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

JUNE

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

JULY

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

AUGUST

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

SEPTEMBER

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

OCTOBER

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

NOVEMBER

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

DECEMBER

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

BOI WORK AND EDUCATION PLAN

2026

Wednesday, February 25, 2026

Education:

Short Term Investment Pool

Reports:

Outreach Efforts for the Board - In-State Loan and INTERCAP Programs

Ethics Policy

Disaster Recovery and Emergency Preparedness

Budget Status FYTD

Quarterly Reports

In-State Loan Reports

INTERCAP Reports

Committee Meetings:

Audit: Financial Audit Reports

Wednesday, April 22, 2026 - REMOTE MEETING

Education:

Domestic Equity Asset Class Review

RVK Annual Capital Market Assumptions

Reports:

Benchmarks Used by the Board

Wednesday, May 20, 2026

Education:

Investment Policy Statement Review

Budget Proposal FY27

Real Estate Asset Class Review

Reports:

MT Buildings (Board as Landlord/Tenant Holdings)

Budget Status FYTD

Quarterly Reports

In-State Loan Reports

INTERCAP Reports

Committee Meetings:

HR: Staffing Level Review

HR: Exempt Staff Compensation Review

Wednesday, August 26, 2026

Education:

Core Fixed Income Asset Class Review

Budget Proposal for FY 28-29

INTERCAP Annual Detail Report

Reports:

Proxy Voting

Budget Status Prior FY

Quarterly Reports

In-State Loan Reports

INTERCAP Reports

Wednesday, October 21, 2026 - REMOTE MEETING

Education:

Municipal and Commercial Loans Review

First Reading - Asset Allocation Range Recommendation

Reports:

CEM, Inc Cost Reporting Analysis

Committee Meetings:

HR: Exempt Staff Performance Review

Audit: SOC I, Type 2 Report

Wednesday, December 16, 2026

Education:

MPERA and TRS Relationship

2027 Legislative Session

Adoption - Asset Allocation Range Approval

Reports:

Budget Status FYTD

Securities Litigation

Policy 217

LPAC

Quarterly Reports

In-State Loan Reports

INTERCAP Reports

Committee Meetings:

Audit: Annual Report and Financial Statements

2027

Tuesday, February 23, 2027

Education:

Board Control Environments

Reports:

Custodial Banking Relationship and Continuity

Ethics Policy and Training

Disaster Recovery and Emergency Preparedness

Budget Status FYTD

Quarterly Reports

In-State Loan Reports

INTERCAP Reports

Committee Meetings:

Audit: Financial Compliance Audit Reports

Wednesday, April 7, 2027 - REMOTE MEETING

Education:

International Equities Asset Class Review

RVK Annual Capital Market Assumptions

Reports:

Benchmarks Used by the Board

Wednesday, June 2, 2027

Education:

Investment Policy Statement Review

Budget Proposal FY28

Real Assets Asset Class Review

Reports:

State Government Customer Relationships

Budget Status FYTD

Quarterly Reports

In-State Loan Reports

INTERCAP Reports

Committee Meetings:

HR: Staffing Level Review

HR: Exempt Staff Performance and Compensation Review

Wednesday, August 25, 2027

Education:

Trust Funds and Separate Accounts Investment Reviews

Non-Core Fixed Income Asset Class Review

INTERCAP Annual Detail Report

Reports:

Budget Status Prior FY

Quarterly Reports

In-State Loan Reports

INTERCAP Reports

Wednesday, October 13, 2027 - REMOTE MEETING

Education:

Private Investments Asset Class Review

First Reading - Asset Allocation Range Recommendation

Reports:

Securities Lending

Committee Meetings:

HR: Exempt Staff Performance Review

Audit: SOC I, Type 2 Report

Wednesday, December 15, 2027

Education:

MPERA and TRS Relationship

Adoption - Asset Allocation Range Approval

Reports:

Budget Status FYTD

Securities Litigation

Policy 217

LPAC

Quarterly Reports

In-State Loan Reports

INTERCAP Reports

Committee Meetings:

Audit: Annual Report and Financial Statements



MONTANA LEGISLATIVE BRANCH

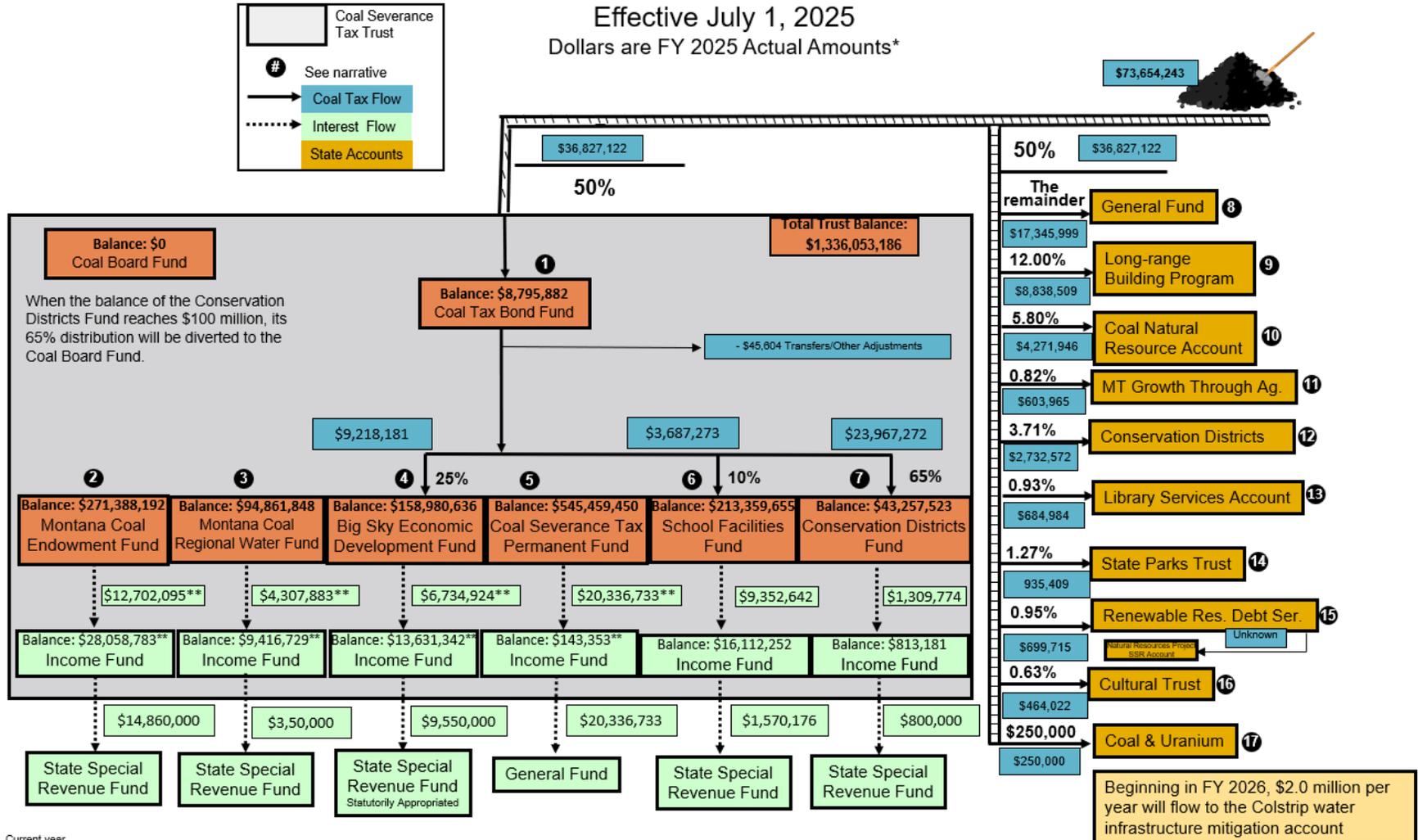
Legislative Fiscal Division

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Director
AMY CARLSON

COAL SEVERANCE TAX TRUST FUND

Effective July 1, 2025
Dollars are FY 2025 Actual Amounts*



BOI TERMINOLOGY

ACTIVE MANAGEMENT (typically with respect to stocks)

Investment method which involves hiring a manager to research securities and actively make investment decisions to buy and sell securities in an effort to outperform an assigned index, rather than purchasing a portfolio of securities that would simply replicate the index holdings (*'passive'* investing).

ACTUARIAL ASSUMED RATE (pension concept)

The investment return rate used by actuaries that enables them to project the investment growth of retirement system assets into the future (typically perpetual).

ACTUARIAL FUNDING STATUS (pension concept)

A measurement made by actuaries to measure a pension system's financial soundness (ratio of actuarial liabilities to the actuarial value of the assets available to pay the liabilities).

ALPHA (investment term)

Return on an investment portfolio in excess of the market return or benchmark return; generally used in the context of *'active'* management (as passive management, by definition, does not seek excess returns, or *'alpha'*).

ALTERNATIVE INVESTMENTS

A wide range of investments, other than traditional assets such as publicly traded stocks and bonds. The most common nontraditional or alternative investments are private equity, real estate, commodities, and hedge funds.

ARBITRAGE (bond program)

A structural or systematic difference between investment types which may allow profiting from the *'difference,'* i.e., arbitrage. The most common context for the use of *'arbitrage'* at the BOI is the federal law that prevents *'arbitrage,'* i.e., the profiting of investing tax-exempt securities (e.g., INTERCAP) into taxable yields investments (such as U.S. Treasuries).

ASSET ALLOCATION AND ASSET ALLOCATION RANGE (general investment principle)

The Board's invested assets are divided or allocated into various asset classes such as stocks and bonds, each with its own characteristics, with the objective of attaining an optimal mix of risk and return. The total expected return of a portfolio is primarily determined by the mix or allocation to its underlying assets classes. Given the importance of *'asset allocation,'* the BOI Board sets the asset allocation *'range'* for each broad investment type or asset class.

ASSET-BACKED SECURITY

Bonds or notes backed by loan paper or accounts receivable originated by banks, credit card companies, or other providers of credit. Not mortgages.

AVERAGE LIFE (fixed income, particularly bonds)

The average time period the debt is expected to be outstanding. This is typically the maturity date for a traditional bond structure; however, it will be shorter for bonds having a sinking fund or amortizing payment structure.

BANKER'S ACCEPTANCE

A short-term credit investment which is created by a non-financial firm and whose payment is guaranteed by a bank. Often used in importing and exporting, and as a discount money market fund investment.

BARCLAY'S AGGREGATE INDEX (fixed income)

A composite of outstanding bond issues, including corporate, structured, and government bonds whose overall investment features such as return and investment type are tracked over many years. This is the most common benchmark used for comparing the performance of a portfolio that invests in U.S. investment grade fixed income securities. Formerly known as the Lehman Aggregate bond index.

BASIS POINTS (investment jargon)

A basis point is 1/100th of a percentage. Ten basis points is one tenth of a percent, typically written as 10 bps.

BENCHMARK (standard investment concept)

The concept of employing a particular independent or market investment return as a measurement to judge an investment portfolio's return; typically chosen investment benchmarks have the following attributes: they are investible, quantifiable, chosen in advance, easily understandable, and have a long history; common examples are the S & P 500 Index and the Barclay's Aggregate Index.

BETA (investment jargon)

A measure of the risk (or volatility) of a security or a portfolio in comparison to the market as a whole. If the stock or portfolio moves identically to that market, its beta value is 1; if its price volatility (or movement) is greater than that market's price volatility, it is said to have beta greater than 1.

CAP, AS IN LARGE 'CAP' (generally for stocks, e.g., public equities)

'Cap' is short for capitalization, as a reference to the market value of a publicly-traded company. The current stock price times the total shares outstanding of the company equals its market capitalization or market 'cap'; often used contextually such as 'large-cap,' 'mid-cap,' and 'small-cap' for different sized public companies.

CERTIFICATE OF DEPOSIT (CD):

A short-or medium-term, interest-bearing deposit obligation offered by banks and savings and loans. These may include "Yankee CDs" which are CDs issued by foreign banks or their U.S. affiliates in the U.S. which are denominated in U.S. dollars

CLAWBACK (private equity)

A clause in the agreement between the general partner and the limited partners of a private equity fund. The clawback gives limited partners the right to reclaim a portion of distributions to a general partner for profitable investments based on significant losses from later investments in a portfolio which ultimately resulted in the general partner receiving more distributions than it was legally entitled to.

COMMERCIAL PAPER

An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory. Maturities typically range from two (2) to two hundred seventy (270) days. Commercial paper is available in a wide range of denominations, can be either discounted or interest-bearing, and usually a limited or nonexistent secondary market. Commercial paper is usually issued by companies with high credit ratings, meaning that the investment is almost always relatively low risk.

CORE (context varies for equity, fixed income, real estate)

In equity and fixed income, 'core' refers to investments that are generally always found in the portfolio and normally expect to hold for a very long time e.g. 'core' holdings of the largest U.S. companies, or U.S. treasuries; in real estate, 'core' generally refers to the best quality of real estate holdings such as prime commercial property in major metropolitan cities that have low leverage and low levels of vacancy.

CORPORATE NOTE

A type of unsecured debt issued by a corporation that may be longer-term than Commercial Paper, but shorter-term than a typical Corporate Bond.

CORRELATION (common statistical concept)

A measure of how two or more investment values or two asset classes move relative to each other during the same time period. A central concept in portfolio construction is to seek investments whose values do not move *together* at the same time, i.e., are uncorrelated. A correlation of 1 means that two or more investments 'move' precisely together.

CREDIT ENHANCEMENT (bond program)

At BOI, the term generally refers to credit support or a bond or loan guarantee. For example, the Board's INTERCAP bonds are 'enhanced' by the BOI's performance guarantee bringing down the yearly interest rate.

CUSTOM BENCHMARK (or sometimes custom index)

A way to measure investment performance using a tailor-made measurement versus a generic industry-standard benchmark. At the BOI, total pension performance is measured against the Board's 'custom index' or 'custom benchmark' which is a weighted blend of all the underlying asset class benchmarks used to measure the asset class returns.

DERIVATIVES (investment jargon)

Investment securities whose performance itself depends (or is 'derived') from another underlying investment return. Examples include stock options, puts/calls, and forward currency contracts whose returns are based on the underlying stock or currency.

DEVELOPED MARKETS (equity)

Countries having a long period of stable industrialization; or are the most economically developed.

DISCOUNT (fixed income, generally)

Used most often with respect to bonds, the price paid that is less than face (or 'par') value. A \$1 million face-value of a bond purchased for less than a million is bought at a 'discount.' Described as the difference between a bond's current market price and its face or redemption value.

DIVERSIFICATION (standard investment concept)

The concept of spreading risk by putting assets in several investment categories, each having different attributes with respect to type, expected return, risk, and correlation, to best protect against the risk of loss.

DURATION (bonds)

Almost exclusively used when discussing fixed income bonds, a measurement of how sensitive a bonds' change in price is to a change in general market interest rates, expressed in years (specifically calculated as a weighted average term to maturity of the bond's cash flows). The greater the duration of a bond, the greater the volatility of price for changes in market interest rates.

EFFICIENCY (usually when discussing various stock markets)

Used to describe markets where it is very difficult to achieve return in excess of that of the overall market from individual stock selection. When information is widely available on a company and its securities are traded regularly the market is considered 'efficient.'

EFT (Exchange Traded Fund) - a type of investment fund that trades on a stock exchange like an individual stock. ETFs represent a basket of individual securities that often track the performance of an index. A majority are passively managed and typically have lower management fees and operating expenses compared to mutual funds. However, actively managed ETFs have been a growing product line for investment managers.

EMERGING MARKETS (most often for public equities)

Certain international securities markets that are typically small, new, have low turnover, and are located in countries where below-average income prevails and is developing in response to the spread of capitalism.

ENHANCED (pertaining to stocks)

Generally linked with 'index' as in enhanced index, an indexed investment management style that has been modified to include the portfolio manager's idea of how to outperform the index by omitting some stocks in the index and overweighting others in a limited manner designed to enhance returns but at minimal risk.

EXCESS RETURNS (standard investment concept)

Returns are 'excess' if they are more than the market or more than the benchmark they are measured against.

EXEMPT STAFF VS. CLASSIFIED STAFF (specific to Montana state government)

"Exempt" refers to the Board's eleven employees who, under state law, do not fall under the state's standard employment rules (the 'classified' staff).

FIDUCIARY (from the Latin verb, *fidere*, to trust)

The concept of trust and watchfulness; a fiduciary is charged with the responsibility of investing the money wisely for the beneficiary's benefit. Board members are the ultimate 'fiduciaries' for the Board's assets and are obligated to be a good agent.

FTE (state government jargon)

An acronym in state government: "full time equivalent" as in full time employee. The concept is a slot or position, not the actual individuals. The BOI is currently authorized for 32 FTE's.

FUND OF FUNDS (private equity)

A concept used in alternative investments referring to using an investment manager to invest in **other** managers or funds, as opposed to making direct investments in funds.

GAAP/GASB (accounting terminology)

GAAP...Generally Accepted Accounting Principles; Montana state law uses GAAP accounting principles unless specifically allowed otherwise. GASB...Government Accounting Standards Board, the board that sets GAAP standards for U.S. governments (FASB...Financial Accounting Standards Board, the entity for commercial and business accounting standards).

GENERAL OBLIGATION (municipal finance term)

Used to describe the promise that a government makes to bond holders, backed by taxing and further borrowing power, it is generally considered the highest level of commitment to bondholders. At the local government level, general obligation bonds typically require a vote of the residents.

GENERAL PARTNER VS. LIMITED PARTNER (private equity)

In private equity, the general partner is responsible for the operations of the partnership and makes the actual underlying investment decisions; the limited partner is the investor, and therefore has limited liability for investment decisions; the BOI is the 'limited' partner in its private equity fund investments (and real estate funds as well).

GROWTH (as to style public equities)

An investment style that more heavily invests in companies whose earnings are expected to grow at an above average rate to the market. A growth stock usually does not pay a dividend, as the company would prefer to reinvest retained earnings in capital projects to grow the company (vs. 'value,' which considers buying established companies they feel are trading at bargain prices to the fundamental analysis of the company's financial statements and internal competitive factors).

INDENTURE (bond and loan programs)

The central document describing the contract between investors and the borrower or user of the proceeds. The Board's INTERCAP program is structured around a bond indenture.

HEDGE FUND (as defined by Investopedia)

An aggressively managed portfolio of investments that uses advanced investment strategies such as *leverage*, long, short and *derivative* positions in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market *benchmark*).

HURDLE RATE (private equity)

a minimum return per annum that must be generated for limited partners of a private equity fund before the general partner can begin receiving a percentage of profits from investments.

INDEX (investment concept)

Typically, a single measure of a broadly-based group of investments that can be used to judge or be compared to the return performance of an individual investment or manager.

INDEXING (investment concept)

Typically refers to investing in a portfolio to match a broad range of investments that are set within a pre-determined grouping, such as the S&P 500, so as to match its performance; such investing is generally labeled 'passive' or indexed investing; or buying shares in an Index Fund.

IN-STATE LOAN PROGRAM (Montana-specific)

Programs that are funded by the state's coal severance tax monies.

INTERNAL SERVICE VS. ENTERPRISE FUND (state accounting concept)

Within Montana state government: a program whose funding is dependent on **mandatory participation** by another state government program is labeled an 'internal' service fund; a program whose funding is dependent on voluntary participation is labeled an enterprise fund. At BOI, the investment program is an internal service fund because participation is not voluntary; the Board's bond and loan programs, because their use is voluntary, are accounted for as an enterprise.

INVESTMENT GRADE (bonds)

Bond ratings from Moody's, Standard and Poor's, and Fitch high enough to be considered secure enough for most investors (bonds rated AAA – BBB). Below investment-grade bonds (below BBB) are generally considered to have a more speculative outlook and carry more risk of default.

IRR (private equity)

A measure of investment performance, short for 'internal rate of return,' expressed as a percentage (the 'internal rate of return' number, or discount rate) that mathematically will equalize the total future cash flows of an investment to the initial cash outflow of the investment, the concept accounts for the time value of money.

LEVERAGE (investment concept)

As an investment concept, a way to increase a return on an investment through a combination of one's own money and by borrowing additional money to enhance such an investment; high 'leverage' is also associated with high risk.

LINK DEPOSIT

The Link Deposit program can provide a financial institution a long-term fixed rate funding source "linked" to a specific loan. The State of Montana provides the financial institution funding in the form of a deposit through the Montana Board of Investments using coal tax funds.

MASTER LIMITED PARTNERSHIP

An investment structure that combines the tax benefits of a limited partnership with the liquidity of a common stock. While an MLP has a partnership structure, it issues shares that trade on an exchange like common stock. MLPs are often broadly associated with energy companies operating in midstream services.

MEAN VARIANCE OPTIMIZATION MODEL ('Modern Portfolio Theory')

A theory that it is possible to construct a portfolio to maximize the return for the least amount of risk or volatility. This theory is based on various asset types and their level of expected return, risk (volatility) and their correlation with each other or how the asset values move with each other. The central idea of the model is to blend investments so that in total, they provide both the best expected return and optimal amount of diversification to minimize deep performance swings (volatility); a central tenant is that long term historical returns are indicative of future returns.

MEZZANINE FINANCE (private equity)

Subordinated debt with an equity 'kicker' or ability to share in the equity value of the company. It is typically lower quality because it is generally subordinated to debt provided by senior lenders such as banks, thus is considered higher risk.

MULTIPLE (as in "multiple" of invested capital, private equity)

The ratio of total cash returned over the life of the investment plus the investment's residual value over the total cash expended in making the investment. A multiple of 2 means, regardless of the total investment time period, that total cash returned was twice the cash invested.

130/30 STRATEGY (public equities)

Also called 'partial long short,' this strategy involves the establishment of a short position in select stocks while taking the proceeds of those shorts and buying additional long positions in stocks. The net effect is an overall market position that is 100% long, but the active decisions on individual stock selections are amplified by this ability to short. If the stock selections are successful, the strategy enables the portfolio to profit more than if a stock had simply not been owned, as with traditional long-only portfolios.

OPPORTUNISTIC (real estate)

In real estate, a euphemism for the most risky real estate investments, typically distressed, raw land, newly developed buildings or other high risk investments in the real estate sector, (versus, 'core,' which are the best quality fully leased commercial properties).

OVERWEIGHT OR UNDERWEIGHT (investment concept)

Generally, the level of holdings of a certain type of investment that is above or below either a benchmark's weight (portion of total investment), or the percentage held of a particular asset class compared to the Board's asset allocation policy weight. Also used to describe an external investment manager's decision to have more (or less) of a particular investment than the percentage or weighting found in the benchmark.

P/E RATIO (equity)

The price of a publicly traded stock divided by its estimated or actual earnings is the price/earnings or P/E ratio. This can also be calculated for a stock index or portfolio of stocks. Over the last 100 years, the S&P 500 has had an overall P/E ratio of about 15, or a total index price of about 15 times the annual earnings of its underlying companies.

PACING STUDY (private equity)

An analysis of the likely timing and amount of the drawdown of committed but yet uninvested monies and the estimated distributions or returns from the funds held in an alternative investment portfolio, generally used to judge the future size of the portfolio and its potential liquidity needs, i.e., cash funding demands.

PAR (fixed income)

The initial principal amount designated by the issuer of the bond, or face value of a bond.

PASSIVE

For investments, generally not materially participating in an investment decision, meaning an investment portfolio whose returns follows that of a broad market index, such as an investable stock index, i.e. the S & P 500.

PASSIVE MANAGEMENT OR PASSIVE INVESTMENT (most often in public equities, but not exclusively)

An investment style where a fund's portfolio mirrors a market index, such as the S&P 500, with limited selection decisions by the manager, resulting in market returns. Passive management is the opposite of active management in which a fund's manager attempts to beat the market with various investment strategies and buy/sell decisions of a portfolio of securities to enhance returns.

PASSIVE WEIGHT (generally equities)

The percentage of a stock held in a particular index portfolio, or percentage of an overall asset class that is held in passive portfolios.

POLICY PORTFOLIO

A fixed-target asset allocation, as opposed to asset allocation ranges, which theoretically allows gauging whether deviations from the target portfolio had a positive or negative impact on overall performance.

PORTABLE ALPHA (public equities)

An investment strategy which involves the active selection of securities while neutralizing overall beta or market risk. This often involves the use of derivative investments such as futures to replicate the market return, either taking a short or long position, while then selecting securities which are expected to add return in an absolute sense or in addition to the market return. As an example, this strategy can be found with certain hedge funds where a market exposure is shorted while individual securities such as specific stocks are purchased that are expected to outperform the general market. The concept of portable applies when the ability to generate positive alpha can be overlaid or ported onto a portfolio. This is not a strategy employed by any of MBOI's existing managers.

PREMIUM (fixed income)

Most often the amount paid over the stated face amount (often called 'par') of a bond, but also used in other contexts, typically paying more (the premium) than a market price (as in a take-over bid for a company).

PRIVATE ANNUAL WAGE

The private annual wage is determined annually by the Montana Department of Labor & Industry using the average annual employment divided by the total wages.

PROXY (publicly traded companies)

An agent legally authorized to act on behalf of another party. Shareholders not attending a company's annual meeting may choose to vote their shares by proxy by allowing someone else to cast votes on their behalf, but the word 'proxy' is used more frequently colloquially as a 'close approximation.'

PRUDENT EXPERT, PRUDENT PERSON (a central fiduciary concept)

These legal terms have long histories of court-determined standards of care, deriving originally under English common law. The BOI is empowered to operate under the 'prudent expert rule,' which states that the Board shall manage a portfolio:

- a) *with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;*
- b) *diversify the holdings of each fund within the unified investment program to minimize the risk of loss and to maximize the rate of return unless, under the circumstances, it is clearly prudent not to do so; and*
- c) *discharge the duties solely in the interest of and for the benefit of the funds forming the unified investment program.*

At an 'expert' level; there is more room for accepting risk under the prudent expert rule than the prudent person rule.

REBALANCING (general investment term)

The process of realigning the weightings of the portfolio of assets. Rebalancing involves periodically buying or selling assets in the portfolio to maintain the original desired level of asset allocation and/or to stay within predetermined asset category range; it is part of a disciplined investment approach within modern portfolio theory.

REPURCHASE AGREEMENT

A contract in which the seller of securities, such as Treasury Bills, agrees to buy them back at a specified time and price. May also be called "Repo" or "Buyback." Typically used as a short-term form of collateralized borrowing by a bank or securities dealer.

RESOLUTION (government term)

Generally, a formal and written action by a governmental (or corporate) body that has long term significance and requiring a vote of the governing body. BOI uses 'resolutions' generally only for its most significant and long term actions and/or policies.

REVERSE REPURCHASE AGREEMENT

A purchase of securities with an agreement to resell them at a higher price at a specific future date. The investor essentially borrows money and allows its securities to be held as collateral. Reverse Repurchase Agreements occur most often in government securities or other securities that are highly valued and thus considered a good form of collateral.

SECURITIES LENDING (general investment)

Investments that are temporally borrowed by other investors for a fee; the BOI allows most of its publicly traded investments to be loaned for additional marginal income.

STANDARD DEVIATION (common statistical concept)

A specific statistic that measures the dispersion of returns from the mean over a specific time period to determine the "historical volatility" of returns for a stock, or portfolio, or asset class; more specifically a single unit (i.e., one standard deviation) of dispersion that accounts for approximately 66% of all data around a mean using a 'normal' (or 'uniform' or 'bell-shaped' curve; as opposed to a skewed or asymmetrical) distribution. The standard deviation is used as a gauge for the amount of expected future volatility.

SABHRS (accounting jargon)

Montana state government's State Accounting, Budgeting and Human Resource System; the State's central information management system. BOI investment and other financial data must tie and be reported on this system, which is the official book of record and includes the state's financial statements.

STYLE DRIFT (often in reference to public equity managers, but applicable to other managers, too)

As the name implies, a divergence from an investor's professed investment bias or style or objective.

TRANCHE

A division or portion of a pool or whole; specifically: an issue of bonds derived from a pooling of like obligations (such as securitized mortgage debt) that is differentiated from other issues especially by maturity or rate of return.

TRACKING ERROR (statistical concept in investments)

A measurement of the standard deviation of a portfolio's return versus the return of the benchmark it was attempting to outperform. The concept is often used when discussing investment managers. For example, some styles are expected to have high 'tracking errors,' (e.g., deep 'value' investors who buy companies that may be dogs for years), versus passive managers, whose stock volatility is expected to be very close to their benchmark. Tracking error can either be intentional or unintentional; it can also be regarded as an accepted deviation or contrary to the management agreement. High *unexpected* tracking error is generally a serious concern to be examined and understood.

UNDERWRITER (bond program)

In investments, the agent who buys investments to be resold to the public; at BOI, the investment firms that buy the Board's bonds to be resold to the public.

UNIFIED INVESTMENT PROGRAM (Montana Constitution)

The Program in the State's constitution requiring a central investment program which the legislature has assigned to the BOI.

VALUE (as to style when discussing public equities)

An investment style that focuses on buying established companies that investors believe are undervalued and trading at bargain prices to the fundamental analysis of the company's financial statements and internal competitive factors.

VENTURE CAPITAL (private equity)

A higher-risk/high-return type of investing in startup firms and small businesses with perceived long-term growth potential. Sometimes these are already existing business ventures with limited operating history that need additional management expertise and access to capital. (For start-ups, 'seed capital,' or 'angel investor' are terms differentiating this even higher risk type of investment.)

VOLATILITY (investment jargon)

A statistical measure of the dispersion of returns for a given security or market index. Volatility is typically measured by using the standard deviation of returns from the security or market index. Commonly, the higher the volatility, the riskier the security.

YIELD (general investment, but most often within fixed income)

The amount returned to the investor above the original investment generally expressed as a percentage. Yield can be thought of as the expected return from the combination of interest and price accrual or amortization to maturity (in the case of a bond trading at a discount or premium to par).

YIELD CURVE (fixed income)

A line that plots the prevailing interest rates at a given time for bonds ranging in maturity from as short as three months out to 30 years. When plotted across these various maturities (typically 2, 5, 7, 10 and 30 years), the resultant line is shaped like a curve with generally low interest rates (the yield) for shorter maturities and gradually higher interest rates for longer maturities, because generally investors demand higher interest rates for longer term investments. The yield curve for U.S. Treasury debt is the most common when referring to the prevailing level of interest rates.

MONTANA BOARD OF INVESTMENTS ACRONYM INDEX

ACH.....	Automated Clearing House
ADV.....	Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisor
AUM.....	Assets Under Management
ADR.....	American Depository Receipts
AOF.....	All Other Funds
ARC.....	Actuarially Required Contribution
BOI.....	Board of Investments
CAPP.....	Consolidated Asset Pension Pool
CFA.....	Chartered Financial Analyst
EM.....	Emerging Market
FOIA.....	Freedom of Information Act
FWP.....	Fish Wildlife and Parks
FX.....	Foreign Exchange
IPS.....	Investment Policy Statement
IRP.....	Intermediary Relending Program
LDI.....	Liability-Driven Investing
MBOH.....	Montana Board of Housing
MBOI.....	Montana Board of Investments
MDEP.....	Montana Domestic Equity Pool
MLP.....	Master Limited Partnership
MFFA.....	Montana Facility Finance Authority
MPEP.....	Montana Private Equity Pool
MPT.....	Modern Portfolio Theory
MSTA.....	Montana Science and Technology Alliance
MTIP.....	Montana International Pool

MTRP Montana Real Estate Pool

MTSBA Montana School Boards Association

MVO Mean-Variance Optimization

NAV Net Asset Value

PERS Public Employees' Retirement System

PFL Partnership Focus List

QZAB Qualified Zone Academy Bonds

QSCB Qualified School Construction Bonds

RFBP Retirement Funds Bond Pool

RFP Request for Proposal

SABHRS Statewide Accounting Budgeting and Human Resource System

SLQT Securities Lending Quality Trust

SOC1 Service Organization Controls 1 (Audit)

SSBCI State Small Business Credit Initiative

STIP Short Term Investment Pool

TFBP Trust Funds Bond Pool

TFIP Trust Funds Investment Pool

TIF Tax Increment Financing

TIFD Tax Increment Financing District

TRS Teachers' Retirement System

TUCS Trust Universe Comparison Service

UIP Unified Investment Program

VIX Volatility Index

ASSET CLASS ACRONYMS

DEPAC	Domestic Equity Pension Asset Class
IEPAC	International Equity Pension Asset Class
PEPAC	Private Equity Pension Asset Class
NRPAC	National Resources Pension Asset Class
REPAC	Real Estate Pension Asset Class
TIPAC	TIPS Pension Asset Class
BFPAC.....	Broad Fixed Income Pension Asset Class
USPAC	UST/AGY Pension Asset Class
IGPAC	Investment Grade Corp Pension Asset Class
MBPAC.....	MBS Pension Asset Class
HYPAC	High Yield Pension Asset Class
DSPAC	Diversified Strategies Pension Asset Class
CPAC.....	Cash Pension Asset Class

Montana Operation Manual

MOM-SFSD-POL-SAB-316-Expense Account Categories

Operating Expenses

Includes the costs of consumable commodities or services relating to the operating needs of the various functions of state government. It does not include the purchase of assets intended for long-continued use or possession.

A. Other Services (62100–62199)

Includes both professional and nonprofessional services such as audit fees, printing, insurance, and all other services that are not specifically required to be classified under another category. The services received may involve the receipt of either a product or a process. Includes all the service provider's costs incurred during the performance of the service if those costs are passed on to the State, such as travel expenses and supplies and materials. The services charged to this category may be performed by another state agency, another department/division within the receiving agency, or by the private sector.

B. Supplies and Materials (62200–62299)

Includes consumable commodities purchased for inventory or immediate consumption. Includes articles and commodities that are consumed or materially altered when used. The principal types of supplies include operating supplies, office supplies, and small tools.

C. Communications (62300–62399)

Includes the cost of communication, such as charges for telephone, facsimile, radio services, and advertisements. Postage, rental of post office boxes, messenger services, telephone installation, and the cost of outgoing freight charges are also included. Incoming freight charges are to be charged to the expense category to which the applicable goods are charged.

D. Travel (62400–62499)

Includes the cost of transportation (for state employees and appointed members of state boards, commissions, and councils) on public conveyances, such as airplanes, railroads, buses, and taxicabs. It also includes meals, lodging, per diem, and mileage allowances when privately owned vehicles are used for transportation or charges paid to the State Motor Pool. This category also includes non-employee travel not associated with the 621XX–Other services expense account category.

The cost of operating state-owned vehicles or the repair and maintenance of transportation vehicles are not included in this category (see expense account category 627XX–Repair & maintenance). It does not include vehicle and related expenses involved in routine patrol activities.

In order to comply with MCA 15-65-131, all in-state travel paid by the State, including reimbursements to contractors, should be coded to an In-State Lodging account (62408, 62428, 62438, and 62497). This will identify the expenditures as eligible for partial tax reimbursement, to be distributed by the Department of Revenue. State agencies are required to pay all taxes associated with lodging regardless of the source of an agency's funding. If lodging expenses are paid, and tax has not been assessed, such expenditures should be coded to an account other than an In-State Lodging account.

E. Rent (62500–62599)

Charges paid for the use of equipment, land, or buildings.

F. Utilities (62600–62699)

Charges paid for utility services such as the following:

1. Electric power, including standby services
2. Gases or fuels for heating, lighting, cooking, or laboratory use
3. Water or water services
4. Remove and/or treat sewage
5. Remove and/or dispose of garbage or trash

G. Repair & maintenance (62700–62799)

Includes all labor, materials and overhead, of maintaining state property, facilities, or equipment in working order (including the cost of repair and maintenance contracts). If an agency maintains its own repair and maintenance work force, labor charges will be classified under 61xxx - Personal services. The costs of any activity that results in substantial improvement or increase in the life of a capital asset should not be recorded in this category. These costs are properly treated as capital outlay.

H. Other expenses (62800–62899)

Includes expenditures not more specifically classified in other categories, including such items as the following:

1. Dues for membership in state, county and other organizations that State officials and employees are required to join;
2. Subscriptions to newspapers, magazines, and other periodicals, including continuous tax, rate, legal and other technical service subscriptions;
3. Taxes, assessments, etc. including filing fees, etc. on state-used or owned properties;
4. Registration fees for training conferences; and
5. Interest excluding debt services, interest on long-term debt should be recorded in 69XXX-Debt services.



In Person: 2401 Colonial Drive, 3rd Floor, Helena, MT

9:00 am – 9:30 am	Review of Agenda <i>Welcome & RVK Overview</i>
9:30 am – 10:30 am	RVK/Board Relationship <i>Defining a Fiduciary</i> <i>Prudent Investor Rule</i> <i>Tenets of Delegation</i> <i>Fiduciary Liability and Risk</i>
10:30 am – 10:45 am	<i>Break</i>
10:45 am – 11:30 am	Public Fund Trends – RVK Public Fund Report
11:30 am – 12:00 pm	BOI Best Practices
12:00 pm – 1:00 pm	Lunch
1:00 pm – 1:30 pm	Asset Class Trends
1:30 pm – 2:30pm	Understanding Investment Performance Reports
2:30 pm – 2:45 pm	<i>Break</i>
2:45 pm – 3:45 pm	Risk Discussion
3:45 pm – 4:30 pm	Open Agenda
4:30 pm	Conclude

RVK

Board Education Meeting

Montana Board of Investments

February 2026

Discussion Items

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Understanding Investment Performance Reports	26
<i>Key Concepts, Metrics & Reports</i>	
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<i>Additional RVK Public Fund Survey Data</i>	
<i>Risk Tradeoffs</i>	

RVK Overview

RVK by the Numbers



Year
founded
1985



Total
Employees
133



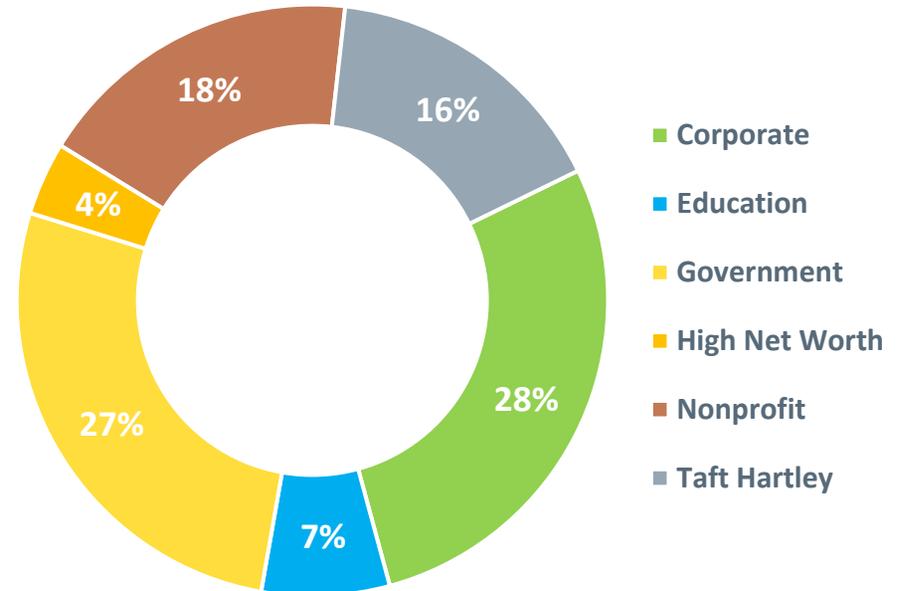
Advanced degrees &
certifications
66



Assets under
advisement
\$4.3T

Accounts by Client Type

(by count)



100% - Revenue Derived from Client Fees
100% - Employee Ownership
100% - Non-Discretionary Investment Consulting

RVK Offices

- Portland, OR
- Boise, ID
- Chicago, IL
- New York, NY

*Client data as of 6/30/25; employee data as of 10/30/25.

RVK Value Proposition

Why RVK?

1

Investment Consulting is our Only Business

We have a single business line and focus—non-discretionary investment consulting. Our firm is dedicated to serving clients in this capacity; we have no competing lines of business or parent company. We invest heavily in our firm, investment consulting resources, and expertise.

2

Direct Access to RVK's Subject Matter Experts

Our consulting model **provides direct access to, and engagement with, our subject matter experts** on issues covering asset class mandates and managers, asset allocation, capital markets assumptions, fund operations, transition management, and more.

3

Organizational Stability and Focus

In our 40-year history, **we have never experienced a merger or acquisition**. We intend to remain 100% employee-owned and privately held with no affiliates or parent company, resulting in continued organizational stability for our clients.

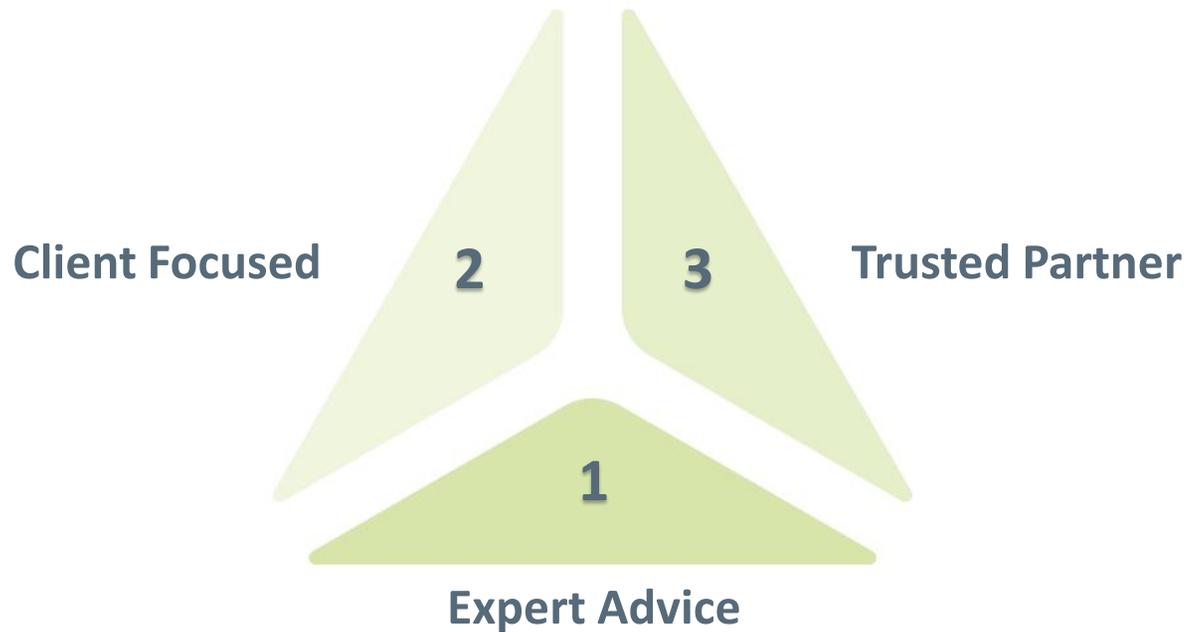
4

Expert, Objective Advice

RVK's sole source of revenue is derived from clients for non-discretionary investment consulting. We have no proprietary asset management products nor soft dollar arrangements. We receive no commissions, fees, or rebates from managers, OCIO providers, or other operational vendors, enabling us to provide unbiased investment advice.



RVK Cornerstones



1

We are a deep team of experienced and dedicated investment professionals who have been providing consulting and fiduciary services to institutional asset owners for 40 years.

2

We are committed to providing an exceptional client service experience, often serving as a highly collaborative and integrated component of a client's organization. Our independence, employee ownership, and independent business model enables us to focus on our clients' needs.

3

We pride ourselves on our reputation of maintaining high ethical standards in working with clients, investment managers, and employees of the firm. All revenue is derived from direct compensation from clients; we have no competing business practices or arrangements.

RVK/Board Relationship

MBOI/RVK Relationship and Resources

- RVK is a non-discretionary investment consulting firm retained by MBOI.
- We work with the staff to support MBOI and have researched and provided investment consulting services to public funds for 40 years.

MONTANA BOARD OF INVESTMENTS

RVK CORE SERVICE TEAM

Becky Gratsinger, CFA – Senior Consultant & CEO Emeritus
Jim Voytko – Senior Consultant & President Emeritus
Paige Blaser – Consultant
Jacob Maldonado – Investment Associate
Zach Waltzman – Investment Analyst
Cortney Palmer- Support

MBOI also has access to RVK's extensive resources.

Manager Research
Team

Asset/Liability Team

Investment
Operations
Solutions Group

General Consulting
Practice

Performance
Measurement &
Analytics

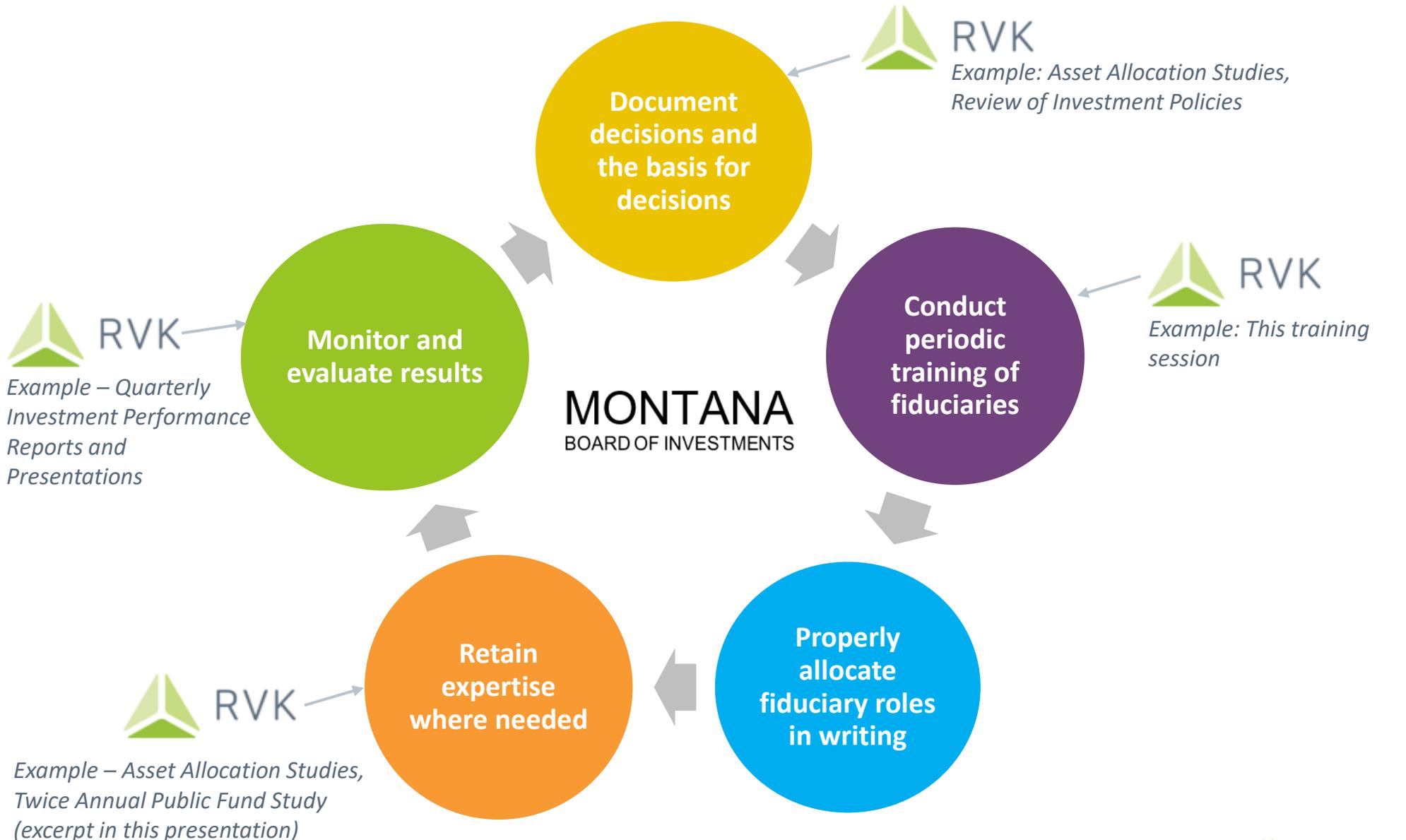


Background: Defining a Fiduciary

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.

- ✓ A fiduciary should invest and manage trust assets as a **prudent person (“prudent expert principal”)** **Section 17-6-201(1) MCA** would, by considering the **purposes, terms, distribution requirements, and other circumstances of the trust... solely in the interest of the beneficiaries;**
- ✓ A fiduciary **shall diversify** the investments of the trust;
- ✓ In investing and managing trust assets, a **fiduciary may only incur costs that are appropriate and reasonable in relation to the assets**, the **purposes** of the trust, and the **skills** of the fiduciary;
- ✓ **A fiduciary may delegate investment and management functions** that a prudent fiduciary of comparable skills could properly delegate under the circumstances.
- ✓ **In performing a delegated function, the agent shall owe to the trustee and the beneficiaries the same duties as the fiduciary and shall be held to the same standards as the fiduciary.**

Managing a Fiduciary Process

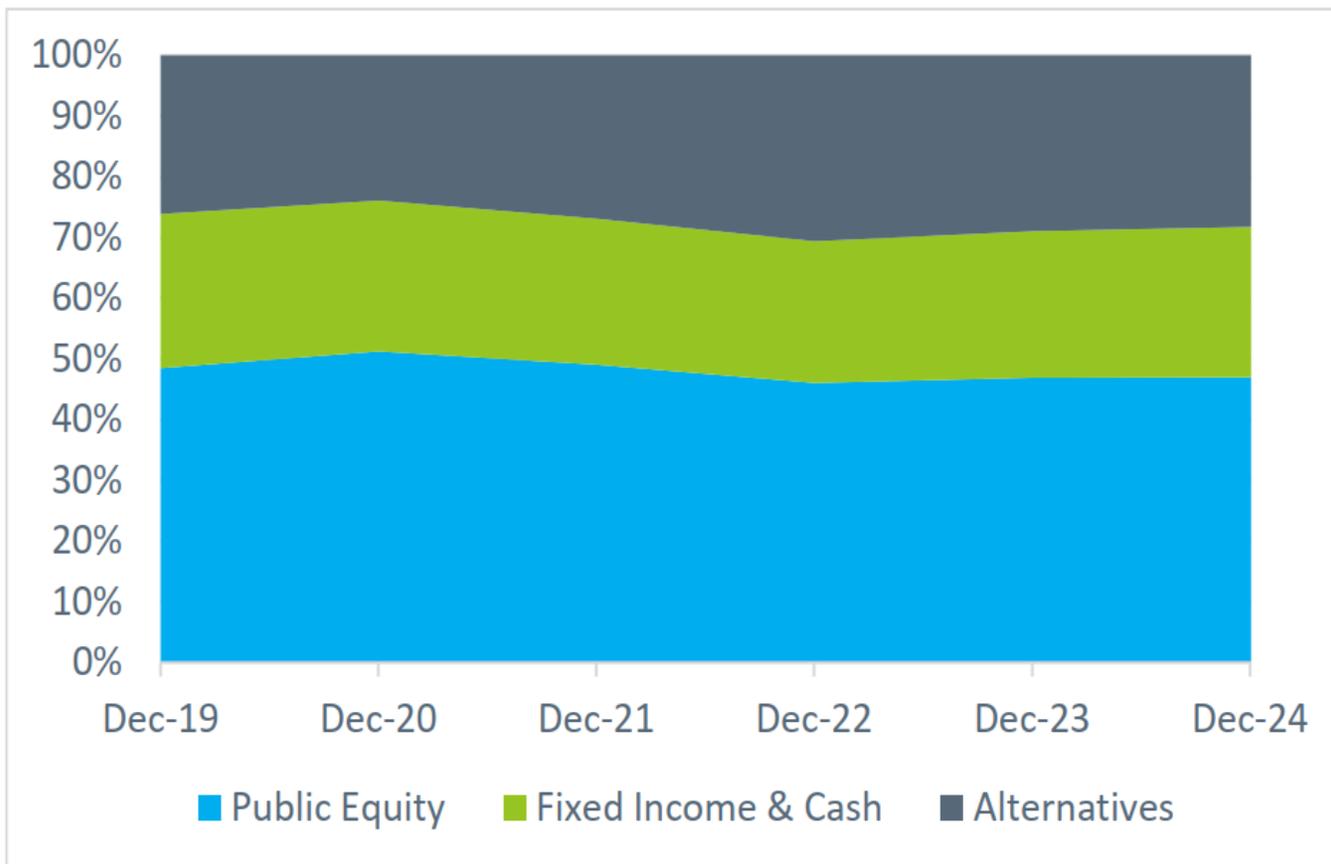


Public Fund Trends

Public Funds: 5-Year Asset Allocation Trends

- For over 30 years, RVK has published a semiannual Public Funds Report, summarizing survey data from US public plans (“public funds”) with assets of less than \$500 million to over \$200 billion.
- Our December 31, 2024, report includes 67 public funds.
- We have identified a few notable asset allocation trends over the past 5 years.

Figure 1: Historical Average Asset Allocation



Alternatives increase modestly

- The average public equity allocation has declined from 49% to 47%, alternatives increased from 24% to 27%.
- At 2022 year-end, the denominator effect likely increased the relative size of illiquid alternatives.

Chart uses annual periodicity.

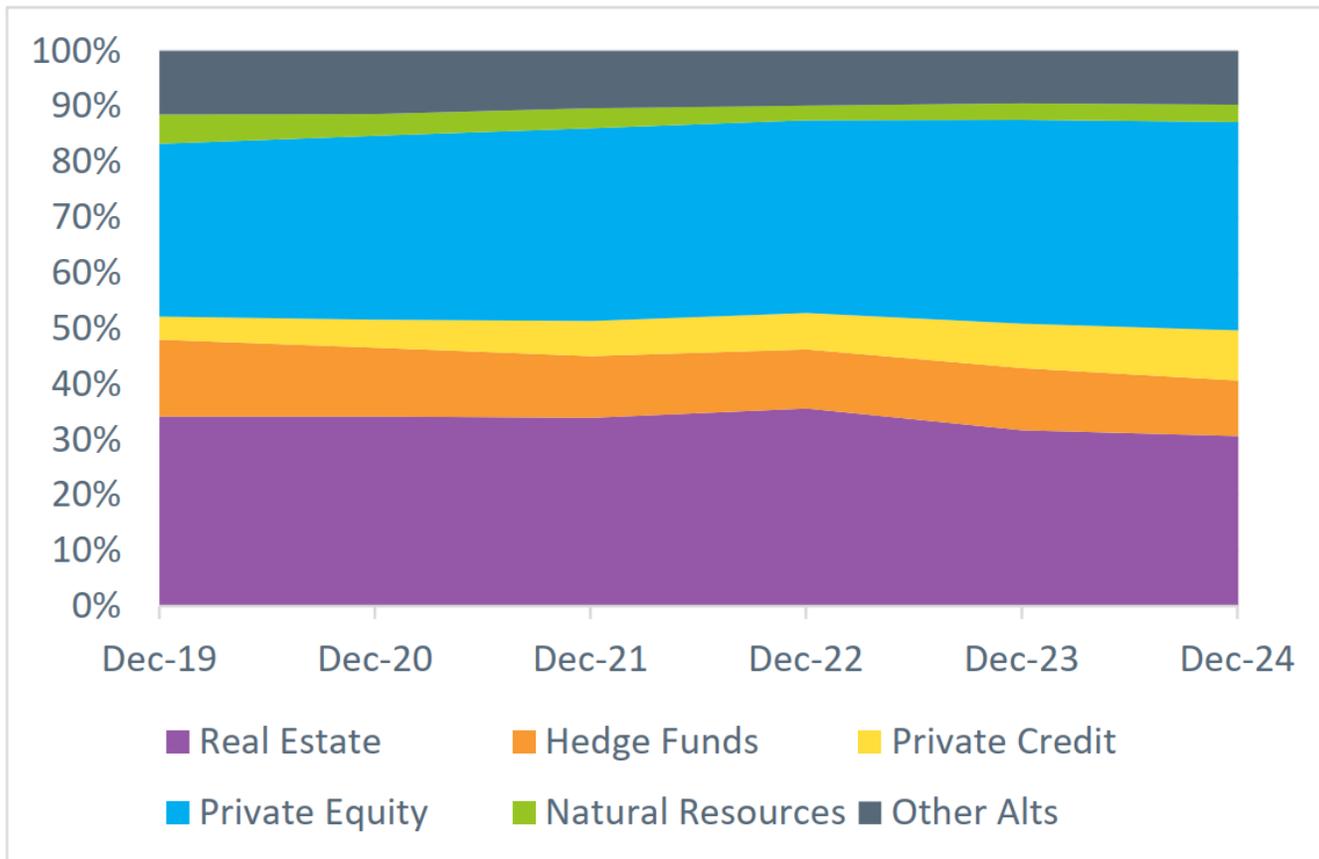
Source: RVK Public Funds Report. A compilation of data provided to RVK, Inc. by public funds throughout the US. Core Funds Universe, Excluding Permanent Funds. Chart uses annual periodicity.



Public Funds: 5-Year Asset Allocation Trends

- Private credit and private equity allocations continue to grow as components of alternative exposure.
 - Private credit has more than doubled from 4% in 2019 to 9% and Private Equity increased from 31% to 38%
- Average hedge fund allocations have continued to gradually decline as has real estate more recently, reflecting market value reductions.

Figure 2: Historical Average Alternatives Allocation



Alternatives increase modestly

- The average public equity allocation has declined from 49% to 47%, alternatives increased from 24% to 27%.
- At 2022 year-end, the denominator effect likely increased the relative size of illiquid alternatives.

Chart uses annual periodicity.

Source: RVK Public Funds Report. A compilation of data provided to RVK, Inc. by public funds throughout the US. Core Funds Universe, Excluding Permanent Funds. Chart uses annual periodicity.



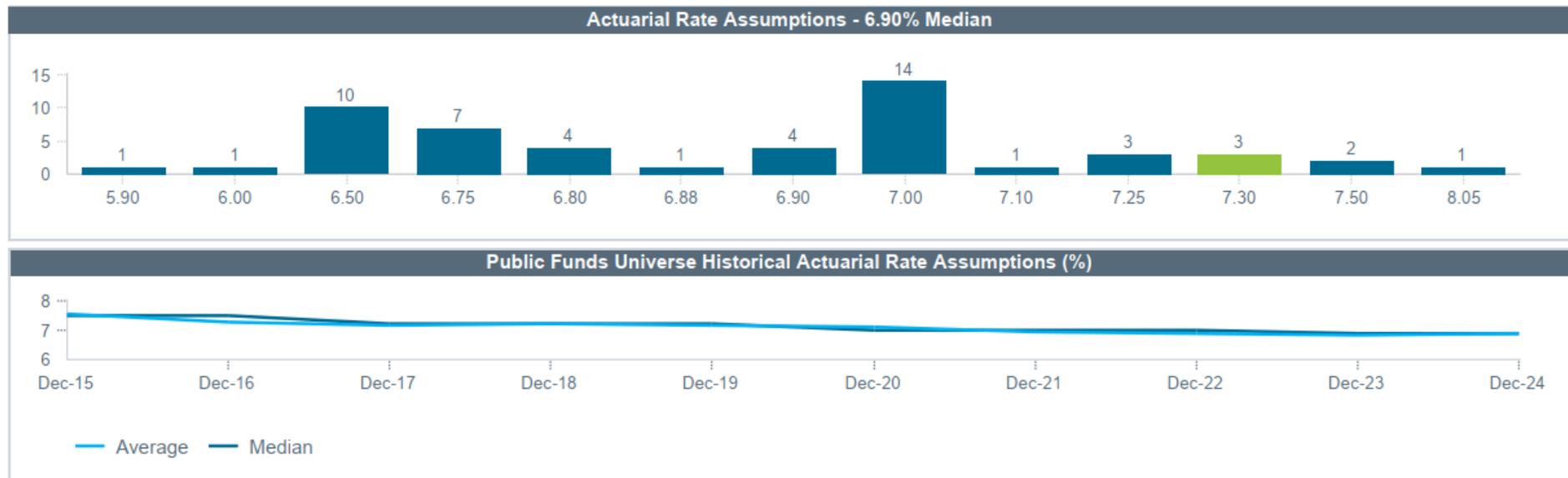
Public Funds: Assumed Rate of Return (ARoR) Trends

Median Assumed Rate of Return (ARoR) Remains Below 7%

- The median assumed rate of return (ARoR) was 7.25% in 2017 and has fallen to 6.9%.
- These return assumptions are generally “sticky” and usually do not change materially year over year.

Actuarial Assumption Rates

As of December 31, 2024



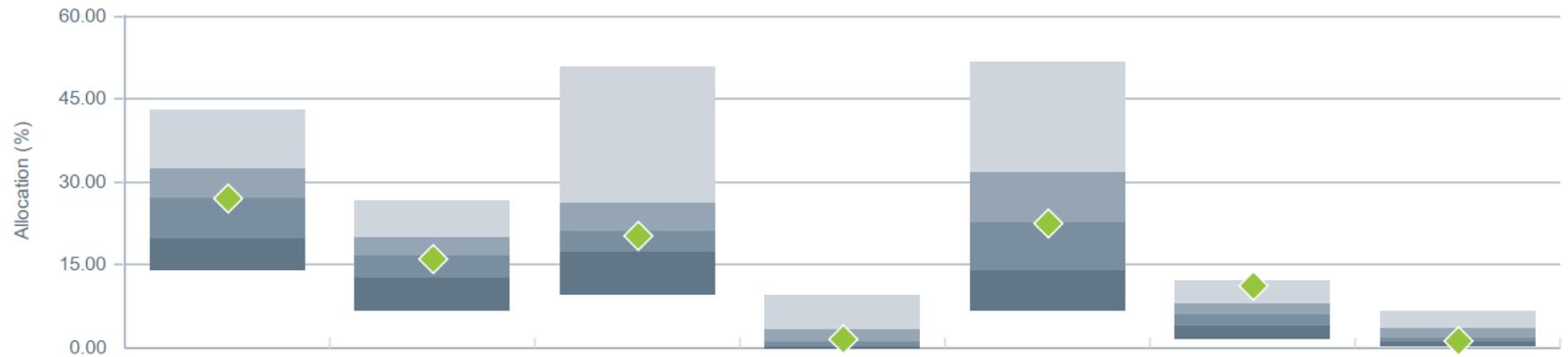
Source: RVK Public Funds Report. A compilation of data provided to RVK, Inc. by public funds throughout the US. Core Funds Universe, Excluding Permanent Funds. Chart uses annual periodicity.

Asset Allocation –Quarterly Performance Report Peers

Broad Asset Classes

- BOI Total Equity exposure is in line with peer plans >\$5 Billion.
- BOI US/Global ex-US Fixed Income exposure is slightly lower/higher than peer plans >\$5 Billion.
- Alternatives exposure is in line with peer plans >\$5 Billion.
- Real Estate is more heavily weighted than peers with Real Estate in the top decile.

Plan Sponsor TF Asset Allocation vs. All Public Plans (>\$5B) (Custom PG)



	US Equity	Global ex-US Equity	US Fixed	Global ex-US Fixed	Alternatives	Total Real Estate	Cash & Equivalents
◆ Total Retirement Plans	27.14 (51)	16.00 (52)	20.20 (60)	1.54 (43)	22.52 (52)	11.38 (10)	1.21 (73)
5th Percentile	43.23	26.80	50.96	9.77	52.06	12.22	6.70
1st Quartile	32.62	20.44	26.32	3.54	31.79	8.05	3.77
Median	27.36	16.88	21.29	1.15	22.77	6.24	2.02
3rd Quartile	19.93	12.98	17.43	0.25	14.10	4.11	1.17
95th Percentile	14.30	6.80	9.63	0.09	6.85	1.70	0.32
Population	49	49	53	30	52	48	45

The Allocation to Cash consists of the CAPP Cash Pension, all asset class STIFs, and Retirement Plan STIFs. It does not include Asset Class STIFs. US Fixed includes Core and Non-Core Fixed Income. Data shown is as 12/31/2025.

Peer Observations

Concluding Thoughts

1. MBOI's asset allocation has been thoughtfully constructed, with evolution in exposures over time.
2. MBOI's structure has served the Plans well.
3. Peer observations and best practices conversations are helpful in examining new or developing trends and investing ideas.
 - MBOI's practice to consider asset allocation annually is helpful to evaluate current and prospective positioning.

MBOI Best Practices - Investments

MBOI Best Practices - Investments

Key Elements

Asset Allocation has the biggest impact on investment returns and risk of institutional portfolios.

- Montana reviews its ranges and mid-points annually, with documentation of the process and conclusions.

Investment Policies are maintained for each fund.

- Contemplated changes discussed with the Board and approval requested.

Investment Performance and Market Environment are reviewed regularly.

- RVK Reports include Index and peer information, executive summaries, and risk reporting.

CIO and Asset Class Officers report to the Board regularly.

- Inclusive of structure, strategy, and results.
- Rotating 'deep dive' into each asset class inclusive of system demonstrations.
- Fact sheets for new managers retained.

CEM provides high level peer performance and fee comparisons every 2 years.

- Inclusive of structure, strategy, and results.

Additional Monitoring and Board Education are provided.

- Rotating 'deep dive' presentations by Staff into each asset class inclusive of system demonstrations.

MBOI Best Practices - Investments

2024 Investment Manager Due Diligence Process Review

RVK was asked to review several elements of MBOI Staff Research and Reporting Practices.

1. Examine **audit and disclosure standards** across asset classes, including applicable best practices.
2. Evaluate **how MBOI assesses investment risks** across various asset classes.
3. Review **disclosure practices of other state pension funds** to determine the amount of alternative asset information provided to constituents.
4. Determine whether **appropriate level of audit and disclosure are required by the Board** in various investment pools before committing the state's pension funds to certain types of assets.

Key Steps:

- **Interview** MBOI Investment **Staff**.
- Review **MBOI internal due diligence documents**.
- Select, contact and **interview state pension fund peers** regarding their related practices.
- Collaborate with RVK Alternatives Investment Manager Research personnel to **review RVK diligence templates to facilitate comparison with MBOI's documentation**.
- Review latest CEM benchmarking for indications of investment manager cost effectiveness.

MBOI Best Practices - Investments

2024 Investment Manager Due Diligence Process Review

Study Conclusions

1. **Audit and disclosure standards** across asset classes, including applicable best practices.

RVK concluded that MBOI has best in class current audit and disclosure standards. All processes are well outlined in advance, adhered to and documented and backed-up in Backstop to ensure robust documentation.

2. Evaluate **how MBOI assesses investment risks** across various asset classes.

RVK concluded that MBOI has a comprehensive current risk evaluation program. Investment Staff has access to cutting edge technology (Solovis, Backstop, Bloomberg, FactSet, etc.) that allows them to monitor aggregate portfolio risk and disaggregated asset class portfolio risk on a continuous basis. The due diligence process is thorough and has proven to be sufficient to avoid a wide range of risks.

3. **Disclosure practices of other state pension funds** to determine the amount of alternative asset information provided to constituents.

RVK concluded that MBOI's current disclosure practices are comparable to peers.

4. Determine whether **appropriate level of audit and disclosure are required by the Board** in various investment pools before committing the state's pension funds to certain types of assets.

RVK concluded that at present MBOI Investment Staff requires appropriate levels of audit and disclosure before committing the state's pension and other funds.

Asset Class Trends

Asset Class Trends

Themes for RVK 2025 Capital Market Assumptions

Inflation

Past and future inflation levels are studied and considered given market conditions, break-even indications, sovereign intervention, and inflation component pricing behavior. *Our 2025 inflation assumption remained constant. This reflects short-term inflationary concerns while also accounting for long-term deflationary factors such as deficits, debt, demographics, automation, and globalization.*

Equity Valuations

Mean reversion is considered for asset classes that demonstrated weak/strong performance over the last year (or longer). *Equity return assumptions were decreased, given elevated valuation levels following strong 2024 returns.*

Bond yields

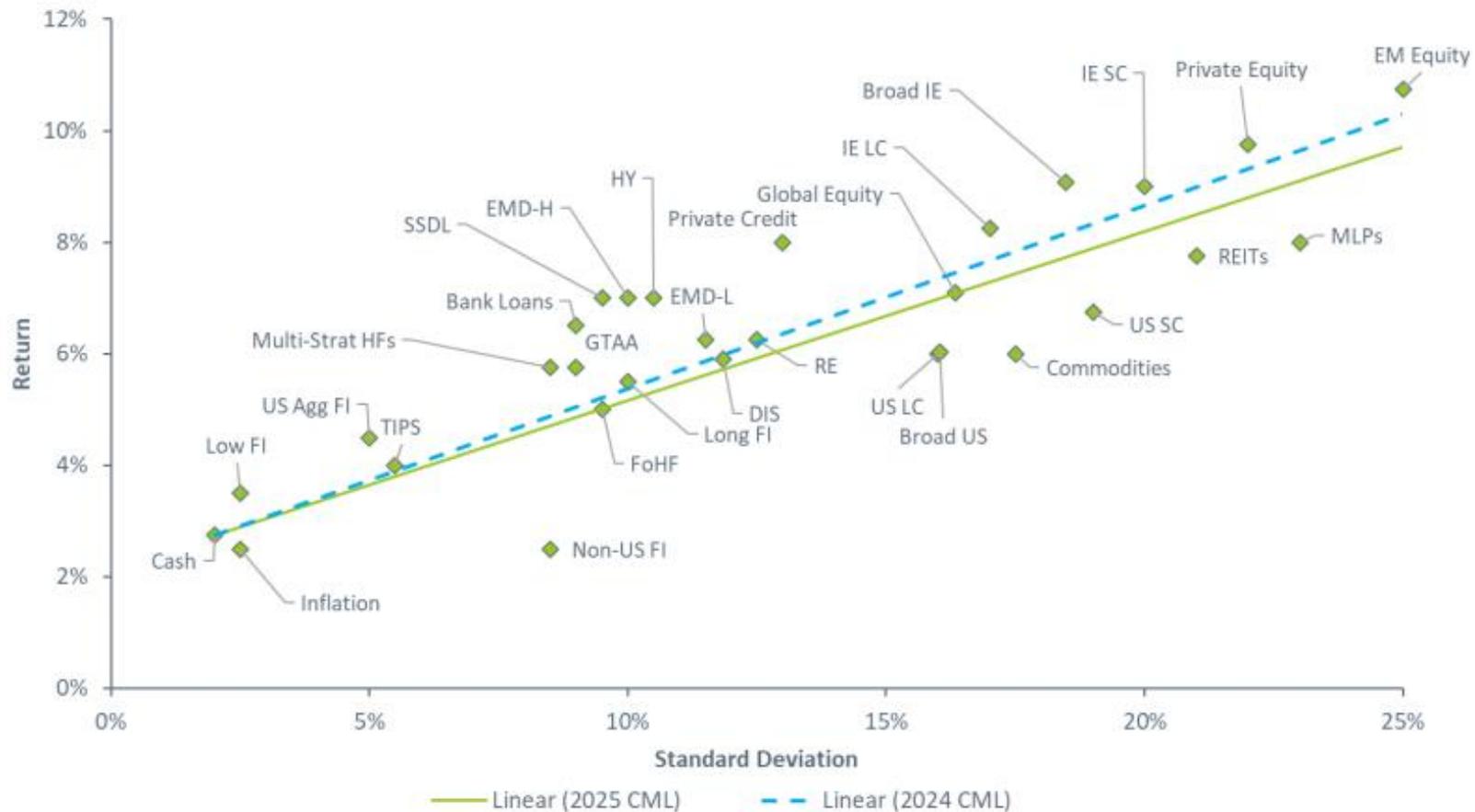
Yield history, current environment, and prospective environments are considered. *The majority of domestic fixed income return assumptions were increased, further shrinking the equity risk premium – and reflects elevated current yields and a “higher-for-longer” interest rate environment.*

RVK 2025 Assumptions vs. 2024

Asset Class	Benchmark	2024			2025			Change		
		Nominal Return (Arith.)	Risk (St. Dev.)	Nominal Return (Geo.)	Nominal Return (Arith.)	Risk (St. Dev.)	Nominal Return (Geo.)	Nominal Return (Arith.)	Risk (St. Dev.)	Nominal Return (Geo.)
Large/Mid Cap US Equity	S&P 500 (Cap Weighted)	6.50%	16.00%	5.32%	6.00%	16.00%	4.81%	-0.50%	0.00%	-0.51%
Small Cap US Equity	Russell 2000	7.00%	19.00%	5.35%	6.75%	19.00%	5.10%	-0.25%	0.00%	-0.25%
Broad US Equity	Russell 3000	6.50%	16.10%	5.30%	6.04%	16.04%	4.84%	-0.46%	-0.06%	-0.46%
Dev'd Large/Mid Cap Int'l Equity	MSCI EAFE (Gross)	8.25%	17.00%	6.94%	8.25%	17.00%	6.94%	0.00%	0.00%	0.00%
Dev'd Small Cap Int'l Equity	MSCI EAFE Small Cap (Gross)	9.00%	20.00%	7.21%	9.00%	20.00%	7.21%	0.00%	0.00%	0.00%
Emerging Markets Equity	MSCI Emerging Markets (Gross)	11.25%	25.00%	8.54%	10.75%	25.00%	8.03%	-0.50%	0.00%	-0.51%
Broad International Equity	MSCI ACW Ex US IMI (Gross)	9.15%	18.85%	7.56%	9.07%	18.47%	7.54%	-0.08%	-0.38%	-0.02%
Global Equity	MSCI ACW IMI (Gross)	7.55%	16.60%	6.29%	7.09%	16.34%	5.86%	-0.46%	-0.26%	-0.43%
US Aggregate Fixed Income	Bloomberg US Aggregate Bond	4.00%	5.00%	3.88%	4.50%	5.00%	4.38%	0.50%	0.00%	0.50%
Non-US Dev'd Sov'n Fixed Income UH	Citi Non-US World Gov't Bond	2.50%	8.50%	2.15%	2.50%	8.50%	2.15%	0.00%	0.00%	0.00%
Emerging Markets Debt Hard Currency	JPM EMBI Global Diversified	7.00%	10.00%	6.54%	7.00%	10.00%	6.54%	0.00%	0.00%	0.00%
Emerging Markets Debt Local Currency	JPM GBI EM Global Diversified	6.00%	11.50%	5.38%	6.25%	11.50%	5.63%	0.25%	0.00%	0.25%
TIPS	Bloomberg US Treasury: US TIPS	4.00%	5.50%	3.85%	4.00%	5.50%	3.85%	0.00%	0.00%	0.00%
Low Duration Fixed Income	Bloomberg US Gov't/Cred: 1-3 Year	3.25%	2.50%	3.22%	3.50%	2.50%	3.47%	0.25%	0.00%	0.25%
Long Duration Fixed Income	Bloomberg US Gov't/Cred: LT Bond	5.00%	10.00%	4.53%	5.50%	10.00%	5.03%	0.50%	0.00%	0.50%
High Yield	Bloomberg US Corp: High Yield	7.00%	10.50%	6.49%	7.00%	10.50%	6.49%	0.00%	0.00%	0.00%
Bank Loans	CS Leveraged Loan	6.50%	9.00%	6.12%	6.50%	9.00%	6.12%	0.00%	0.00%	0.00%
Core Real Estate	NCREIF ODCE (Gross) (AWA)	5.75%	12.50%	5.02%	6.25%	12.50%	5.52%	0.50%	0.00%	0.50%
Global REITs	MSCI World Real Estate (Gross)	7.75%	21.00%	5.76%	7.75%	21.00%	5.76%	0.00%	0.00%	0.00%
MLPs	Alerian MLP	8.25%	23.00%	5.89%	8.00%	23.00%	5.63%	-0.25%	0.00%	-0.26%
Funds of Hedge Funds	HFRI Fund of Funds Composite	5.00%	9.50%	4.57%	5.00%	9.50%	4.57%	0.00%	0.00%	0.00%
Multi-Strategy Hedge Funds	HFRI RV Multi-Strat	5.75%	8.50%	5.41%	5.75%	8.50%	5.41%	0.00%	0.00%	0.00%
GTAA	Custom GTAA Index	5.75%	9.00%	5.37%	5.75%	9.00%	5.37%	0.00%	0.00%	0.00%
Private Credit	Cambridge Private Credit Index	8.00%	13.00%	7.23%	8.00%	13.00%	7.23%	0.00%	0.00%	0.00%
Senior Secured Direct Lending	--	7.00%	9.50%	6.58%	7.00%	9.50%	6.58%	0.00%	0.00%	0.00%
Private Equity	Cambridge US Private Equity	9.75%	22.00%	7.61%	9.75%	22.00%	7.61%	0.00%	0.00%	0.00%
Commodities	Bloomberg Commodity	6.25%	17.50%	4.84%	6.00%	17.50%	4.58%	-0.25%	0.00%	-0.25%
Diversified Inflation Strategies	Custom DIS Index	6.00%	11.85%	5.34%	5.90%	11.85%	5.24%	-0.10%	0.00%	-0.10%
US Inflation	Consumer Price Index	2.50%	2.50%	2.47%	2.50%	2.50%	2.47%	0.00%	0.00%	0.00%
Cash Equivalents	BofA ML 3 Mo US T-Bill	2.75%	2.00%	2.73%	2.75%	2.00%	2.73%	0.00%	0.00%	0.00%

Capital Market Line

- The capital market line represents the return and risk attributes of each asset class and reflects the discipline that return and risk are related and asset classes should be triangulated as an assumption set.
- Note that the return and risk relationships resulting from our 2025 process represent slightly less return potential for similar risk levels – the Capital Market Line has moved down modestly, moderated by some reductions in expected equity returns balanced with increased fixed income assumptions..



Asset Class Trends and Observations

- **Inflation** has reduced substantially since its highs in June 2022, nearing the Federal Reserve's goal of 2%.
- **Fixed Income** is now producing higher yields, helpful to MBOI in the long-term.
- **US Equities** have generated attractive long-term returns, but with valuations currently higher than long-term averages.
- **Non-US Equities** have cheaper valuations than US Equities and have underperformed US Equities in the long-term.
- **Private Equity** remains important to access a broader array of companies and to pursue higher returns.
- **Real Assets** were helpful in times of high inflation and are expected to remain helpful in the long-term in generating income, capital appreciation depending on strategy, and exhibiting lower correlations with public equity.
- **Private Credit** remains of strong investor interest and offers yield advantages relative to traditional fixed income and in some cases, less interest rate sensitivity.
- **Leverage** is more expensive impacting various types of private vehicles.

All of the above considerations were examined by Staff and RVK in connection with the annual asset allocation which was summarized in the October meeting.



Understanding Investment Performance Reports

Total Fund Performance Summary

Key Concepts

① **Net Returns** - The “net” return is the annualized return that each retirement plan receives *after* all investment manager fees are deducted. Best indicator of overall fund performance relative to the total fund benchmark.

Key Metrics

② **Public Employees’ Benchmark** - This benchmark represents the CAPP and Cash Equivalents weighted average of the CAPP Custom Benchmark and the Short Term Custom Benchmark. The CAPP Custom Benchmark is a portfolio weighted average of the primary benchmarks for each CAPP asset class.

③ **Peer Ranking** - Peer rankings show how the retirement plans performed relative to other public plans with greater than \$5 billion in assets. The lower the rank, the better MBOI’s relative performance.

④ **Gross Returns** - The “gross” return is the return produced by investment managers *before* investment management fees are deducted. Primarily used to benchmark plan performance against other institutional investors, which are generally reported on a gross of fees basis.

		QTD	CYTD	FYTD/1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Public Employees' Retirement - Net	①	5.35	5.26	9.46	9.01	9.62	8.04	7.89	7.24	8.75	11.46	-8.48	17.61	11.94	7.81	07/01/1994
Public Employees' Benchmark	②	6.79	6.26	11.06	10.36	9.33	7.57	7.69	N/A	8.94	12.75	-10.81	13.79	12.22	N/A	
Difference		-1.44	-1.00	-1.60	-1.36	0.29	0.47	0.20	N/A	-0.19	-1.28	2.33	3.82	-0.28	N/A	
Public Employees' Retirement - Gross	④	5.84	5.91	10.50	9.89	10.42	8.78	8.56	7.82	9.66	12.21	-7.89	18.32	12.53	8.20	07/01/1994
All Public Plans (>\$5B) Total Fund Median		6.08	6.57	10.70	9.47	9.56	8.09	7.94	7.41	9.28	11.35	-9.52	16.83	12.01	8.18	
Rank	③	58	77	60	36	26	17	14	15	40	30	38	29	36	50	
Teachers' Retirement - Net		5.34	5.25	9.45	8.99	9.61	8.03	7.88	7.23	8.76	11.44	-8.52	17.61	11.93	7.82	07/01/1994
Teachers' Benchmark		6.77	6.25	11.05	10.34	9.31	7.55	7.67	N/A	8.95	12.71	-10.86	13.78	12.21	N/A	
Difference		-1.43	-1.00	-1.59	-1.35	0.29	0.48	0.21	N/A	-0.19	-1.27	2.34	3.83	-0.28	N/A	
Teachers' Retirement - Gross		5.83	5.90	10.50	9.88	10.40	8.77	8.55	7.81	9.67	12.19	-7.93	18.32	12.52	8.21	07/01/1994
All Public Plans (>\$5B) Total Fund Median		6.08	6.57	10.70	9.47	9.56	8.09	7.94	7.41	9.28	11.35	-9.52	16.83	12.01	8.18	
Rank		58	77	60	37	26	18	14	15	40	30	38	29	36	49	
Police Retirement - Net		5.36	5.26	9.47	9.02	9.62	8.05	7.90	7.22	8.77	11.49	-8.48	17.58	11.95	7.70	07/01/1994
Police Benchmark		6.79	6.26	11.07	10.39	9.34	7.58	7.69	N/A	8.97	12.77	-10.80	13.73	12.23	N/A	
Difference		-1.44	-1.00	-1.60	-1.37	0.28	0.47	0.20	N/A	-0.20	-1.29	2.32	3.85	-0.29	N/A	
Police Retirement - Gross		5.85	5.91	10.51	9.91	10.42	8.79	8.56	7.79	9.68	12.24	-7.89	18.28	12.54	8.09	07/01/1994
All Public Plans (>\$5B) Total Fund Median		6.08	6.57	10.70	9.47	9.56	8.09	7.94	7.41	9.28	11.35	-9.52	16.83	12.01	8.18	
Rank		58	77	59	35	26	16	14	17	40	30	38	29	36	62	

Data shown is as of 6/30/2025.



Total Fund Performance Summary

Notes on Analyzing Performance

□ Benchmark Limitations - The returns of the total fund relative to the total fund benchmark are often skewed by asset classes with benchmarks that do not directly mirror the underlying assets (e.g., private investments, real estate, and real assets). When the benchmarks significantly outpace the returns of the underlying assets, the Total Fund will tend to underperform. When the opposite occurs, the Total Fund will tend to outperform.

□ Strategy Dissimilarities with Peer Groups - While peer groups provide a rough gauge of performance relative to other public plans of similar size, these metrics should be viewed carefully. The plans in the peer group may have markedly different return objectives, risk tolerances, and investment constraints. There may be periods in which MBOI underperforms peers simply due to differences in the underlying investment objectives of the plan.

	QTD	CYTD	FYTD/1 Year	3 Years	5 Years	7 Years	10 Years	20 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Public Employees' Retirement - Net	5.35	5.26	9.46	9.01	9.62	8.04	7.89	7.24	8.75	11.46	-8.48	17.61	11.94	7.81	07/01/1994
Public Employees' Benchmark	6.79	6.26	11.06	10.36	9.33	7.57	7.69	N/A	8.94	12.75	-10.81	13.79	12.22	N/A	
Difference	-1.44	-1.00	-1.60	-1.36	0.29	0.47	0.20	N/A	-0.19	-1.28	2.33	3.82	-0.28	N/A	
Public Employees' Retirement - Gross	5.84	5.91	10.50	9.89	10.42	8.78	8.56	7.82	9.66	12.21	-7.89	18.32	12.53	8.20	07/01/1994
All Public Plans (>\$5B) Total Fund Median	6.08	6.57	10.70	9.47	9.56	8.09	7.94	7.41	9.28	11.35	-9.52	16.83	12.01	8.18	
Rank	58	77	60	36	26	17	14	15	40	30	38	29	36	50	
Teachers' Retirement - Net	5.34	5.25	9.45	8.99	9.61	8.03	7.88	7.23	8.76	11.44	-8.52	17.61	11.93	7.82	07/01/1994
Teachers' Benchmark	6.77	6.25	11.05	10.34	9.31	7.55	7.67	N/A	8.95	12.71	-10.86	13.78	12.21	N/A	
Difference	-1.43	-1.00	-1.59	-1.35	0.29	0.48	0.21	N/A	-0.19	-1.27	2.34	3.83	-0.28	N/A	
Teachers' Retirement - Gross	5.83	5.90	10.50	9.88	10.40	8.77	8.55	7.81	9.67	12.19	-7.93	18.32	12.52	8.21	07/01/1994
All Public Plans (>\$5B) Total Fund Median	6.08	6.57	10.70	9.47	9.56	8.09	7.94	7.41	9.28	11.35	-9.52	16.83	12.01	8.18	
Rank	58	77	60	37	26	18	14	15	40	30	38	29	36	49	
Police Retirement - Net	5.36	5.26	9.47	9.02	9.62	8.05	7.90	7.22	8.77	11.49	-8.48	17.58	11.95	7.70	07/01/1994
Police Benchmark	6.79	6.26	11.07	10.39	9.34	7.58	7.69	N/A	8.97	12.77	-10.80	13.73	12.23	N/A	
Difference	-1.44	-1.00	-1.60	-1.37	0.28	0.47	0.20	N/A	-0.20	-1.29	2.32	3.85	-0.29	N/A	
Police Retirement - Gross	5.85	5.91	10.51	9.91	10.42	8.79	8.56	7.79	9.68	12.24	-7.89	18.28	12.54	8.09	07/01/1994
All Public Plans (>\$5B) Total Fund Median	6.08	6.57	10.70	9.47	9.56	8.09	7.94	7.41	9.28	11.35	-9.52	16.83	12.01	8.18	
Rank	58	77	59	35	26	16	14	17	40	30	38	29	36	62	

Data shown is as of 6/30/2025.



Asset Allocation

Key Concepts

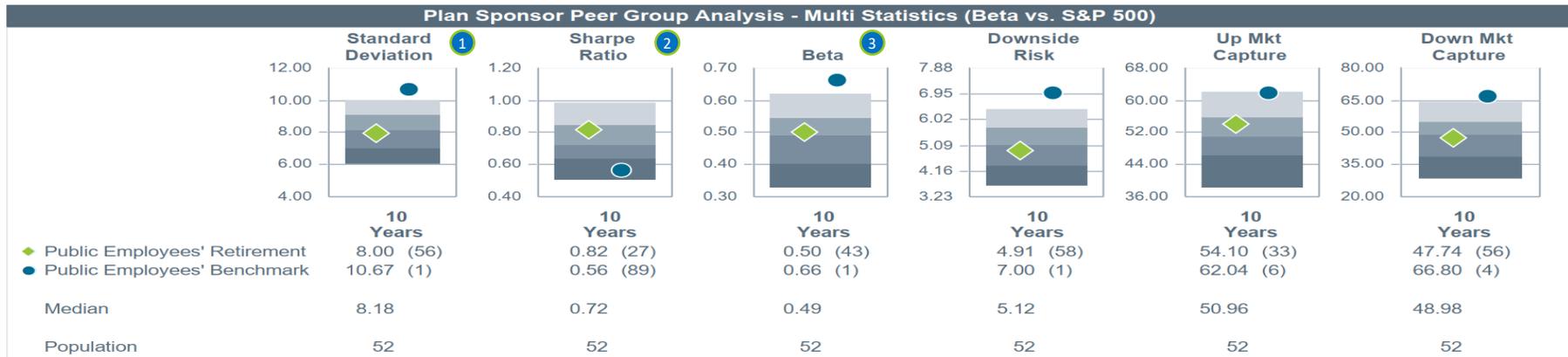
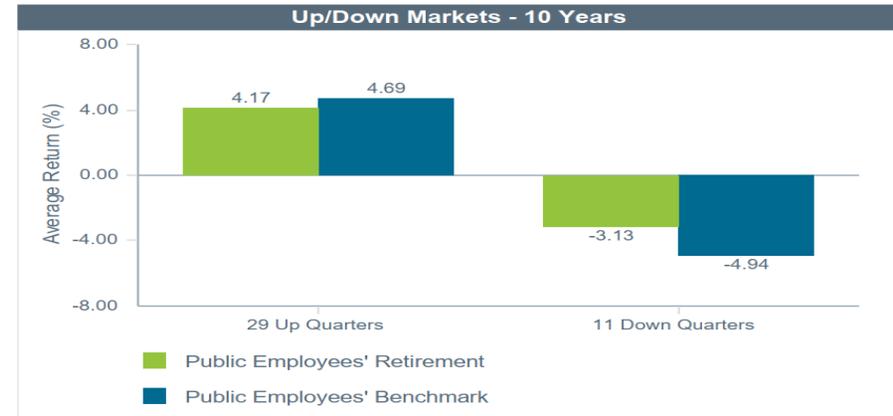
□ **Strategic Asset Allocation**—The selection of the strategic asset allocation is one of the most important decisions that MBOI can make. It is the major determinant of both the long-term rates of return and the volatility of asset values. The asset allocation ranges are subject to change as modifications are adopted by the Board. The Board has formally affirmed or revised the asset allocation ranges for the Plans annually.

Asset Class	Allocation	Policy Ranges			Difference vs. Midpoint
		Min	Max	Midpoint	
Domestic Equity	26.81	23	34	28	<i>-1.19</i>
International Equity	15.39	10	20	15	<i>0.39</i>
Private Investments	17.43	13	21	17	<i>0.43</i>
Real Assets	6.15	3	9	6	<i>0.15</i>
Real Estate	12.06	7	15	11	<i>1.06</i>
Core Fixed Income	13.48	9	19	14	<i>-0.52</i>
Non-Core Fixed Income	7.04	5	9	7	<i>0.04</i>
Cash Pension	1.62	0	5	2	<i>-0.38</i>

Data shown is as of 6/30/2025.



Risk and Return Peer Comparisons



Key Metrics

- Standard Deviation**—Volatility of portfolio returns. The higher the standard deviation, the greater the volatility.
- Sharpe Ratio**—This is a metric that approximates the risk-adjusted return of the portfolio. Higher Sharpe ratios indicate greater risk-adjusted returns. In addition, the number in parentheses indicates how the retirement portfolio ranks relative to other public plans.
- Beta**—Measures the degree to which the value of the MBOI retirement portfolios moves relative to the U.S. equity market as represented by the S&P 500.
- Plan Sponsor Scattergram**—This figure provides a visual representation of risk-adjusted returns relative to other public plans. The red line intersection represents the median public plan risk and return, and the green diamond represents MBOI.

Asset Class Composite Performance

	QTD	CYTD	FYTD/1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Equity	10.71	5.10	14.50	18.57	15.97	13.04	12.50	22.94	25.70	-18.98	27.17	20.09	10.45	05/01/2003
Domestic Equity Custom Index ¹	11.09	5.76	15.23	19.20	16.11	13.68	13.18	23.82	26.25	-19.22	26.12	21.10	11.13	
Difference	-0.38	-0.66	-0.73	-0.63	-0.13	-0.64	-0.68	-0.88	-0.55	0.24	1.04	-1.01	-0.68	
International Equity	12.61	17.42	18.66	13.89	9.98	6.58	6.36	6.45	14.91	-17.62	7.83	13.35	5.31	04/01/1997
International Equity Custom Index ²	12.71	17.88	17.83	13.92	10.20	6.49	6.18	5.23	15.62	-16.58	8.53	11.12	5.54	
Difference	-0.10	-0.46	0.83	-0.03	-0.22	0.09	0.18	1.22	-0.71	-1.04	-0.70	2.23	-0.23	
Core Fixed Income	0.97	3.91	5.51	2.47	-0.50	1.76	1.77	1.18	5.43	-11.91	-1.54	8.23	4.99	04/01/1995
Core Fixed Income Custom Index ³	1.21	4.02	6.08	2.55	-0.73	1.44	1.51	1.25	5.53	-13.01	-1.54	7.51	4.40	
Difference	-0.24	-0.11	-0.57	-0.08	0.22	0.32	0.26	-0.07	-0.10	1.10	0.00	0.73	0.59	
Non-Core Fixed Income	4.21	5.39	10.25	9.12	4.89	4.56	4.44	7.21	11.10	-11.25	3.21	6.37	6.74	06/01/2009
Bloomberg US HY 2% Issuer Cap Index ⁴	3.53	4.57	10.29	9.93	5.96	5.30	5.37	8.19	13.44	-11.18	5.26	7.05	7.75	
Difference	0.68	0.82	-0.04	-0.81	-1.07	-0.74	-0.93	-0.99	-2.35	-0.07	-2.05	-0.68	-1.01	
Real Assets	2.05	3.50	7.73	8.83	12.07	5.91	N/A	8.18	8.48	15.88	21.24	-13.43	6.01	04/01/2017
Real Assets Custom Index ⁵	3.22	12.93	12.90	7.83	10.63	2.12	3.65	2.60	4.39	1.36	13.32	-12.32	4.20	
Difference	-1.16	-9.43	-5.17	1.00	1.45	3.80	N/A	5.58	4.09	14.52	7.91	-1.11	1.81	
Real Estate	0.59	1.26	1.47	-1.62	5.02	4.87	6.35	-2.42	-5.76	12.00	20.00	-0.35	4.13	06/01/2006
Real Estate Custom Index ⁶	0.85	1.82	1.17	-5.07	2.01	0.96	2.97	-8.04	-12.88	20.96	13.64	-19.66	3.92	
Difference	-0.26	-0.56	0.30	3.45	3.01	3.91	3.38	5.62	7.13	-8.96	6.36	19.31	0.21	
Cash Pension	1.72	2.96	5.70	5.64	3.48	3.05	N/A	6.28	6.01	2.06	0.13	0.84	2.82	05/01/2017
Short Term Custom Index ⁷	1.08	2.18	4.81	4.81	2.91	2.58	2.07	5.42	5.28	1.69	0.04	0.36	2.42	
Difference	0.63	0.77	0.89	0.83	0.57	0.47	N/A	0.86	0.72	0.37	0.08	0.47	0.40	
Private Investments*	0.54	0.60	3.96	3.58	13.95	11.68	11.59	5.14	6.08	5.94	39.81	10.91	12.14	05/01/2002
Private Investments Custom Index ⁸	7.16	0.95	9.68	11.80	12.57	7.89	9.59	11.52	17.46	-13.86	16.54	18.90	10.68	
Difference	-6.61	-0.35	-5.71	-8.22	1.38	3.79	2.00	-6.38	-11.38	19.79	23.27	-7.99	1.47	

Notes on Benchmarks

- ¹ **Domestic Equity Custom Index**—MSCI USA IM index with a prior index of the S&P 1500 completion index .
- ² **International Equity Custom Index**—MSCI All Country World ex-US IM index, with other combined indices previously.
- ³ **Core Fixed Income Custom Index**—Bloomberg US Agg Bond index, and a blend of several fixed income sector-specific indices previously.
- ⁴ **Bloomberg US HY 2% Issuer Cap Index**—Broad measure of high yield, fixed-rate corporate bonds, limiting exposure of each issuer to 2%.
- ⁵ **Real Assets Custom Index**— The portfolio weighted average of MSCI ACW Commodity Producers index, MSCI ACW Infrastructure index and Bloomberg US TIPS index.
- ⁶ **Real Estate Custom Index**—NCREIF ODCE index, a benchmark of open-ended, core real estate funds with a 1 quarter lag. Previously the MSCI US REIT index.
- ⁷ **Short Term Custom Index**—Federal Reserve US Treasury 1-Month Constant Maturity index. In the past, the ICE 1-Month LIBOR was used.
- ⁸ **Private Investments Custom Index**—Portfolio weighted average of the MSCI USA Small Cap index (Private Equity) and the Morningstar LSTA US Leveraged Loan Index (Private Credit). RVK recommends monitoring longer-dated returns (7- to 10-year) to better assess actual investment performance. In the past (prior to the inclusion of Private Credit), the S&P 1500 Completion index + 4% was used to benchmark Private Equity returns.

Data shown is as of 6/30/2025.



Investment Manager Performance

	QTD	CYTD	FYTD/1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Large Cap Equity														
BlackRock MSCI US Equity Index (SA) - Net ¹	11.35	6.33	15.75	19.94	16.47	N/A	N/A	25.04	27.11	-19.46	26.95	21.33	15.20	04/01/2019
MSCI US Index (USD) (Gross)	11.36	6.33	15.78	19.95	16.48	14.39	13.59	25.08	27.10	-19.46	26.97	21.37	15.22	
Difference	-0.01	-0.01	-0.03	-0.01	-0.01	N/A	N/A	-0.04	0.01	0.00	-0.02	-0.05	-0.02	
BlackRock MSCI US Equity Index (SA) - Gross ²	11.35	6.33	15.76	19.95	16.48	N/A	N/A	25.05	27.12	-19.45	26.96	21.34	15.22	04/01/2019
IM U.S. Large Cap Core Equity (SA+CF) Median	10.92	6.07	14.27	19.40	16.54	14.10	13.35	24.08	24.68	-16.42	27.77	17.72	14.99	
Rank	43	42	29	40	53	N/A	N/A	41	29	79	56	29	44	
Northern Trust MSCI US Index (SA) - Net	11.35	6.32	15.75	19.93	16.47	N/A	N/A	25.05	27.12	-19.46	26.97	21.34	15.15	11/01/2018
MSCI US Index (USD) (Gross)	11.36	6.33	15.78	19.95	16.48	14.39	13.59	25.08	27.10	-19.46	26.97	21.37	15.16	
Difference	0.00	-0.01	-0.03	-0.01	-0.01	N/A	N/A	-0.03	0.02	0.00	0.00	-0.03	0.00	
Northern Trust MSCI US Index (SA) - Gross	11.36	6.33	15.76	19.95	16.49	N/A	N/A	25.06	27.13	-19.45	26.98	21.36	15.17	11/01/2018
IM U.S. Large Cap Core Equity (SA+CF) Median	10.92	6.07	14.27	19.40	16.54	14.10	13.35	24.08	24.68	-16.42	27.77	17.72	14.97	
Rank	43	42	29	40	53	N/A	N/A	41	29	79	56	29	42	
iShares:Core S&P Tot USM (ITOT) - Net	11.01	5.61	15.20	19.06	N/A	N/A	N/A	23.71	26.41	-19.46	N/A	N/A	9.42	12/01/2021
S&P Tot Mkt Index	11.09	5.68	15.23	19.07	15.87	13.46	12.89	23.88	26.06	-19.53	25.66	20.79	9.37	
Difference	-0.08	-0.07	-0.03	-0.01	N/A	N/A	N/A	-0.17	0.35	0.07	N/A	N/A	0.05	
iShares:Core S&P 500 (IVV) - Net	10.85	6.13	15.02	19.48	N/A	N/A	N/A	24.88	25.74	-17.03	N/A	N/A	10.84	12/01/2021
S&P 500 Index (Cap Wtd)	10.94	6.20	15.16	19.71	16.64	14.39	13.65	25.02	26.29	-18.11	28.71	18.40	10.60	
Difference	-0.10	-0.07	-0.14	-0.23	N/A	N/A	N/A	-0.14	-0.55	1.08	N/A	N/A	0.24	

Notes on Manager Performance Analysis

Individual managers performance can be helpful in understanding composite performance.

Key Concepts

- Investment Manager Net Return**—The net return is the return generated by the manager net of the investment management fee. For active managers benchmarked against investable indices, a key objective is to outperform the index over a full market cycle (typically 5 years at minimum). For passive managers, the objective is to replicate the index return net of a small management fee.
- Investment Manager Gross Return**—The investment manager gross return is used to compare manager performance against a universe of managers employing a similar strategy.
- Calendar Year Return**—Provides visibility into calendar years that are imbedded in annualized results.
- Since Inception Return**—The since inception return shows the net results of the investment manager since MBOI invested in the strategy.

Data shown is as of 6/30/2025.

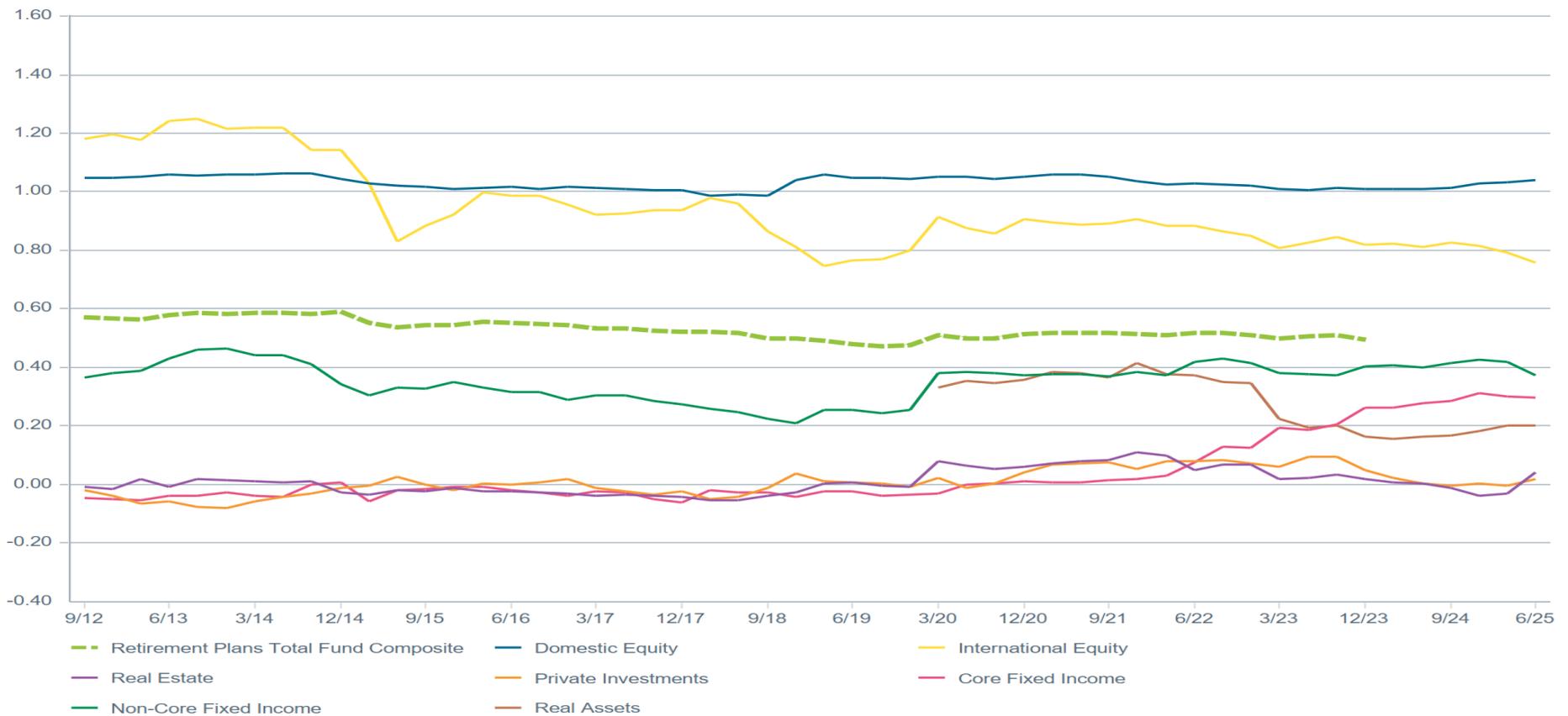


Asset Class and Total Fund Beta

Notes on Performance Analysis

- ☐ Beta measures the degree to which the value of the MBOI retirement portfolios move relative to the U.S. equity market as represented by the S&P 500.
- ☐ This chart shows the beta of the total MBOI portfolio as well as the major asset classes on a rolling 3-year basis. The chart visually shows the diversification benefits of a multi asset class portfolio. Specifically, the low betas of the core fixed income pool, private investments pool, and real estate pool reduce the overall beta of the MBOI retirement plans. It is important to note that some of the low beta characteristics of illiquid asset classes is influenced by the infrequency of asset value updates.

Beta



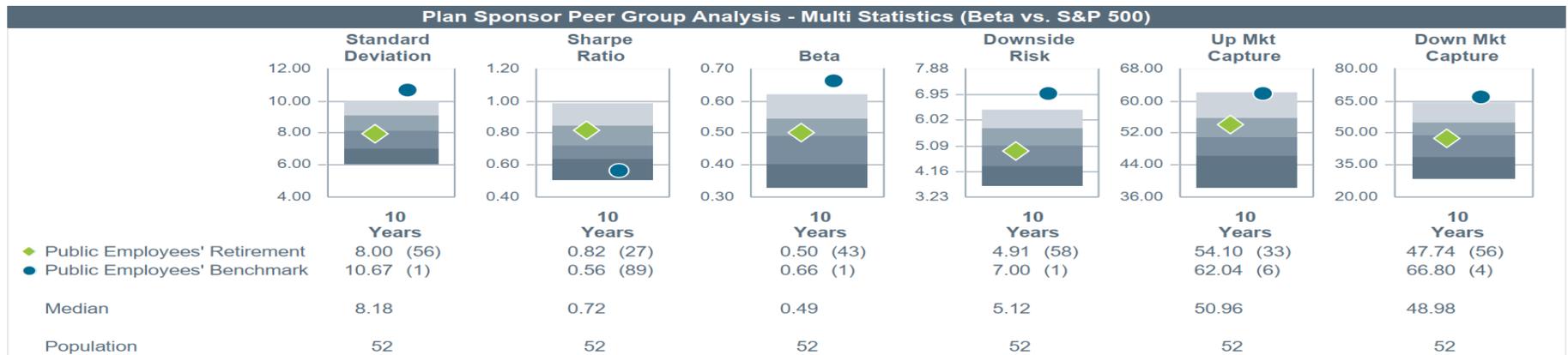
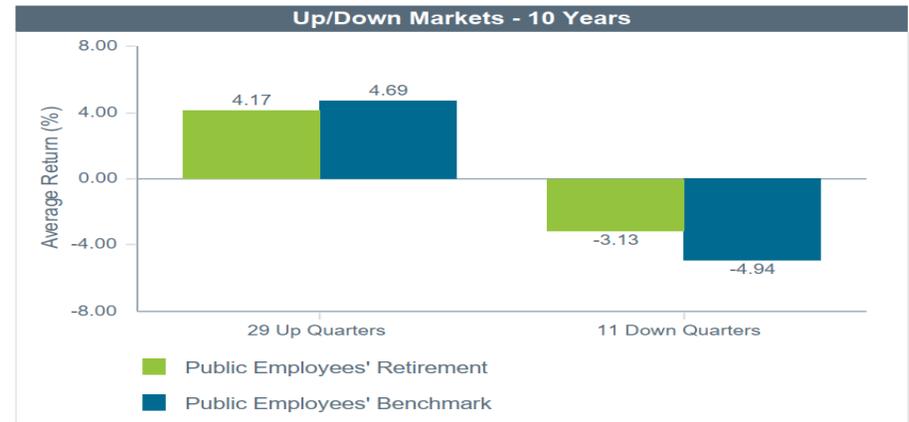
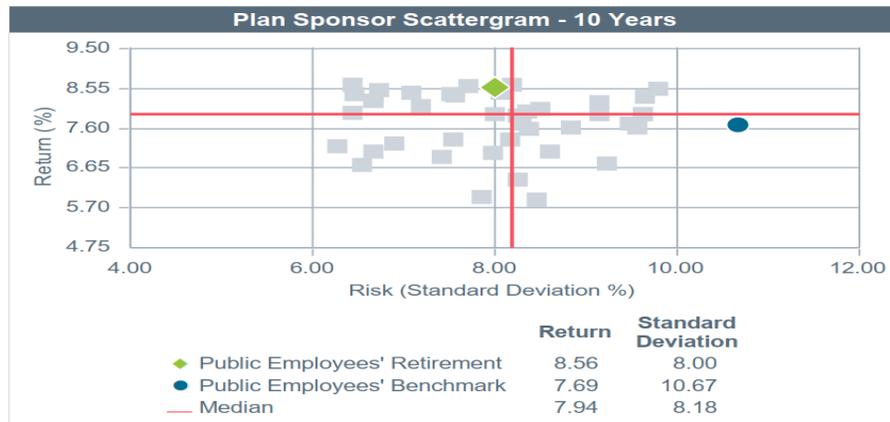
Data shown is as of 6/30/2025.



Risk and Return Peer Comparisons

Notes on Performance Analysis

- ❑ **Placement on Plan Sponsor Scattergram**—The ideal placement of the green diamond is in the upper left quadrant, as this indicates a higher return than peers with less risk.
- ❑ **Time Period of Analysis**—For this analysis, longer time periods are generally more meaningful. It is quite possible for a plan to have undesirable statistics over shorter periods of time. For example, equity-heavy portfolios would show higher risk and lower returns than peers during the 2008 and 2009 financial crisis.
- ❑ **Strategy Dissimilarities with Peer Groups**—Similar to the previous page, peer comparisons must be viewed cautiously, as differences in risk and return objectives may produce “underperformance” for reasons that are acceptable to the plan.



Data shown is as of 6/30/2025.



Private Asset Benchmarking

- MBOI historically utilized a public market benchmark for Private Investments performance within the total portfolio.
- The Private Investments Custom Index currently consists of the portfolio weighted combination of the MSCI US Small Cap for Private Equity and the S&P LSTA US Leveraged Loans 100 for Private Credit.
 - These public market benchmarks are helpful to answer the question of whether the **ALLOCATION** to Private Investments has been beneficial for Total Fund performance.
- In late 2025, MBOI approved adding a secondary peer group based benchmark for Private Investments that consists of the portfolio weighted combination of the Cambridge PE & VC Aggregate Index for Private Equity and the Cambridge Private Credit Index for Private Credit.
 - These peer group benchmarks are helpful to answer the question of whether the **IMPLEMENTATION** of Private Investments has been successful.

Montana Board of Investments Comparative Performance Consolidated Asset Pension Pool (CAPP)													As of December 31, 2025	
	QTD	FYTD	CYTD/ 1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Private Investments*	1.06	2.73	3.35	4.85	11.29	11.47	11.43	5.14	6.08	5.94	39.81	10.91	12.00	05/01/2002
Private Investments Custom Index	2.43	10.33	11.38	13.42	7.93	12.05	11.21	11.52	17.46	-13.86	16.54	18.90	10.90	
Difference	-1.37	-7.60	-8.03	-8.57	3.36	-0.58	0.22	-6.38	-11.38	19.79	23.27	-7.99	1.10	
Cambridge Actual Allocation Index	2.50	6.57	9.51	7.74	12.08	12.26	12.71	8.63	5.13	-3.01	45.81	16.50	12.35	
Difference	-1.45	-3.84	-6.16	-2.89	-0.79	-0.79	-1.28	-3.49	0.95	8.95	-5.99	-5.60	-0.35	

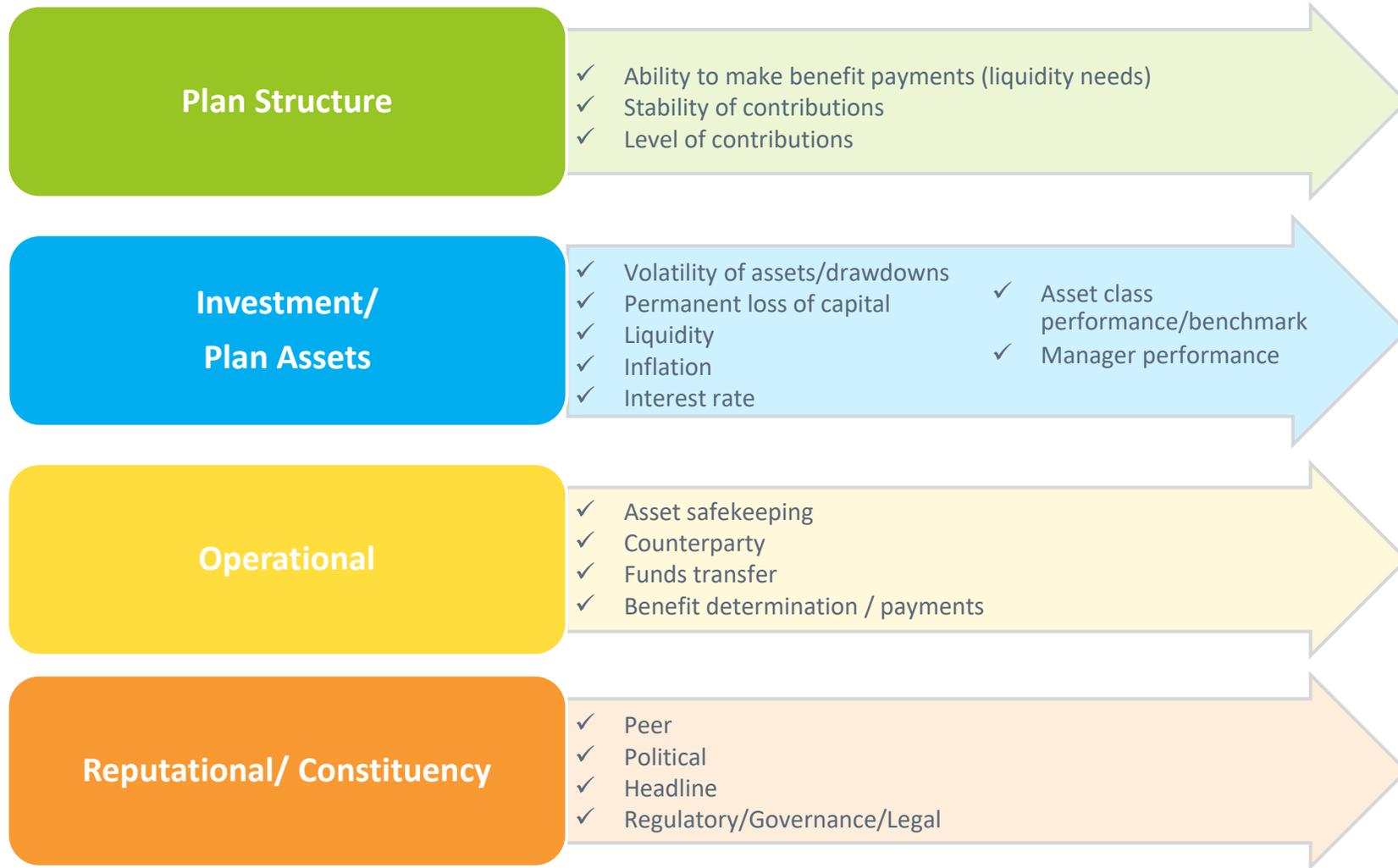
*Performance is based on the prior quarter's fair market value adjusted for cash flows during the most recent quarterly period.



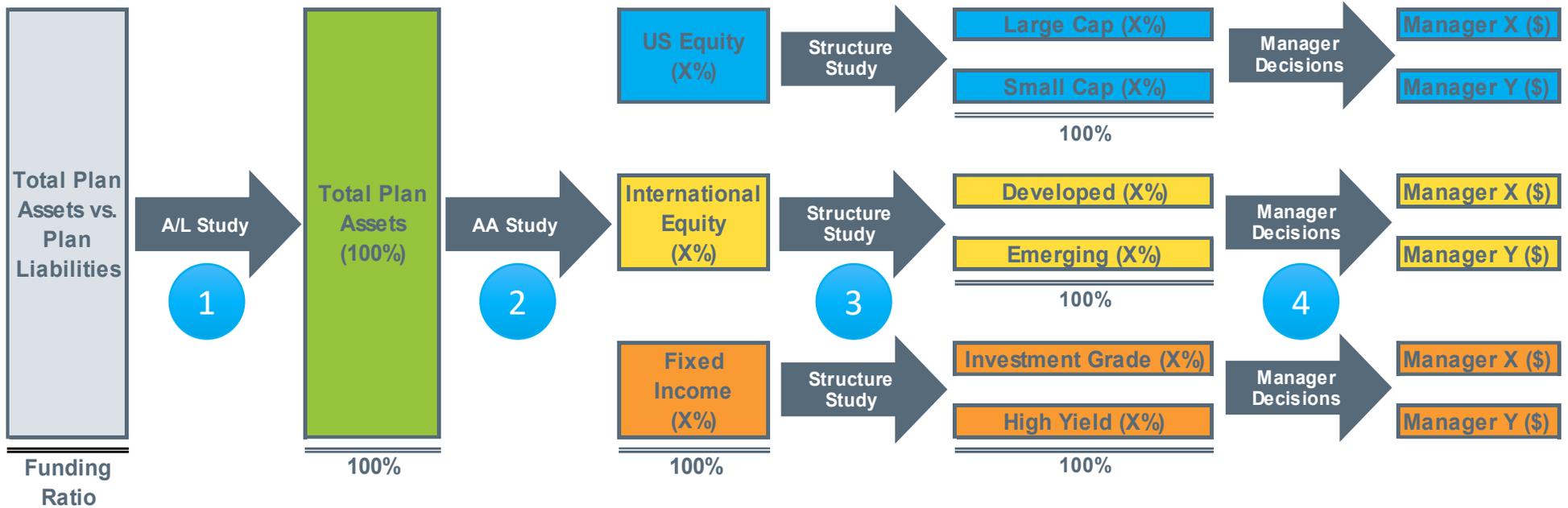
Risk Discussion

Investment Risks

While investment volatility is the risk most often discussed, **MBOI, like all institutional investors, takes many kinds of risk** in the pursuit of returns to fund benefits and trust requirements.



Risk Decision Points in the Investment Process



- 1**
- Ability to make benefit payments
 - Contribution stability
 - Acceptable asset volatility
 - Liquidity requirements

- 2**
- Maximize return for desired asset volatility
 - Asset liquidity vs. return tradeoff
 - Peer risk

- 3**
- Asset class performance/benchmark
 - Sector/Region
 - Inflation and Interest Rates

- 4**
- Manager performance
 - Active/Passive

Investment Risk Management

RVK holds specific views on the topic of total fund risk management:

1. There are **multiple risks** to the total fund.
 - *Reducing one type of risk usually comes at a cost -- lower returns or higher expenses or increased exposure to some other risk.*
2. The **goal of total fund risk management is not to eliminate risk.**
 - *Elimination is neither possible nor desirable.*
3. Effective risk management is best applied **at the point of decision-making**, not retrospectively.
4. Risk measurement and monitoring **works best when routinely integrated with monitoring** of all decision outcomes.
5. Risk management is **not just measurement and modeling.**
6. **Due diligence is not the same** as total fund risk management.

Investment Risk Monitoring and Management

Investment risk is monitored and measured in many ways

✓ Annual Actuarial Valuation – Periodic “report card” of:

- Progress towards fully funding promised benefits; and
- Stability and level of contributions.

✓ Asset/Liability Studies

- Projects future financial health under current assumptions and considering varying investment risk profiles.

✓ Asset Allocation Studies

- Reviews portfolio asset class mixes based on a given level of risk determined by the asset/liability study.

✓ Quarterly Investment Performance Reports

- Asset volatility/drawdown;
- Asset returns; and
- Peer comparisons via risk/return efficiency (scattergram of risk/return relative to peers).

✓ Manager Commentary and Meetings

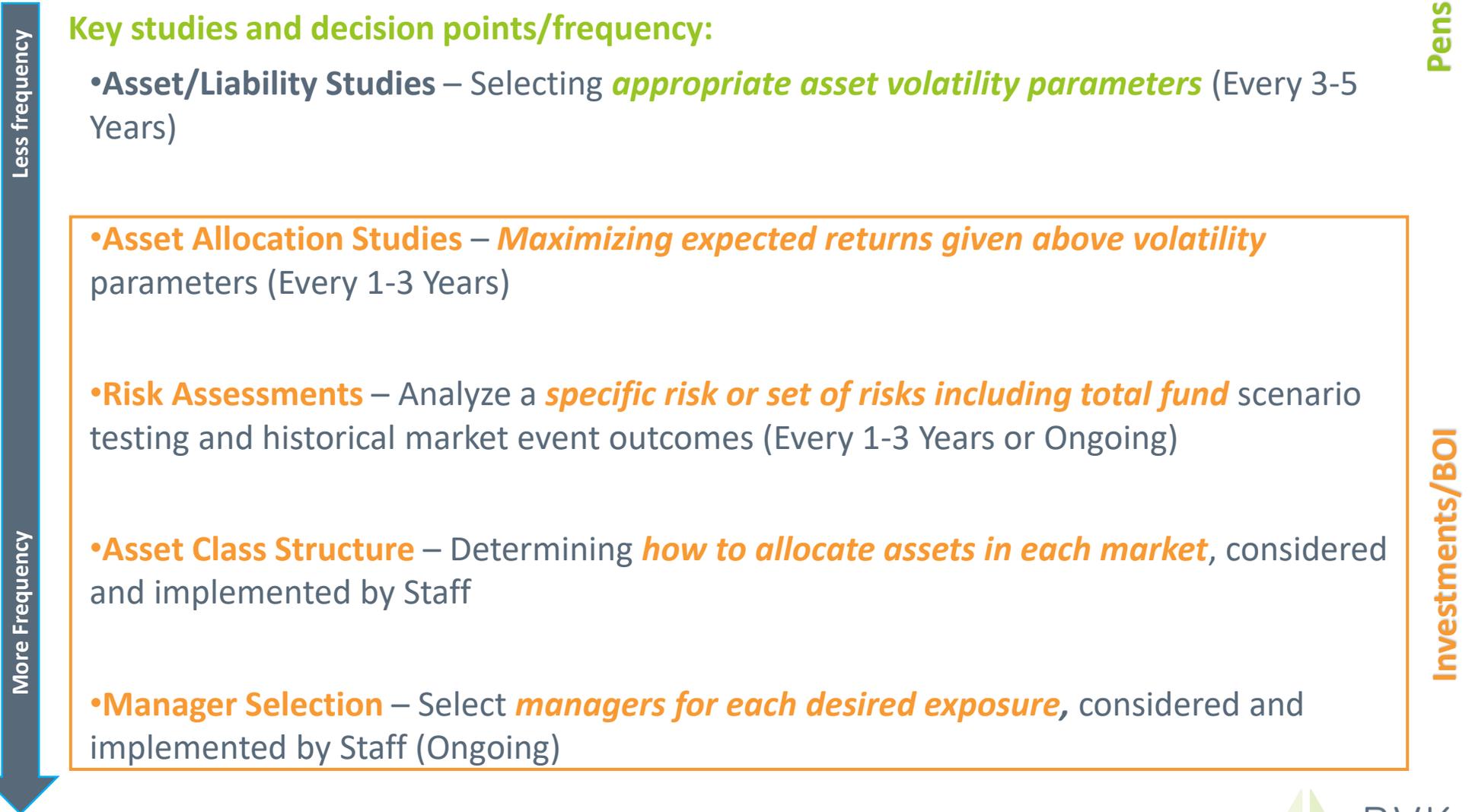
✓ Risk Reporting Packages

Pension

Investments/BOI

Investment Risk Evaluation

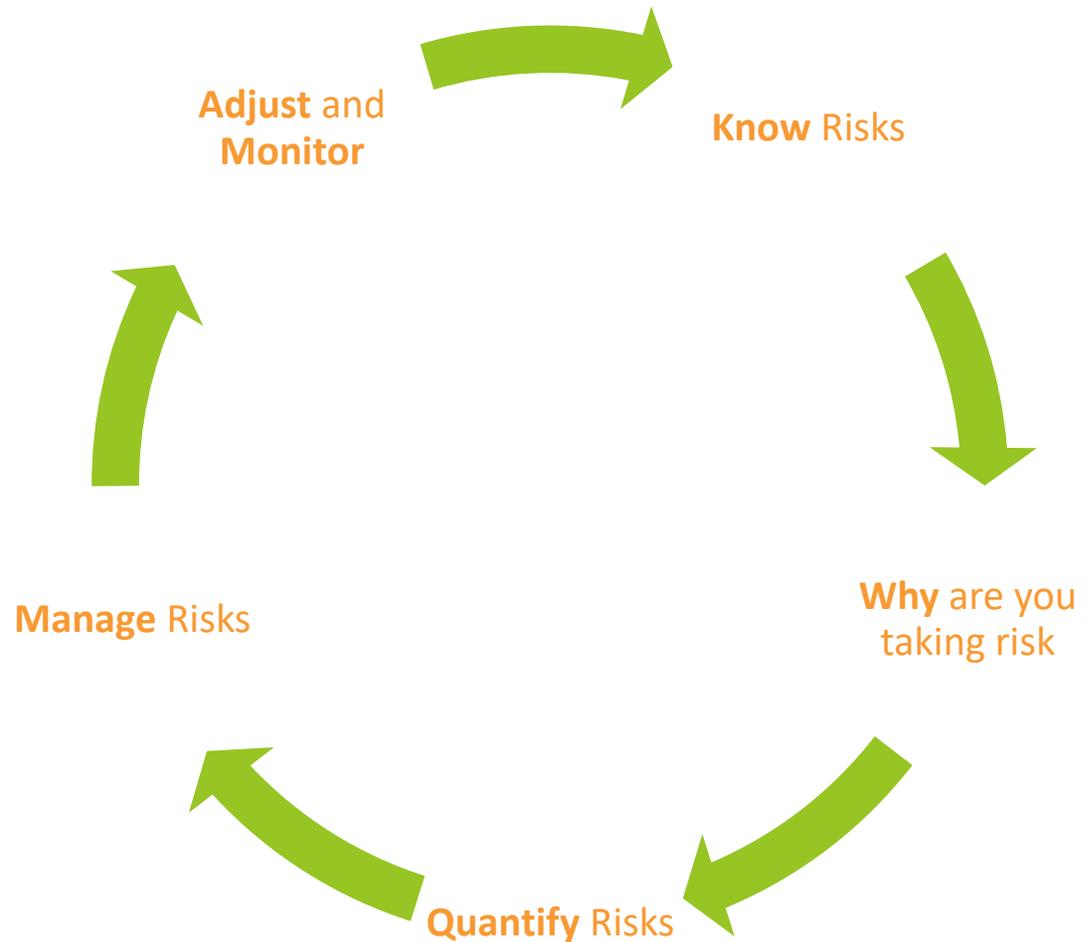
How much investment risk is appropriate is determined through multiple analyses and many Board decisions, with ongoing reviews



Risk Identification, Management Best Practices

An ongoing process with a hierarchy and cycle

- ✓ **What** risks are being taken (e.g. equity beta risk, interest rate risk).
- ✓ **Why** they are taken (e.g. return-seeking, risk mitigation via uncorrelated risks).
- ✓ **Estimate the probabilities** associated with risk outcomes (e.g. stochastic analysis of return outcomes).
- ✓ **Manage those risks (if possible)** without jeopardizing rewards (e.g., Asset/Liability studies, total fund and asset class diversification, private asset pacing).
- ✓ **Monitor** the results (e.g., risk metrics in quarterly reporting, regular asset allocation reviews, periodic A/L studies, etc.).
- ✓ **Adjust** exposures to specific risks as warranted.



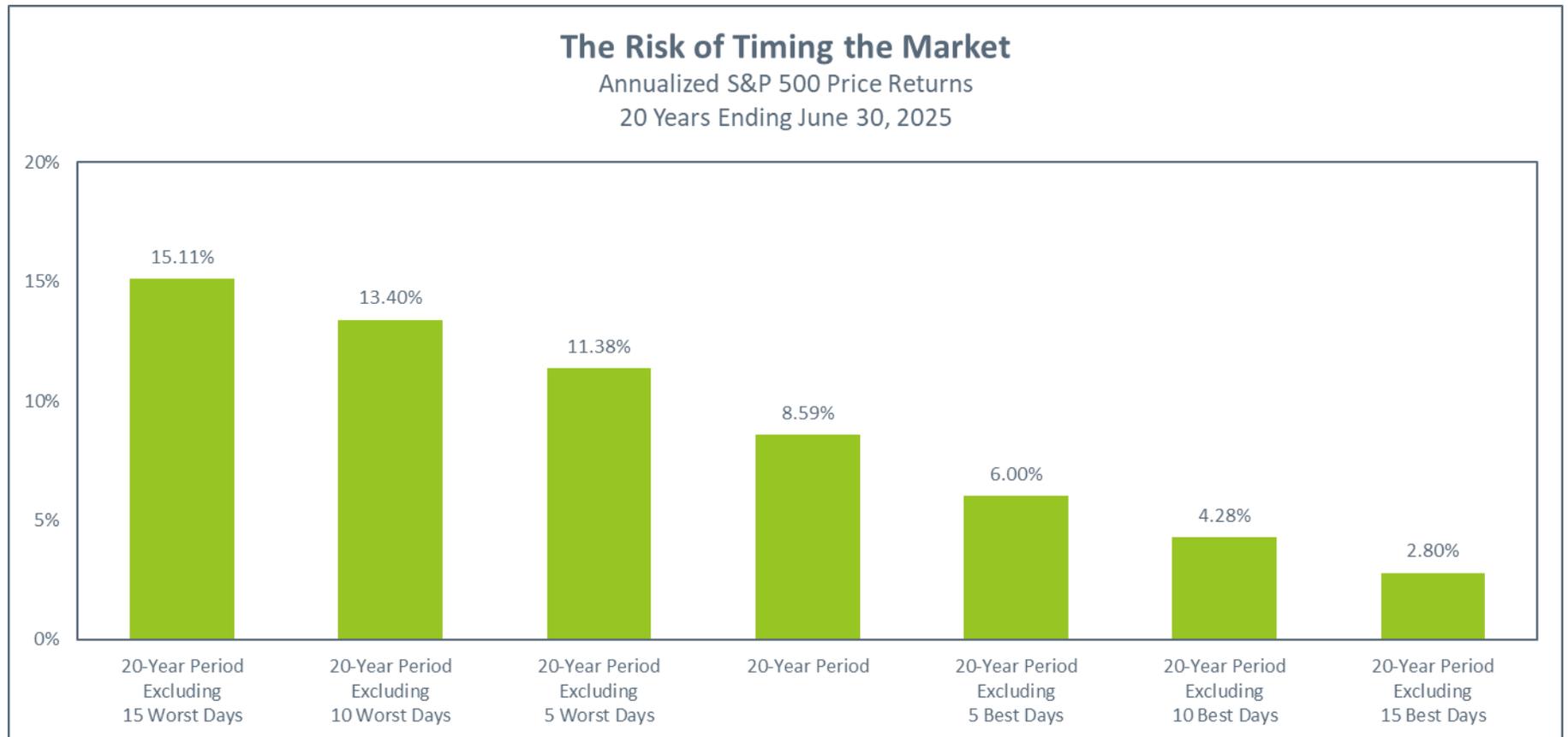
Other Risk Concepts

- **Leverage** – Leverage can be used in several ways, at the total fund level to increase expected returns, at the asset class level, at the manager level. Leverage is also embedded in individual investments, i.e. a public equity company borrows to invest in their company.
- **Market Timing** – Attempting to take advantage of perceived short-term opportunities.
- **Return-Chasing** – Seeking to increase expected returns through large increases in expected risk.

Market Timing

Missing even a few days of return can be devastating to long-term returns...

- Over the last 20 years, missing just the 5 best days reduces the annualized return by 2.6%
- Over the last 20 years, missing just the 10 best days reduces the annualized return by 4.3%



Data shown is as of 6/30/2025. Source: FactSet.



Return Chasing

How Does a Fund Get Into the Top Quartile?

- *Swing for the fences?*
 - One or two big years
- OR
- *Hit for Average* -- Singles and Doubles ?
 - Many solid, but no “great” years?
- Imagine a **hypothetical public pension fund that ranks in 40th Percentile in each calendar year** (decent performance but never in the top 3rd of peer funds)
 - Where does it **rank after 20 years?**
 - **Top Quartile!!!**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	20 Years
Return	10.7	13.5	-11.9	14.7	13.2	19.4	-3.6	15.6	8.0	0.3	6.7	17.0	13.0	1.1	13.5	20.9	-23.3	8.4	13.5	7.6	7.3
Rank	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	40	17

- MBOI performance has largely followed the same pattern. Ranking above median in 16/20 prior calendar years has resulted in a top quartile ranking relative to peers.

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	20 Years
PERS Return	9.7	12.2	-7.9	18.3	12.5	17.4	-2.0	15.3	7.8	2.3	8.6	18.0	13.8	2.7	13.4	16.1	-25.6	9.0	14.1	6.9	7.9
Rank	40	30	38	29	36	41	46	62	57	7	7	19	42	22	46	77	32	48	62	90	12

Data shown in top table is hypothetical and ranks are as of 6/30/2025.

Data shown in bottom table is specific to MBOI and performance and ranks are as of 6/30/2025.

*Ranks may not align between the tables shown based on when the specific analysis was run.



Key Tradeoffs

When building a public fund retirement system investment portfolio, there key tradeoffs for Boards to consider

1. Stability of Contributions vs. **Level** of Contributions

2. Maximum Return vs. **Volatility** of Assets

3. Benchmark Return vs. **Potential for Outperformance**

4. Manager Performance vs. **Desired Market Exposure** Performance

Defining Total Portfolio Investment Risk

There are multiple ways to measure risk and multiple risks to measure

- **Standard Deviation** – A statistical measure of the range of a portfolio's performance, the **variability of a return** around its average return over a specified time period. The most common measure of volatility.
- **Sharpe Ratio** – Represents the excess rate of return over the risk-free rate, divided by the standard deviation of the excess return to the risk-free rate. The result is the absolute **rate of return per unit of risk**. The higher the value, the better the fund's historical risk-adjusted performance.
- **Equity Beta** – A measure of the **sensitivity of a portfolio to the movements in the U.S. stock market**. It is a measure of a portfolio's non-diversifiable or systematic risk.
- **Value at Risk (VaR)** – The **highest possible loss expected** over a certain period of time at a given confidence level.
- **Expected Tail Loss (ETL)** – The **average loss** (at a given confidence level) expected during a left-tail event typically utilizing a non-normal distribution.
- **Inflation and Rate Sensitivity** – Measuring **how sensitive assets are to inflation and interest rate levels and changes**.

Appendix: Fiduciary Considerations

Duties of a Prudent Investor

Approvals should be based on informed decisions.

- ✓ **Consult** with investment experts – Staff and/or consultants.
- ✓ Ensure **compliance** with laws, regulations, and policies.
- ✓ **Research peer decisions** as a point of reference.
- ✓ Approvals should be based on **contemporary standards of prudent experts**.
- ✓ **Document** decision-making process!

Delegation and Oversight are Key

The MBOI is the ultimate fiduciary of the Pension Plans – therefore, the Board must monitor and oversee compliance with goals, objectives, and policies.

- Do Board members understand all applicable regulations and policies?
 - Do any conflicts of interest exist?
- Are all roles and responsibilities clearly documented and followed?
- Are responsibilities adequately delegated to appropriate experts?
 - Expertise of Board members
 - Qualifications of Staff
- Are Board members provided ample due diligence to make prudent decisions?
- How are consultants and advisors measured and held accountable?
- Has the MBOI appropriately delegated or inappropriately abdicated responsibilities?
- Is the MBOI micromanaging any aspects of the Pension Plans? If so, is it necessary to preserve fiduciary duty?

Defining Delegation

The MBOI should...

- Focus on *setting goals, objectives, and policies* to achieve those goals.
- *Delegate the due diligence and implementation of investment decisions to Staff*, at times under the guidance of counsel.
- *Consult legal counsel* regarding questions of compliance, negotiating agreements, and determining conflicts of interest.
- *Set parameters around granted authority* and *monitor performance and compliance* with goals, objectives and policies.
- Require delegates to *report to the MBOI* on a periodic basis.
- *Review and revise, as necessary*, to whom and what is delegated if delegates fail to act in the best interest of beneficiaries.
- **NOT** delegate to a non-fiduciary.

Defining Delegation

- *Oversight* is a continuous process, and the MBOI only meets periodically.
- Board members must delegate certain responsibilities since Pension Plan management is a constant and continuous process exceeding MBOI time and capabilities.
 - Pension management requires
 - ✓ special knowledge and expertise
 - ✓ time and resources to source, research, negotiate, implement, and monitor investments
 - ✓ Investment and accounting technology

What are Fiduciary Standards

There are five foundational principals that guide Trustees, Staff, and consultants to adhere to fiduciary duties

- ❖ Exclusive Benefit Rule
- ❖ Prudent Expert Rule
- ❖ Diversification of Investments
- ❖ Adherence to Investment Policies
- ❖ Prohibited Transitions

Defining a Fiduciary

Government-sponsored retirement plans are not subject to ERISA regulations, but they are most often managed in accordance with ERISA standards.



Fiduciaries are in a position of trust with respect to the participants and beneficiaries in the plan.

Fiduciary Standards

- ✓ Exclusive Benefit Rule
- ✓ Acting for the exclusive purpose of providing benefits to workers participating in the plan and beneficiaries.
- ✓ Prudent Expert Principle as defined in Section 17-6-201(1) of the MCA
- ✓ Carrying out duties with the care, skill, prudence and diligence of a “prudent” person familiar with the matters.
- ✓ Adherence to investment policies
- ✓ Diversification of plan investments
- ✓ Avoid prohibited transaction
- ✓ No acting against plan interests

Defining a Fiduciary

The responsibility to be prudent covers a wide range of functions needed to operate a plan.

Since you must carry out these functions in the same manner as a prudent person, you have consulted experts in investments and accounting.

But who exactly are fiduciaries to the Pension Plan? According to ERISA fiduciary rules...

A person is a plan fiduciary if they...

- Exercise(s) any discretionary authority or responsibility in the administration of the plan;
- Exercise(s) any authority or control concerning the management and disposition of plan assets; and
- Render(s) investment advice with respect to plan assets (or has any authority or responsibility to do so) for a fee or other compensation, other than regular compensation received as an employee of the plan sponsor.

Who is a Fiduciary?

❖ MBOI

- Investment Fiduciary of the Retirement Plans

❖ MBOI Staff

❖ Investment Consultants and Advisors

Who do Fiduciaries Serve?

Employees, Members, and Beneficiaries for whom the Pension Plans exist

There is no duty to all stakeholders of the Plan, including (but not limited to):

- MBOI Board member and their represented entities and nominating sponsors
- Legislative bodies that approve contributions
- The MBOI Staff
- Taxpayers and State residents/business owners
- Consultants, advisors, vendors, and any third-party service provider
- News outlets

What are your Fiduciary Responsibilities?

The stewardship of Plan assets by the MBOI invokes multiple duties

- The assets exist only to pay members' benefits and reasonable expenses and no other purpose.
- The MBOI must act prudently and knowledgeably rather than impulsively or without careful thought.
- The MBOI has delegated certain investment responsibilities to Staff, but you remain obligated to oversee and monitor adherence to goals, objectives, and governing policies.
- The MBOI must prudently diversify the portfolio to achieve a return commensurate for the risk taken without unduly neglecting the goals and objectives of the Plan.
- The MBOI must adhere to all applicable legal requirements.

What Should Fiduciaries Avoid?

Decisions should not be based on individual biases, perceived loyalties, and self-motivating interests that implicitly conflict with the purpose of the Pension Plans

Situations that can challenge a fiduciary's ethical duty to the Pension Plans

- Self-dealing
- Personal biases
- Consensus to avoid controversy
- Bowing to outside pressure/influences
- Allowing non-fiduciaries to exert control over decisions
- Emotional decision-making
- Privately negotiated "decisions" absent prudence
- Decisions focused on disadvantaging an unfavored party

Appendix: Additional RVK Public Fund Survey Data

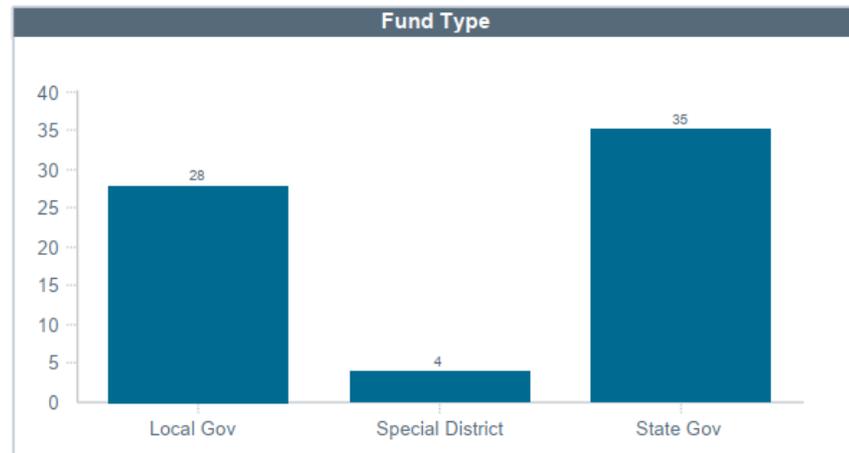
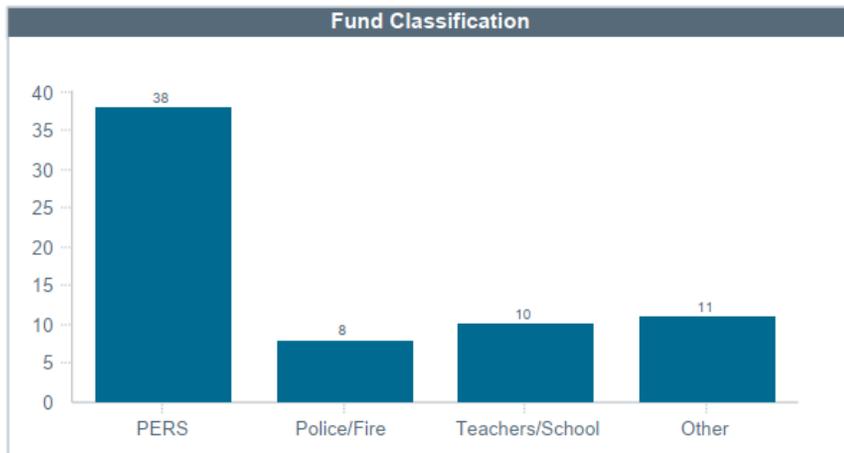
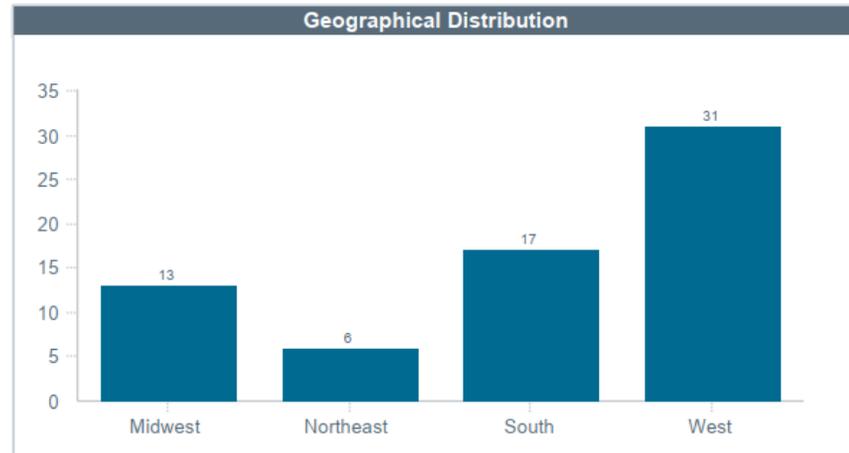
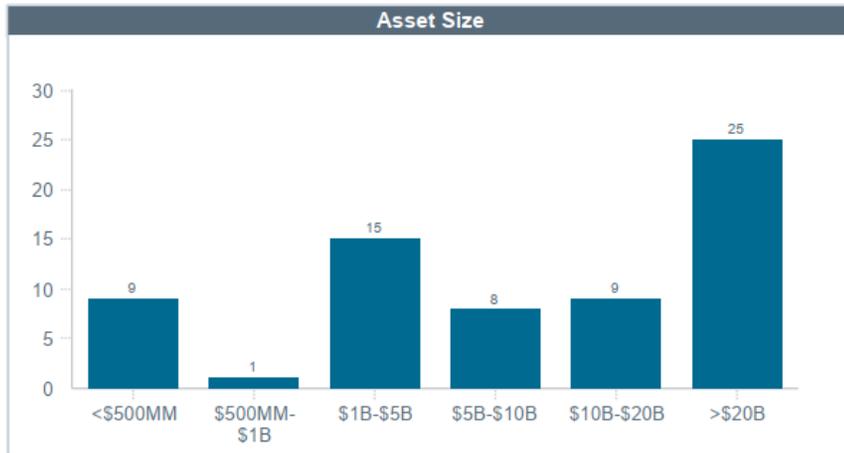
Asset Allocation Comparison – Peer Funds

RVK Public Fund Survey

- Our survey included 67 funds as of December 31, 2024
- The asset size, location, and type of fund are detailed below

Universe Characteristics

As of December 31, 2024



■ Universe: 67 funds



Asset Allocation Comparison – Peer Funds

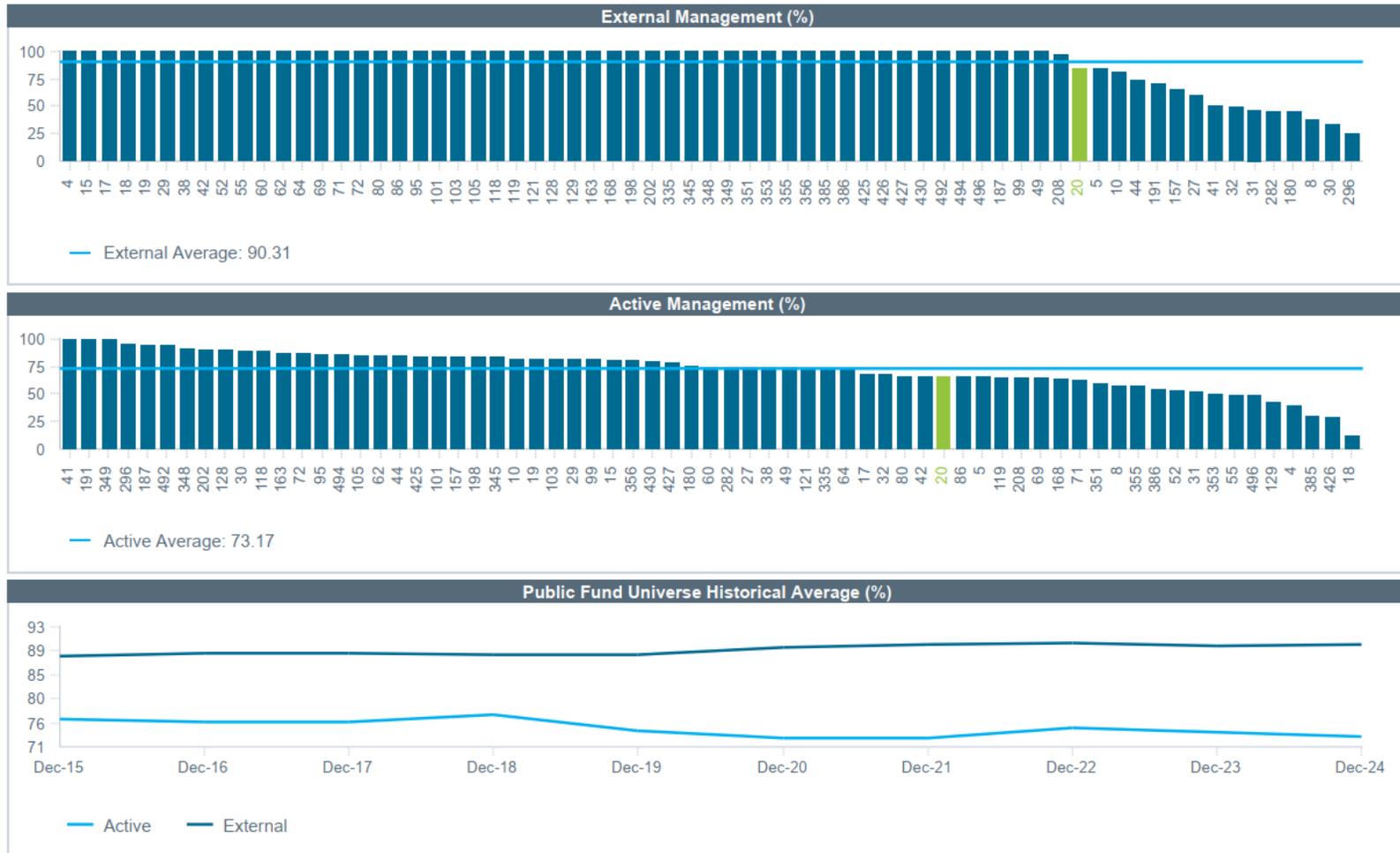
RVK Public Fund Survey

- MBOI (PERS) has less externally managed mandates and less active management relative to median

Portfolio Management

As of December 31, 2024

Percentage Externally Managed & Percentage Actively Managed



Fund No. 20



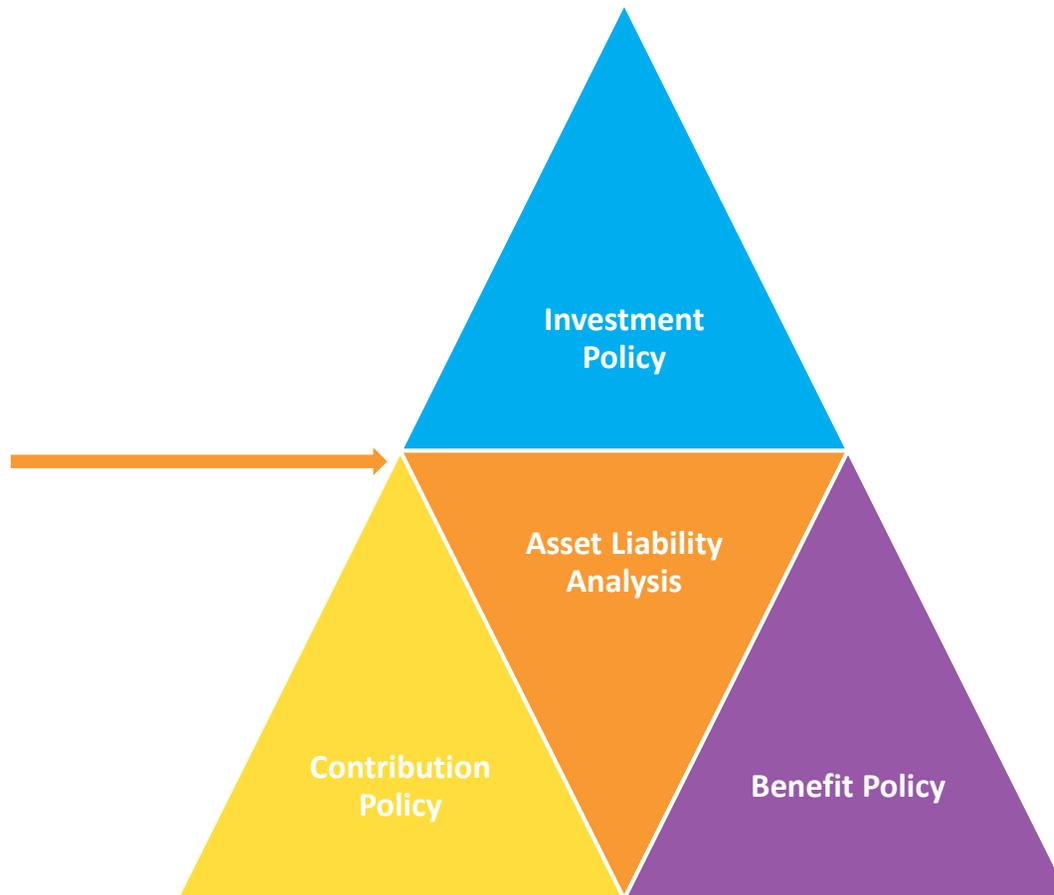
Appendix: Risk Tradeoffs

Key Tradeoffs

Stability of Contributions vs. Level of Contributions

(Ability to Make Benefit Payments, Targeted Volatility, Liquidity Requirements)

- Evaluated by A/L Study studies



Key Tradeoffs

Maximum Return vs. Volatility of Assets

(Maintaining the targeted level of exposures)

- Monitored by the Board quarterly during the Quarterly CIO Update

Asset Class	Allocation	Policy Ranges			Difference vs. Midpoint
		Min	Max	Midpoint	
Domestic Equity	26.81	23	34	28	-1.19
International Equity	15.39	10	20	15	<i>0.39</i>
Private Investments	17.43	13	21	17	<i>0.43</i>
Real Assets	6.15	3	9	6	<i>0.15</i>
Real Estate	12.06	7	15	11	<i>1.06</i>
Core Fixed Income	13.48	9	19	14	-0.52
Non-Core Fixed Income	7.04	5	9	7	<i>0.04</i>
Cash Pension	1.62	0	5	2	-0.38

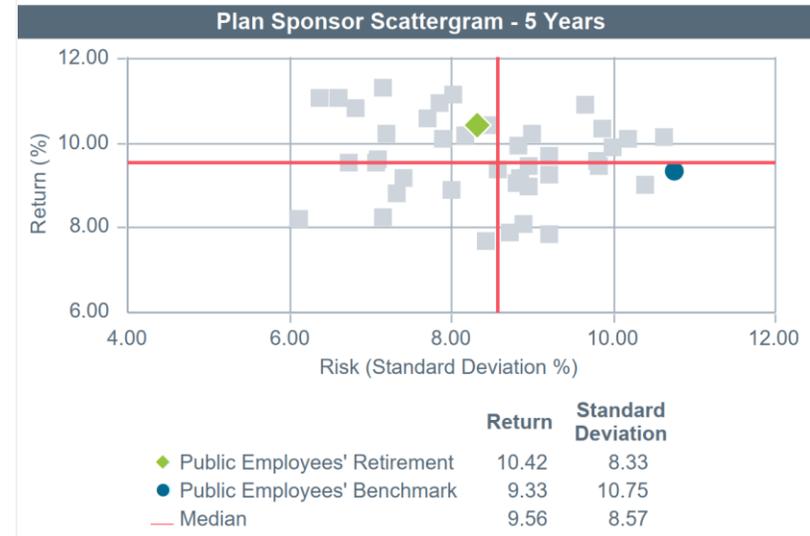
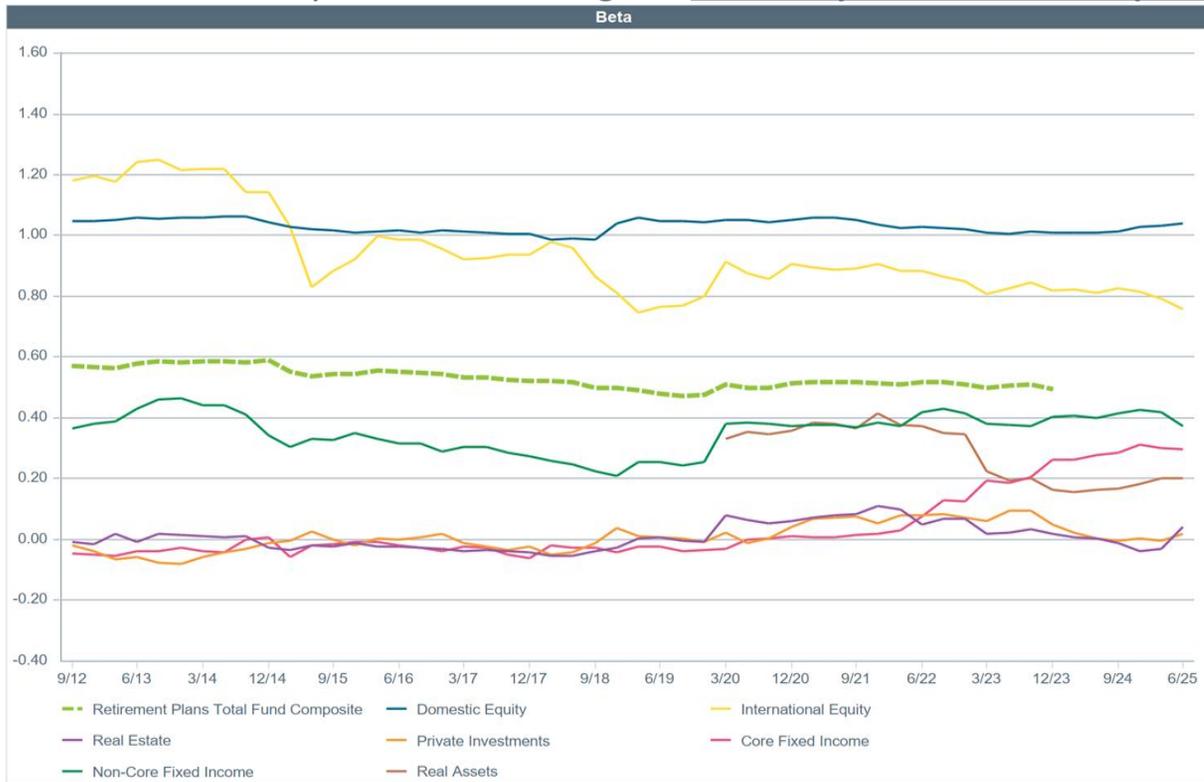


Key Tradeoffs

Maximum Return vs. Volatility of Assets

(Return vs. Peer Returns, tracking equity beta)

- Monitored by the Board during the **Quarterly Performance Report**



Data shown is as of 6/30/2025.



Key Tradeoffs

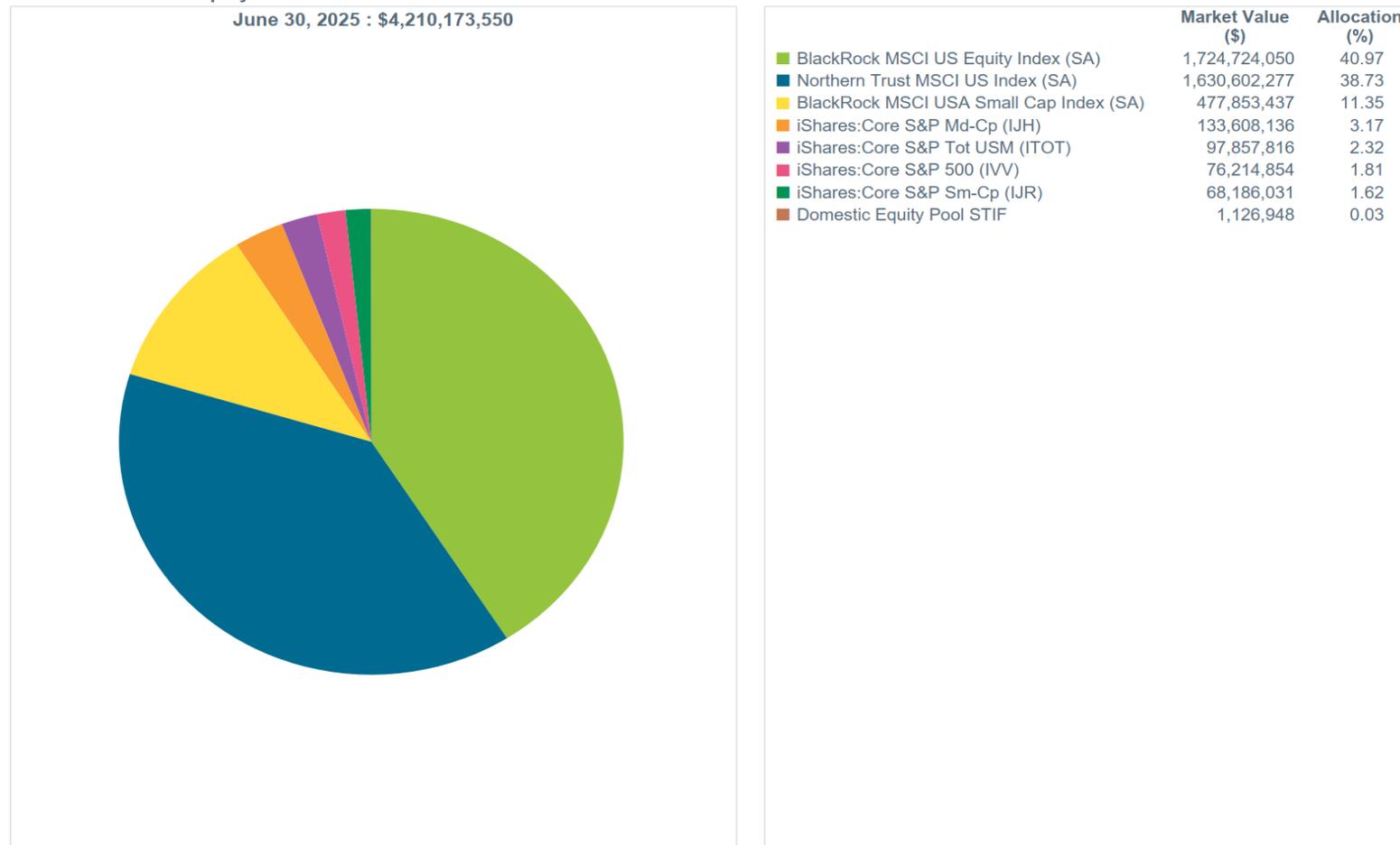
Benchmark Return vs. Potential for Outperformance

(Sector/Region Exposure vs. Market, Inflation, Interest Rate)

- Evaluated by the Staff during periodic asset class structure considerations

Montana Board of Investments
Asset Allocation
Montana Domestic Equity

As of June 30, 2025



← Active vs. Passive

← Capitalization

Allocations shown may not sum up to 100% exactly due to rounding. Market values do not include pending trades or securities not held by investment managers.

Data shown is as of 6/30/2025



Key Tradeoffs

Manager Performance vs. Desired Market Exposure Performance

- Monitored by the Board quarterly in **Quarterly Performance Reports**, ongoing evaluation by Staff and RVK

	QTD	CYTD	FYTD/1 Year	3 Years	5 Years	7 Years	10 Years	2024	2023	2022	2021	2020	Since Incep.	Inception Date
Domestic Large Cap Equity														
BlackRock MSCI US Equity Index (SA) - Net	11.35	6.33	15.75	19.94	16.47	N/A	N/A	25.04	27.11	-19.46	26.95	21.33	15.20	04/01/2019
MSCI US Index (USD) (Gross)	11.36	6.33	15.78	19.95	16.48	14.39	13.59	25.08	27.10	-19.46	26.97	21.37	15.22	
Difference	-0.01	-0.01	-0.03	-0.01	-0.01	N/A	N/A	-0.04	0.01	0.00	-0.02	-0.05	-0.02	
BlackRock MSCI US Equity Index (SA) - Gross	11.35	6.33	15.76	19.95	16.48	N/A	N/A	25.05	27.12	-19.45	26.96	21.34	15.22	04/01/2019
IM U.S. Large Cap Core Equity (SA+CF) Median	10.92	6.07	14.27	19.40	16.54	14.10	13.35	24.08	24.68	-16.42	27.77	17.72	14.99	
Rank	43	42	29	40	53	N/A	N/A	41	29	79	56	29	44	
Northern Trust MSCI US Index (SA) - Net	11.35	6.32	15.75	19.93	16.47	N/A	N/A	25.05	27.12	-19.46	26.97	21.34	15.15	11/01/2018
MSCI US Index (USD) (Gross)	11.36	6.33	15.78	19.95	16.48	14.39	13.59	25.08	27.10	-19.46	26.97	21.37	15.16	
Difference	0.00	-0.01	-0.03	-0.01	-0.01	N/A	N/A	-0.03	0.02	0.00	0.00	-0.03	0.00	
Northern Trust MSCI US Index (SA) - Gross	11.36	6.33	15.76	19.95	16.49	N/A	N/A	25.06	27.13	-19.45	26.98	21.36	15.17	11/01/2018
IM U.S. Large Cap Core Equity (SA+CF) Median	10.92	6.07	14.27	19.40	16.54	14.10	13.35	24.08	24.68	-16.42	27.77	17.72	14.97	
Rank	43	42	29	40	53	N/A	N/A	41	29	79	56	29	42	
iShares:Core S&P Tot USM (ITOT) - Net	11.01	5.61	15.20	19.06	N/A	N/A	N/A	23.71	26.41	-19.46	N/A	N/A	9.42	12/01/2021
S&P Tot Mkt Index	11.09	5.68	15.23	19.07	15.87	13.46	12.89	23.88	26.06	-19.53	25.66	20.79	9.37	
Difference	-0.08	-0.07	-0.03	-0.01	N/A	N/A	N/A	-0.17	0.35	0.07	N/A	N/A	0.05	
iShares:Core S&P 500 (IVV) - Net	10.85	6.13	15.02	19.48	N/A	N/A	N/A	24.88	25.74	-17.03	N/A	N/A	10.84	12/01/2021
S&P 500 Index (Cap Wtd)	10.94	6.20	15.16	19.71	16.64	14.39	13.65	25.02	26.29	-18.11	28.71	18.40	10.60	
Difference	-0.10	-0.07	-0.14	-0.23	N/A	N/A	N/A	-0.14	-0.55	1.08	N/A	N/A	0.24	

Data shown is as of 6/30/2025.



Conclusion

Risks are about **tradeoffs...**

- **Stability** of Contributions vs. **Level** of Contributions
- Maximum **Return** vs. **Volatility** of Assets
- **Benchmark Return** vs. Potential for **Outperformance**
- **Manager** Performance vs. **Desired Market Exposure Performance**

RVK

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