

MONTANA

BOARD OF INVESTMENTS

ANNUAL REPORT 2025



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Special Note: The numbers within this annual report are unaudited and may be subject to change in the audit process. The audited Unified Investment Program and Enterprise Fund Financial Statements will be made available once the Legislative Audit Division issues the Audit Opinions. Once issued, the Legislative Audit Division will have both Audit Opinions available online at [Legislative Audit Division Audit Opinions](#) by selecting Board of Investments under Agency. The Board's website [Annual Reports & Audits](#) will also contain a link.

BOARD MEMBERS



Jeff Meredith
Board Chair
Representing
Small
Business
Term Ending
1/2/2029



Mark Barry
Representing
Financial
Term Ending
1/2/2029
Committees:
• Audit Chair



Porter Bennett
Representing
Agriculture
Term Ending
1/1/2027
Committees:
• Loan



Dwaine Iverson
Representing
Financial
Term Ending
1/1/2027
Committees:
• Audit



Dr. Tim Kober
Representing
Labor
Term Ending
1/1/2027
Committees:
• Loan Chair
• HR



John
Milanovich
Representing
Financial
Term Ending
1/2/2029
Committee:
• Loan



Maggie Peterson
Representing
PERS
Term Ending
1/2/2029
Committees:
• HR Chair



Daniel Trost
Representing
TRS
Term Ending
1/2/2029
Committees:
• HR



Cindy Younkin
Representing
Law
Term Ending
1/1/2027
Committee:
• Audit
• HR

NON-VOTING LEGISLATIVE LIAISONS



Representative
Larry Brewster
House of
Representatives
Liaison
Term Ending
1/1/2026



Senator
Shane Morigeau
Senate Liaison

Term Ending
1/1/2026

BOARD OF INVESTMENTS STAFF

- ❖ Dan Villa, Executive Director
- ❖ Jon Putnam, CFA, CAIA, FRM, Chief Investment Officer
- ❖ Peggy MacEwen, SPHR, SHRM-SCP, sHRBP, SPTD, SWP, PAHR
Chief Operating Officer

- ❖ Polly Boutin, Associate Financial Manager
- ❖ Jason Brent, CFA, CAIA, Director of Public Markets
- ❖ John Carpenter, CPA, Accounting Bureau Manager
- ❖ Roberta Diaz, Investment Accountant
- ❖ Julie Feldman, CPA, Comptroller
- ❖ Willie Gross, Investment Analyst – Private Investments
- ❖ Kirsten Haswell, Investment Officer – Fixed Income
- ❖ Doug Hill, Director of the Commercial Loans
- ❖ Matthew Hoffman, Investment Analyst – Investment Operations
- ❖ Samantha Holman, Investment Analyst – Fixed Income
- ❖ Tim House, Investment Analyst – Investment Operations
- ❖ Ethan Hurley, CAIA, Director of Real Estate & Real Assets
- ❖ Sheli Jacoby, Investment Accountant
- ❖ Cort Jensen, Chief Legal Counsel/Machine Learning & AI Officer
- ❖ Ethan Kittle, Investment Analyst – Fixed Income
- ❖ Eron Krpan, CFA, CIPM, Director of Investment Operations
- ❖ Tammy Lindgren, Investment Accountant
- ❖ Mark Lodman, Technology Compliance Analyst
- ❖ Savannah Morgan, Office Manager/Board Secretary
- ❖ John Romasko, CFA, Director of Fixed Income
- ❖ Peggy Saarela, Credit Analyst
- ❖ Jessilynn Salois, Investment Accountant
- ❖ Rob Sampson, CFA, CAIA, Investment Analyst – Real Estate/Real Assets
- ❖ Steve Strong, CFA, Investment Analyst – Public Markets
- ❖ Brenda Thomas, Investment Accountant
- ❖ Louise Welsh, Director of Municipal Loans
- ❖ Thomas Winkler, CAIA, Director of Private Investments

UNIFIED INVESTMENT PROGRAM

Montana's State Constitution requires the state's financial assets to be managed through the Unified Investment Program. The Montana Legislature established the Board of Investments (the Board) to carry out that mandate, and, beginning in fiscal year 2026, directed that the Board operations be reported as a restricted enterprise fund. This change from an internal service fund to a restricted enterprise fund is part of the Board's ongoing efforts to identify and implement governmental efficiencies that result in cost savings for program participants. The Board manages the state's investments within those constitutional and statutory guidelines.

As of June 30, 2025, the Board managed approximately \$29.6 billion in pension funds, trust funds, insurance reserves, state operating funds, and certain local government funds. Within these broad categories, investment pools and separately managed investments are utilized to meet the financial goals and expectations of the agencies and entities that entrust those funds to the Board. Each participant is separately identified for accounting and recordkeeping. The Board approves all Investment Policy Statements. The Board's portfolio is available on its [Investment Holdings](#) webpage.

Total Fund Fiduciary Net Position Held in Trust for Participants (In Millions)

Fund Type	STIP	TFIP	CAPP	REIS	SMA	STIP in Pool	STIP Reserve	Grand Total
Pension Funds	\$ 161.6	\$ 0.0	\$15,704.3	\$0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$15,865.9
Trust Funds	117.1	1,703.1	0.0	0.0	1.2	0.0	0.0	1,821.4
Coal Sev. Tax Trust	117.0	1,079.9	0.0	0.0	126.4	0.0	0.0	1,323.3
Insurance Reserves	378.6	53.0	0.0	0.0	1,483.3	0.0	0.0	1,914.9
Operating Funds	7,777.3	656.2	0.0	13.0	105.6	0.0	0.0	8,552.1
STIP in Pool	343.6	0.0	0.0	0.0	0.0	(343.6)	0.0	0.0
STIP Reserve	0.0	0.0	0.0	0.0	0.0	0.0	107.5	107.5
STIP App/Dep	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.5
6/30/2025	\$8,895.7	\$3,492.2	\$15,704.3	\$13.0	\$1,716.5	\$ (343.6)	\$107.5	\$29,585.6

Table Comments: The table represents the amount each fund type has invested in the Short-Term Investment Pool (STIP), Trust Funds Investment Pool (TFIP), Consolidated Asset Pension Pool (CAPP), and Separately Managed Accounts (SMA). The Real Estate Investment Services (REIS) pool was created during the fiscal year to manage real estate direct investment projects on behalf of the state. The amounts presented include receivable and payable accruals. Appreciation/depreciation on STIP assets classified as Cash and Cash Equivalents are reported at cost on the financial statements.

ASSET MANAGEMENT

Internal and External - Approximately 49% of the Board's investments are managed internally by the Board's investment staff. Assets managed internally are often lower-risk assets that can be better managed "in-house" to limit costs. The remaining assets are managed externally by investment managers in various asset classes. Utilizing the specialized expertise of these external managers, the Board seeks to maximize the return available from various market options. External managers are carefully selected and monitored by the Board's staff.

Active and Passive - Approximately 81% of the investments are actively managed. The actively managed assets are primarily fixed income assets managed internally by the Board's own investment staff at a lower cost than possible by an external manager with a passive mandate.

PENSION FUNDS

Managing Pension Investments requires a skillful balance of:

- Maximizing long-term returns
- Managing risks
- Analyzing plan liquidity needs
- Controlling costs

The Board manages the Pension Funds' investments for nine separate retirement plans that provide retirement benefits for public employees of state and local government entities. The two largest funds are the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS). The retirement system assets are invested within the Short-Term Investment Pool (STIP) and the Consolidated Asset Pension Pool (CAPP), discussed in further detail in the Investment Pools' section of this report.

Pensions

Fiduciary Net Position Held in Trust for Participants (In Millions)


Fund Name	STIP	CAPP	Grand Total
Public Employees' Retirement	\$ 76.7	\$ 7,542.4	\$ 7,619.1
Teachers' Retirement	56.9	5,325.5	5,382.4
Firefighters' Retirement	7.5	751.7	759.2
Police Retirement	6.7	661.4	668.1
Sheriffs' Retirement	6.0	603.4	609.4
Game Wardens' Retirement	3.7	378.9	382.6
Highway Patrol Retirement	2.3	235.4	237.7
Judges' Retirement	1.5	145.6	147.1
Vol. Firefighters' Retirement	0.3	60.0	60.3
6/30/2025	\$ 161.6	\$ 15,704.3	\$ 15,865.9

Table Comments: The amounts presented include receivable and payable accruals.

Pension funds are, by nature, long-term funds and require a long-term view when making investment decisions. Prudence, patience, and professional discipline are the hallmarks of the Board's investment process.

Factors considered in managing pension investments include long-term growth (expected rates of return), liquidity needs (how readily convertible to cash), risk (multi-dimensional), and cost. The Board addresses these factors through a strong governance model that requires the Board to engage in the review and confirmation of asset allocation.

The Board examines historical market performance, trends, and long-term economic forecasts during the asset allocation review. It also carefully studies more specific considerations related to individual asset classes, including costs, risks, potential returns, and the correlations between asset classes.



The Board aims to maximize investment returns while keeping risk within prudent levels and maintaining sufficient liquidity to meet current benefit payments to retirees. The Board's asset allocation mix is critical to the return on pension fund investments. Please refer to the CAPP section for the approved ranges established by Board policy as of October 9, 2024, and allocation as of June 30, 2025.

The table on the following page shows investment returns, net of fees, for the PERS since fiscal year 1995. The returns for the other eight retirement systems are consistent with those of PERS. As shown by the S&P 500 Index (equity) and Bloomberg Barclays U.S. Aggregate Bond Index (fixed income) in the table, the use of different asset classes heavily influences returns.

Average	PERS Actual Net Return	S&P 500 Index Total Return	Bloomberg US Aggregate Bond Index
Inception to Date	7.81%	10.94%	4.58%
Fiscal Year	PERS	S&P 500	Bloomberg
FY25	9.46%	15.16%	6.08%
FY24	9.07%	24.56%	2.63%
FY23	8.50%	19.59%	-0.94%
FY22	-4.32%	-10.62%	-10.29%
FY21	27.72%	40.79%	-0.33%
FY20	2.71%	7.51%	8.74%
FY19	5.70%	10.42%	7.87%
FY18	8.84%	14.37%	-0.40%
FY17	11.94%	17.90%	-0.31%
FY16	2.07%	3.99%	6.00%
FY15	4.58%	7.42%	1.86%
FY14	17.16%	24.61%	4.37%
FY13	13.04%	20.60%	-0.69%
FY12	2.41%	5.45%	7.47%
FY11	21.79%	30.69%	3.90%
FY10	12.87%	14.43%	9.50%
FY09	-20.69%	-26.22%	6.05%
FY08	-4.86%	-13.12%	7.12%
FY07	17.96%	20.59%	6.12%
FY06	9.07%	8.63%	-0.81%
FY05	8.13%	6.32%	6.80%
FY04	13.43%	19.11%	0.32%
FY03	6.61%	0.26%	10.40%
FY02	-7.29%	-17.99%	8.63%
FY01	-5.08%	-14.83%	11.23%
FY00	7.93%	7.25%	4.56%
FY99	12.08%	22.75%	3.15%
FY98	16.63%	30.15%	10.54%
FY97	19.63%	34.69%	8.15%
FY96	12.60%	25.99%	5.02%
FY95	16.33%	26.07%	12.55%

Table Comments: FY01- FY02 Collapse of the dot com bubble.
FY08-FY09 Global Financial Crisis.
FY22 Higher global interest rates.

The Board reviews absolute return performance, performance to internally established benchmarks, and performance to its peers. The Board utilizes independent comparisons of its performance and costs to that of other large public pension systems. The most recent report comparing costs and performance can be found on the Board's website at [CEM Benchmarking Report](#).

TRUST FUNDS

The Board invests approximately \$3.1 billion for over 60 trust funds, some created and protected by the State Constitution. Other trusts have been created by statute or involve federal funds. Several trust funds were established as part of settlements between the state and private corporations to ensure environmental clean-up of polluted sites.

COAL SEVERANCE TAX TRUST FUND

Article IX, Section 5 of the State Constitution requires that 50% of the coal severance tax revenues be deposited in a permanent trust fund (Coal Trust), in which the principal "shall forever remain inviolate unless appropriated by three-fourths (3/4) vote of the members of each house of the legislature." The Board is encouraged to invest 25% of the Coal Trust in the Montana economy, emphasizing new or expanding businesses.

Over the years, the legislature has partitioned the Coal Trust into several sub-trust funds: the Permanent Fund, the Severance Tax Bond Fund, the Montana Coal Endowment Fund, the Montana Coal Endowment Regional Water Fund, the Big Sky Economic Development Fund, the School Facilities Fund, the Montana Coal Endowment Conservation District Fund, and the Coal Board Fund. The School Facilities Fund receives 10% allocation of the coal severance tax revenue until its fund balance reaches \$300 million. The Montana Coal Endowment Conservation District Fund receives 65% of the allocation until its fund balance reaches \$100 million. Once the balance reaches \$100 million, the 65% allocation will revert to the Coal Board Fund created in 2024. The remaining 25% dedicated to the Big Sky Economic Development Fund terminates on June 30, 2035.

The interest earnings are legislatively appropriated as follows:

- Permanent Fund and the Severance Tax Bond Fund income is transferred periodically to the state general fund.
- Montana Coal Endowment Fund income is appropriated for local government infrastructure projects.
- Montana Coal Endowment Regional Water Fund income is appropriated for local government water projects.
- Big Sky Economic Development Fund income is appropriated for economic development projects.
- School Facilities Fund income is appropriated for school facility projects.
- Montana Coal Endowment Conservation District Fund income is appropriated to promote natural resource conservation.

The fair values of the Coal Trust sub-trust funds are shown below:

Coal Severance Tax Trust Fund
Fiduciary Net Position Held in Trust for Participants (In Millions)

Sub-Trust Fund Name	STIP	TFIP	SMA	Grand Total
Permanent Fund	\$ 93.9	\$ 327.9	\$ 126.4	\$ 548.2
Montana Coal Endowment (MCE) Fund	3.0	266.9	0.0	269.9
School Facilities Fund	6.3	207.1	0.0	213.4
Big Sky Economic Development Fund	6.0	148.6	0.0	154.6
MCE Regional Water Fund	1.2	92.4	0.0	93.6
MCE Conservation District Fund	6.5	37.0	0.0	43.5
Severance Tax Bond Fund	0.1	0.0	0.0	0.1
6/30/2025	\$ 117.0	\$ 1,079.9	\$ 126.4	\$ 1,323.3

Table Comments: The amounts presented include receivable and payable accruals.

The table below reflects the Separately Managed Accounts (SMA) held by the Coal Trust. The Board uses the Commercial Loan Program to invest a portion of the Coal Trust in compliance with state law. The following pages provide more details on the program and the various financing options.

Coal Trust – SMA
Fiduciary Net Position Held in Trust for Participants (In Millions)

Montana Loans	Permanent Coal Trust
Commercial Loans:	
Business Loan Participation Program	\$ 100.8
Infrastructure Loan Program	8.4
Intermediary Relending Loan Program	5.4
Value-Added Loan Program	0.0
Montana Facility Finance Authority	11.5
Montana Science & Technology Alliance	0.3
6/30/2025	\$ 126.4

Table Comments: The amounts presented include receivable and payable accruals. The 2025 Legislative Session, House Bill (HB) 924, transferred the Veterans' Home Loan Mortgage Program and Coal Trust Multifamily Homes Program to the Montana Board of Housing's administration on June 26, 2025.

Coal Tax – SMA Permanent Fund Commercial Loan Programs

Over the years, the Montana Legislature has directed that the Board provide certain financial incentives, typically at below-market interest rates, to certain borrowers who meet the program requirements set in law.

The Commercial Loan Program, previously referred to as the In-State Loan Program, was created in 1984 as part of the “Build Montana” program. The program invests the Coal Severance Tax Trust (Coal Trust) Fund 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 Commercial Loan Program balances are provided on the previous page in the [Coal Tax – SMA](#) table.

Loan Types – Four loan types are available in the Commercial Loan Program, and some offer a job credit interest rate reduction equal to 0.05% for each qualifying job created up to a maximum reduction of 2.5%.

- The ***Business Loan Participation Program*** allows the Commercial Loan Program to participate up to 80% in a loan originated by an approved lender. The loan proceeds may finance unencumbered land, buildings, and equipment.
- The ***Infrastructure Loan Program*** provides loans to eligible local governments to construct or purchase infrastructure for basic sector business use. By law, this program's total amount of loans outstanding is limited to \$80 million.
- The ***Intermediary Relending Loan Program*** provides loans to local economic development organizations with revolving loan programs. Individual loans may not exceed \$500,000, and total loans outstanding in this program are legally limited to \$10 million.
- The ***Value-Added Loan Program*** provides low-interest loans to value-added type businesses that create or retain jobs. Total loans outstanding in this program are limited by law to \$70 million.

In accordance with the 2025 Legislature, HB924, the Veterans Home Loan Mortgage Program and the Multifamily Coal Trust Homes Program were transferred to the Montana Board of Housing's administration on June 26, 2025.

Commercial Loan Program Highlights



The Kyiyo Bakery & Mercantile offers merchandise, food, and lodging on the eastside of Glacier Park. The name Kyiyo (pronounced Ke-I-Yo) is the Blackfeet word for bear. The business is located at the Kiowa Junction, near Browning, Montana, on the corner of the Blackfeet Nation. One of the 10 largest tribes in the United States. The Board's Participation Loan Program participated in 80% of a nearly \$2 million loan, and

the Board's Down Payment Assistance Program provided an additional \$690,000 for the new facility. As a result of the loans, the business has created jobs and is entitled to an interest rate reduction of .05% for each qualifying job created.



Montana Precision Products (MPP) is engaged throughout the world in the business of providing aviation services and products. The Board's Participation and Infrastructure Loan Programs, in cooperation with the City-County of Butte-Silver Bow, loaned nearly \$3.9 million to MPP to expand its facility in the Montana Industrial Connections Park in Butte, Montana. Considering the loan terms, MPP has agreed to create 99 jobs over four years. The Infrastructure Loan Program also provides tax incentives to MPP, which could equal the total amount borrowed over the loan term.



Commercial Investments and Bond Guarantees

In addition to the Board's Commercial Loan Program, the Montana Legislature authorized other programs to use coal tax monies from various sub-funds. The Montana-related investments, including the Board's bond guarantees, are shown in the table below. The Commercial Loan Program balances are provided in this report's Coal Severance Tax Trust Fund section, [Coal Tax – SMA](#) table.

Montana-Related Investments and Bond Guarantees Fiduciary Net Position Held in Trust for Participants (In Millions)

Investment	SMA	CAPP	TFIP	Bond Guarantees	Grand Total
Coal Severance Tax Trust Fund:					
Commercial Loan Program	\$114.6	\$ 0.0	\$ 0.0	\$ 0.0	\$ 114.6
Montana Facility Finance Authority Loans	11.5	0.0	0.0	0.0	11.5
Montana Science & Technology Alliance	0.3	0.0	0.0	0.0	0.3
Residential Mortgages	0.0	0.5	0.0	0.0	0.5
Direct Real Estate	0.0	0.0	43.7	0.0	43.7
INTERCAP Bond Guarantee	0.0	0.0	0.0	65.0	65.0
MFFA Bond Guarantee	0.0	0.0	0.0	96.5	96.5
6/30/2025	\$ 126.4	\$ 0.5	\$43.7	\$161.5	\$ 332.1

Table Comments: The amounts presented include receivable and payable accruals.

Bond Guarantees - The Board can pledge certain monies to credit-enhance bondholder security for the Board's Enterprise Fund (INTERCAP Loan Program) and the [Montana Facility Finance Authority Program](#) (MFFA), which allows for lower interest rates through a statutory mechanism. As of June 30th, the Board had provided loan guarantees from the Coal Severance Tax Trust Fund and the Treasurer's Cash Fund to the Enterprise Fund for exposure to INTERCAP bond issues amounting to approximately \$65.0 million and from STIP, TFIP, and the Coal Severance Tax Trust Fund to the MFFA amounting to approximately \$96.5 million. The Board has not had to perform on any bond or loan guarantee.

The 2025 Legislature passed House Bill 505, creating the Montana Housing Infrastructure Revolving (MHIR) Bond Guarantee Program as a means in which the Board can use funds in the MHIR Loan Fund account to guarantee an infrastructure bond issued for purposes that meet the MHIR Bond Program requirements, in lieu of a local government's revolving loan fund pledge. Please see the [Economic Assistance Programs](#) section in this report for further detail.

OTHER TRUST FUNDS

Other Trust Funds Fiduciary Net Position Held in Trust for Participants (In Millions)

Fund Name	STIP	TFIP	SMA	Grand Total
Abandoned Mine Land Rec. Trust	\$ 8.6	\$ 0.0	\$ 0.0	\$ 8.6
Barker Hughesville St Response	2.0	7.7	0.0	9.7
Belt Water Treatment Plant Fund	7.0	22.3	0.0	29.3
Butte Area One Restoration Fund	1.1	4.8	0.0	5.9
Butte Area Redevelopment Trust	2.0	11.7	0.0	13.7
Clark Fork River Restoration Fund	5.4	19.9	0.0	25.3
Clark Fork Site Response Action Fund	4.6	46.4	0.0	51.0
Coal Tax Park Trust Fund	2.5	28.5	0.0	31.0
Cultural Trust Fund	0.8	16.6	0.0	17.4
East Helena Compensation Fund	1.5	0.0	0.0	1.5
East Helena Greenway Project Trail Maint.	0.2	0.7	0.0	0.9
Endowment For Children	0.1	1.5	0.0	1.6
Fish, Wildlife, and Parks Mitigation Trust	2.7	6.9	0.2	9.8
Flying J CECRA Facilities Fund	0.6	2.2	0.0	2.8
Harold Hamm Endowment	>0.0	>0.0	0.0	>0.0
Invasive Species Trust Fund	0.0	2.3	0.0	2.3
Kyiyo Pow Wow	0.1	0.1	0.1	0.3
Libby Asbestos Site State Cost	1.4	4.1	0.0	5.5
Lubrecht Forest Carbon Offset Credits	0.8	1.0	0.9	2.7
Luttrill Pit Operations and Maintenance	0.4	1.7	0.0	2.1
Montana Historical Society Trust Funds	1.2	2.8	0.0	4.0
Montana History and Civics Endowment	0.8	1.3	0.0	2.1
Montana Pole Superfund Site Settlement	4.6	14.3	0.0	18.9
Montana State Library Trust	0.2	1.2	0.0	1.4
Noxious Weed Management Trust	0.0	10.3	0.0	10.3
NRDP Libby Settlement	6.1	1.0	0.0	7.1
Older Montanans Trust	0.0	0.3	0.0	0.3
Potter Trust Fund	0.1	0.2	0.0	0.3
Public-School Trust	0.0	945.7	0.0	945.7
Real Property Trust	0.3	6.8	0.0	7.1
Resource Indemnity Trust Fund	0.0	105.6	0.0	105.6
Smelter Hill Uplands Restoration Fund	1.2	7.2	0.0	8.4
Streamside Tailings Op. Settlement Fund	2.1	14.5	0.0	16.6
Tobacco Trust Fund	9.3	309.4	0.0	318.7
Upper Blackfoot Response Action Rest.	0.7	0.1	0.0	0.8
UCFRB Reserve Fund	1.4	21.3	0.0	22.7
UCFRB Restoration Fund	2.9	63.5	0.0	66.4
Wildlife Habitat Trust Fund	1.2	15.1	0.0	16.3
Yellowstone Exxon Settlement Fund	2.0	4.1	0.0	6.1
Zortman/Landusky Long-Term Water Trust	17.9	0.0	0.0	17.9
Zortman/Landusky Long-Term Water Fund	23.3	0.0	0.0	23.3
6/30/2025	\$ 117.1	\$ 1,703.1	\$ 1.2	\$ 1,821.4

Table Comments: The amounts presented include receivable and payable accruals. A fund may be one trust or a combination of several smaller trusts.

[Other Trust Funds Descriptions \(click here\)](#)

INSURANCE RESERVES

The Board invests approximately \$1.9 billion for several insurance programs. The State Workers' Compensation Insurance Fund (Montana State Fund) owns the largest dollar value of such securities and is discussed in more detail on the next page. The fair values of the insurance reserves are shown below:

Insurance Reserves Fiduciary Net Position Held in Trust for Participants (In Millions)

Fund Name	STIP	TFIP	SMA	Grand Total
Montana State Fund	\$ 49.1	\$ 0.0	\$ 1,467.1	\$ 1,516.2
Other Insurance Funds:				
Employee Group Benefits	114.4	36.5	2.5	153.4
Agency Insurance	85.6	0.0	0.0	85.6
Montana University System Group Ins.	69.2	12.6	2.0	83.8
Unemployment Insurance Benefits	33.7	0.0	0.0	33.7
MUS Workers Compensation	11.3	3.9	0.0	15.2
Defined Contribution Disability	0.7	0.0	11.7	12.4
Hail Insurance	9.8	0.0	0.0	9.8
Uninsured Employers	2.7	0.0	0.0	2.7
Subsequent Injury	2.1	0.0	0.0	2.1
6/30/2025	\$ 378.6	\$ 53.0	\$ 1,483.3	\$ 1,914.9

Table Comments: The amounts presented include receivable and payable accruals.

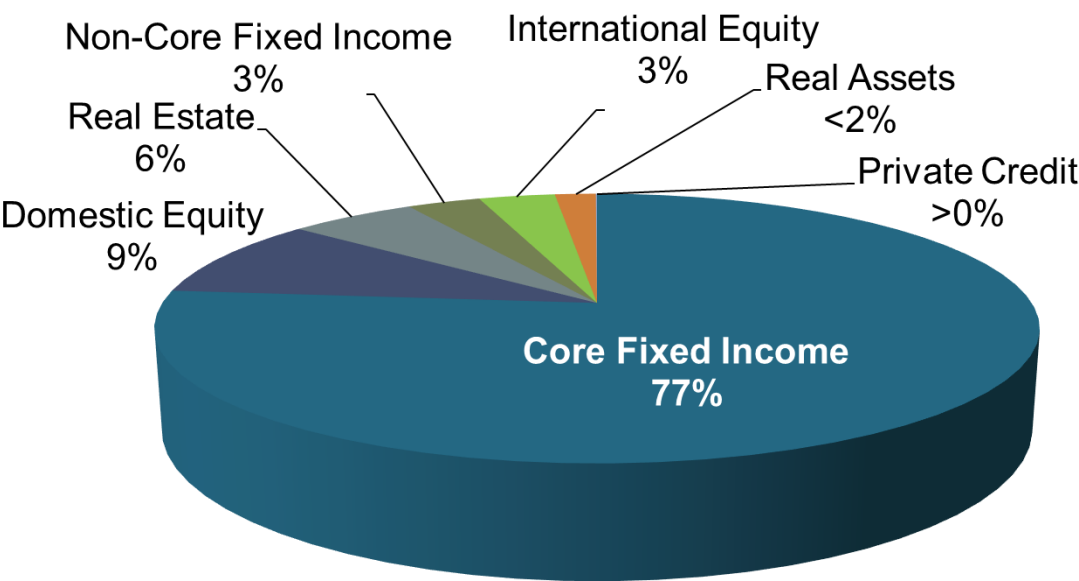
[Other Insurance Funds Descriptions \(click here\)](#)

MONTANA STATE FUND

The Montana State Fund (MSF) provides workers’ compensation and occupational disease insurance for claims related to workplace injuries or illnesses. The investment returns for the MSF shown below are net of fees. The MSF’s portfolio balances are provided on the previous page. The Board managed approximately \$1.5 billion in investments on behalf of the MSF as of June 30, 2025.

Montana State Fund Returns	1-Year	2-Year	10-Year
	7.43%	6.01%	3.59%

Montana State Fund By Investment Type



OPERATING FUNDS

Statutes limit where most state agency funds may be invested. Agencies must have the legal authority to invest separately from the State's general cash account (the State Treasurer's Fund) in the STIP. An agency may have funds other than ordinary operating monies that can prudently have a longer-term investment outlook and an opportunity for better returns. The TFIP, REIS, or SMA are available to meet those needs.

Operating Funds Fiduciary Net Position Held in Trust for Participants (In Millions)

Fund Name	STIP	TFIP	REIS	SMA	Grand Total
State Treasurer's Fund	\$ 3,598.1	\$ 539.8	\$ 0.0	\$ 0.0	\$ 4,137.9
Local Governments	1,955.2	0.0	0.0	0.0	1,955.2
State Agency	1,650.2	0.0	0.0	0.0	1,650.2
Montana State University-Bozeman	203.8	56.9	0.0	0.0	260.7
Debt and Liability Free	195.5	0.0	0.0	13.3	208.8
Montana Housing Infra. Rev. Loan Fund	72.8	0.0	0.0	90.8	163.6
FWP License	47.8	29.8	0.0	1.5	79.1
University of Montana-Missoula	46.1	29.0	0.0	0.0	75.1
General Fund	0.0	0.0	13.0	0.0	13.0
Montana Technological University	7.7	0.4	0.0	0.0	8.1
Montana Historical Society	0.1	0.3	0.0	0.0	0.4
6/30/2025	\$ 7,777.3	\$ 656.2	\$ 13.0	\$ 105.6	\$ 8,552.1

Table Comments: The amounts presented include receivable and payable accruals.

[Operating Funds Descriptions \(click here\)](#)

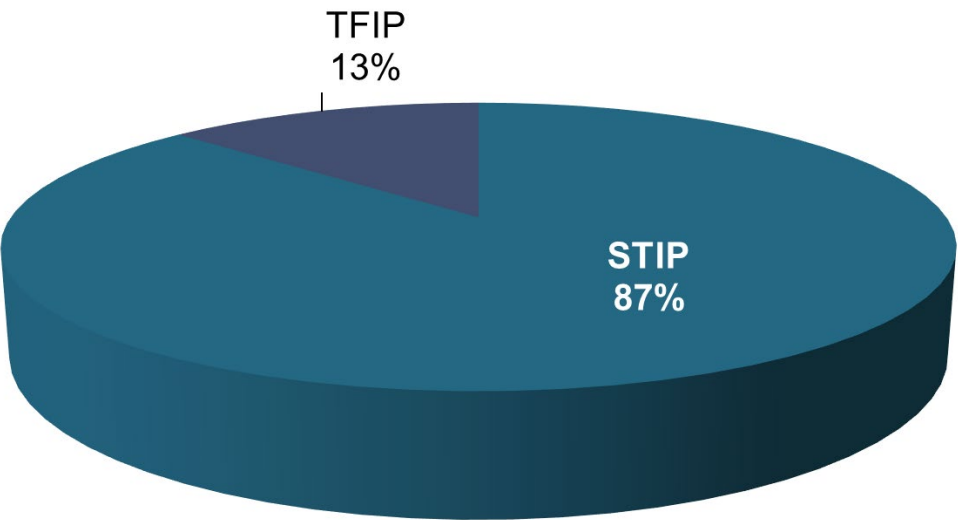
Although state agencies with accounts that retain their interest earnings are legally required to invest in the STIP, local government entities can, by statute, voluntarily invest in the STIP as provided in Section 17-6-204, MCA.

STATE TREASURER’S FUND

The State Treasurer’s Fund is the cash in all state accounts that do not retain their investment earnings. All earnings are deposited into the state special revenue fund Debt and Liability Free Account. State law authorizes the Board to determine the amount of surplus cash in the State Treasurer’s Fund to invest and the type of investments to be made. The fund is managed to maximize income rather than for the total rate of return. This fund has been a major participant in STIP since its creation in 1973. The investment returns shown below are net of fees. The State Treasurer’s Fund investment balance as of June 30, 2025, was approximately \$4.1 billion.

State Treasurer’s Fund Returns	1-Year 4.80%	2-Year 4.97%	10-Year 2.02%
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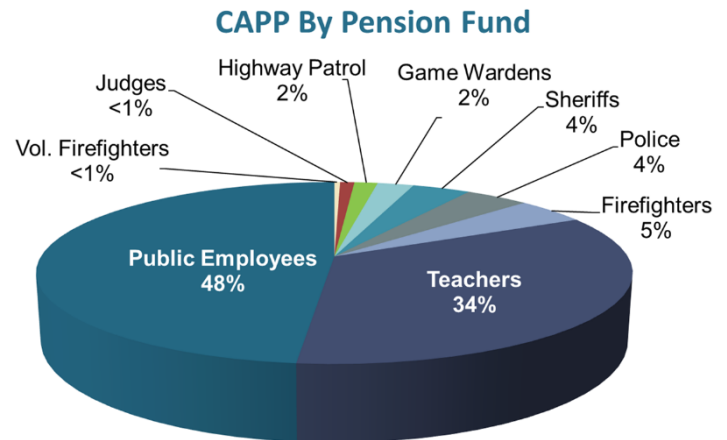
State Treasurer's Fund By Investment Type



INVESTMENT POOLS

Consolidated Asset Pension Pool (CAPP)

The Board's CAPP is only used by the pension systems. This combined investment pool has eight approved pension asset classes (PAC). All pension funds are invested prudently with the diversification necessary to mitigate risk. All pension investments are governed by a board-approved investment policy statement that includes asset allocation policy categories and ranges established by the Board.



CAPP Asset Allocations

Pension Asset Class	Range Low	Range High	Allocation as of 6/30/25
Domestic Equities	22%	34%	26.5%
Private Investments	13%	21%	17.3%
International Equities	10%	20%	15.2%
Core Fixed Income	9%	19%	13.4%
Real Estate	7%	15%	11.9%
Non-Core Fixed Income	5%	9%	7.0%
Real Assets	3%	9%	6.1%
Cash	0%	5%	2.6%

Table Comments: The combined cash at the plan and CAPP levels are subject to the range. Montana Public Retirement Plans shall have no greater than 5% of the Net Asset Value managed by any one external manager using an active investment strategy.

Real Estate Investment Services (REIS) Pool

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.

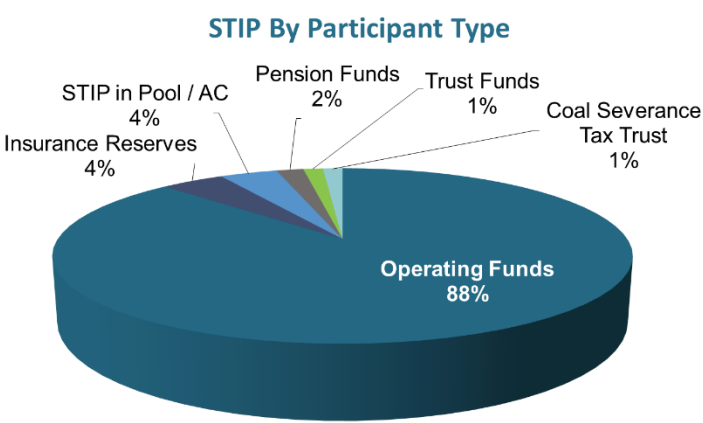
In 2023, HB819 selected the Board to manage the \$12 million Montana Workforce Housing Fund. These funds must be used to construct or purchase workforce housing specific to counties with less than 15,000 inhabitants within a 30-mile radius of a state facility housing at least 100 state inmates or behavioral health patients.

Construction of the Pintler Meadows housing project pictured below began in 2024 for state employees of the Montana State Prison and the Montana State Hospital in Deer Lodge, Montana. The plans are for twenty-eight 1400-square-foot two-story townhouse units. The Board oversees the property in addition to its Direct Real Estate portfolio. The first occupants moved in on August 1, 2025. Construction is scheduled to be completed in 2026.



Short-Term Investment Pool (STIP)

The STIP was created in 1973 and is used by state agencies, local governments, and retirement systems as an alternative to idle cash. The STIP investments are short-term, highly liquid, and among the safest obtainable. The STIP is structured similarly to a money market fund. Its yield tends to be higher than average money market yields due to lower expenses and the ability to make some investments in securities with slightly longer maturities. The chart to the right shows the percentage of shares by participant type as of June 30, 2025.



STIP Asset Allocations

Asset Class	% as of 6/30/25
Commercial Paper	47.2%
Federal Agencies	24.6%
Certificates of Deposit	13.4%
Corporate Notes	10.0%
Money Market Funds	4.8%

Table Comments: STIP’s cash and cash equivalents generally are short-term, highly liquid investments with maturities of three months or less at the time of purchase measured at cost and fair value.

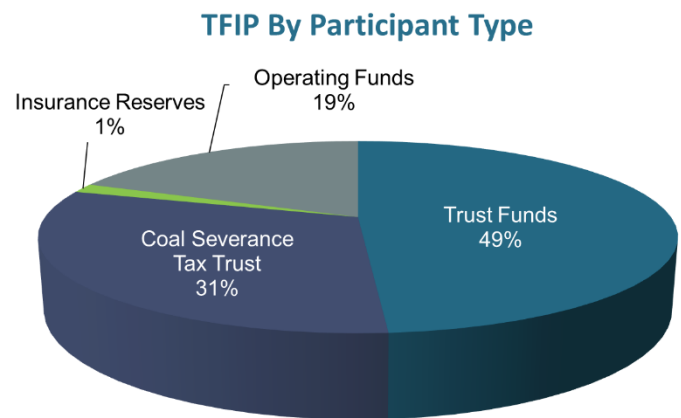
The STIP is not Federal Deposit Insurance Corporation (FDIC) insured, otherwise insured, or guaranteed by the federal government, the State of Montana, the Board, or any other entity against investment losses. The Board maintains a reserve fund to offset possible losses and limits fluctuations in the STIP’s Fiduciary Net Position Held in Trust for Participants.

The STIP provides participants with ready access to cash. Shares are transacted at \$1.00. Fractional shares may be purchased, and participants may buy or sell shares within notice of one business day. The nearly \$8.9 billion in investments are managed by Board staff. There were approximately 589 accounts invested in the STIP during the year, including over 200 local government accounts. All investments are made by Board staff, and all income is distributed to participants on the first day of the month. The pool reported net distributions for state and local government agencies of approximately \$403.2 million (unaudited) in fiscal year 2025.

Trust Funds Investment Pool (TFIP)

The TFIP was created in 1995 to expose participants to a portfolio of income-producing assets. Using a commingled pool allows for simplified investing and accounting, broader diversification, and less risk than would otherwise be available for individual participants.

The TFIP participants consist primarily of the state's trust funds. The Board invests approximately \$3.5 billion for over 60 trust funds, some of which were created and protected by the state Constitution. Other trusts have been created statutorily by the legislature or through receipt of federal funds. Several trust funds were established as part of settlements between the state and private corporations to ensure environmental clean-up of polluted sites.



TFIP Asset Allocations

Asset Class	% as of 6/30/25
Fixed Income	70.2%
Real Estate	20.9%
Non-Core Fixed Income	5.8%
Real Assets	3.1%
Private Credit	>0%

Current income is important to these participants, and the pool is managed for income generation rather than total rate of return. Income distributed includes interest accruals, discount/premium, accretion/amortization, and net securities lending income. The TFIP invests directly in the Asset Classes as shown. Each Asset Class has an underlying set of investment objectives and investment guidelines. All realized capital gains and losses are retained in the pool.

ENTERPRISE FUND

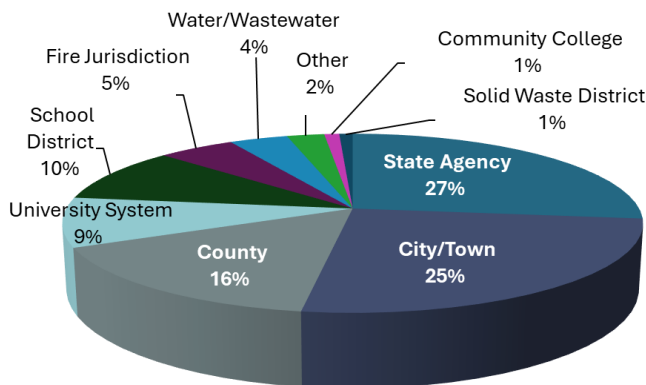
The Board uses the Enterprise Fund to account for its programs created under the Municipal Finance Consolidation Act (MFCA) and the Economic Development Bond Act. The Enterprise Fund Financial Statement provides information on all the programs defined under this fund. The following focuses on the active MFCA-authorized programs that have a significant impact on the Enterprise Fund.

INTERCAP LOAN PROGRAM

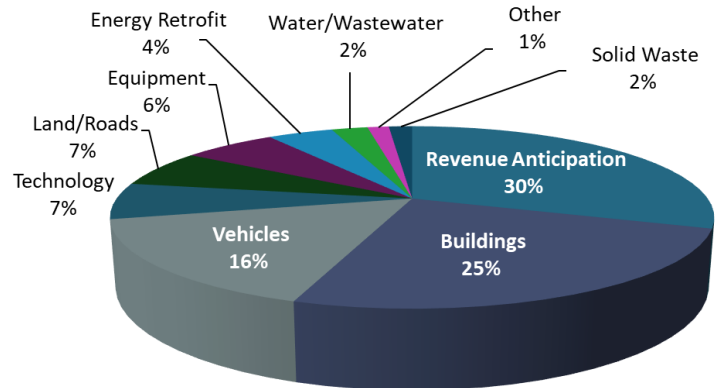
The Board has provided low-interest loans to Montana state agencies, universities, and local governments for various projects. INTERCAP has loaned \$729.0 million statewide since its inception. As of June 30, 2025, there is \$65.0 million outstanding on the bond used to fund the loans. Loan interest rates are reset every February. The loan rate from February 16, 2024, to February 15, 2025, was 6.25% (5.75% with autopay). The loan rate for the period from February 16, 2025, to February 15, 2026, is 5.82% (5.00% with autopay).

Over 80% of all Montana counties and municipalities have financed projects through INTERCAP.

Loans By Borrower Type Since Inception



Loans By Project Type Since Inception



The Board makes firm one-year commitments to fund the loans. The program committed to \$29.5 million and funded \$23.8 million on average over the past five fiscal years. The program estimated that the fiscal year 2025 commitments and fundings would be under \$25.0 million. The program committed to \$28.5 million and funded \$21.1 million in fiscal year 2025. The program estimates the Board will commit to and fund under \$20.0 million in fiscal year 2026.

The table below compares the INTERCAP bonds used to fund the loans vs. the borrower loans with the interest rates in effect.

INTERCAP
Bonds vs. Loans (In Millions)

Fiscal Year	Bonds Outstanding	Bond Rate	Loans Outstanding	Loan Rate*
FY25	\$ 65.0	4.32%	\$ 68.3	5.00%
FY24	\$ 75.2	5.05%	\$ 79.3	5.75%
FY23	\$ 68.7	5.07%	\$ 68.7	5.75%
FY22	\$ 68.7	0.63%	\$ 69.2	1.50%
FY21	\$ 90.6	0.15%	\$ 72.1	1.65%
FY20	\$ 90.7	1.00%	\$ 69.0	2.50%
FY19	\$105.1	1.87%	\$ 79.6	3.37%
FY18	\$105.1	1.65%	\$ 81.0	3.15%
FY17	\$107.9	1.20%	\$ 94.7	2.50%
FY16	\$ 97.3	0.52%	\$ 80.5	1.55%
FY15	\$106.4	0.23%	\$ 82.5	1.25%
FY14	\$106.5	0.16%	\$ 79.0	1.00%
FY13	\$106.6	0.22%	\$ 75.3	1.00%
FY12	\$ 95.0	0.22%	\$ 79.9	1.25%
FY11	\$ 95.5	0.48%	\$ 75.6	1.95%
FY10	\$ 96.1	0.50%	\$ 79.4	1.95%
FY09	\$ 88.6	2.15%	\$ 77.7	3.25%
FY08	\$ 98.0	3.25%	\$ 77.3	4.25%
FY07	\$ 98.5	3.85%	\$ 66.9	4.85%
FY06	\$ 83.6	3.65%	\$ 69.6	4.75%
FY05	\$ 84.3	2.60%	\$ 64.7	3.80%
FY04	\$ 90.6	1.25%	\$ 64.9	2.70%
FY03	\$ 72.2	1.35%	\$ 52.8	2.85%
FY02	\$ 57.3	1.90%	\$ 48.5	3.15%
FY01	\$ 57.7	3.50%	\$ 43.7	4.75%
FY00	\$ 47.6	4.35%	\$ 43.3	5.60%
FY99	\$ 47.9	3.05%	\$ 38.8	4.30%
FY98	\$ 48.0	3.60%	\$ 38.5	4.85%
FY97	\$ 35.9	3.65%	\$ 25.2	4.75%
FY96	\$ 26.1	3.35%	\$ 17.5	4.85%
FY95	\$ 19.6	4.90%	\$ 14.9	6.40%

**Loan Rate: FY22-FY25 reflects the reduced Autopay rate. In FY20, in response to the COVID-19 pandemic, the loan rate was decreased to 1.00% from February 16, 2020, to August 15, 2020.*

The Board can pledge certain monies to guarantee these loans, allowing for a lower interest rate through a statutory mechanism. To date (without intending any limitation), the Board has identified the State Treasurer's Fund (see Operating Funds section) and the Coal Severance Tax Trust Fund as being legally available for such purposes.

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

INTERCAP Highlights

This year's spotlight is on an ongoing Greenfields Irrigation District (GID) project, which began construction in 2022. The project involves replacing the 1915 Arnold Coulee Drop and adding a hydroelectric plant to the site. The funding package, valued at over \$6.0 million, included INTERCAP financing of over \$2.6 million. The Arnold Coulee Drop is a critical infrastructure component of the Pishkun Supply Canal. The canal conveys water to irrigate over 81,000 acres around Fairfield, Montana, for 500-600 users.

The Arnold Coulee Drop Hydropower portion of the project is modifying the existing Arnold Coulee Drop structure to generate 3.0 megawatt (MW). The diversion is a parallel bypass of water that does not affect irrigation use nor diminish the quality or quantity of water in the canal. Pictured below is the bypass structure and the turbine installation.

The transmission lines associated with the project are sized to accommodate not only this project but also the next three hydropower sites, advancing the GID Board's overall hydropower development strategy. The system is expected to come online in 2026.



OTHER BOND PROGRAMS

- **Qualified Zone Academy Bond Program (QZAB)**

This program allows qualifying school districts to borrow money at no or nominal interest rates by issuing qualified zone academy bonds. The Board acts as a legal funding conduit and has no pecuniary liability for the bonds' repayment. As of June 30, 2025, eleven school districts issued over \$13.6 million in QZAB bonds. The Kalispell and Anaconda schools' QZAB bonds, issued for approximately \$3.6 million, remain. These bonds are current and set to mature in fiscal years 2028 and 2032, respectively.



- **Qualified School Construction Bond Program (QSCB)**

This program allows qualifying school districts to borrow money at no or nominal interest rates by issuing qualified school construction bonds. The Board acts as a legal funding conduit only and has no pecuniary liability for the bonds' repayment. As of June 30, 2025, the Great Falls Public Schools issued over \$8.3 million in QSCB bonds that mature on December 15, 2025.



ECONOMIC ASSISTANCE PROGRAMS

MONTANA HOUSING ASSISTANCE PROGRAMS

The 2023 Legislature passed House Bill 819 (HB819) in response to the growing need for affordable housing in the state. The 2025 Legislature passed House Bill 505 (HB505), allocating additional funds and expanding the program's parameters. The legislation designated the Board to invest the funds as follows.

The Montana Housing Infrastructure Revolving Loan Fund account was established with \$106 million to serve as a financing resource for affordable housing infrastructure projects. HB505 allocated an additional \$50 million and authorized the account to retain its earnings. The account's balance is provided in the [Operating Funds](#) table.

The cash is invested in STIP in anticipation of funding loans for the following SMA programs within the fund, including the two new programs made possible by the 2025 legislation, the MHIR Bond Guarantee and the Resident-Owned Cooperative/Multi-Family Owned Cooperative (ROC/MOC) Loan Programs.

Montana Housing Infrastructure Revolving (MHIR) Programs – The following programs have been established to assist local governments and housing developers in reducing the cost of affordable housing infrastructure development. A minimum gross density of 10 or three (3) units for each acre is required to participate, depending on the source of allocated funds. Other restrictions apply. Please see the Board's website for further information.

- The ***MHIR Bond Program*** enables the Board to participate in up to 50% of a local government security at a rate of up to 25% of the co-purchaser's rate, exclusive of any fees. The security can have a term of up to 20 years. The funds must be used to expand or extend water, wastewater, stormwater, street, road, curb, gutter, and sidewalk infrastructure for new or rehabilitated residential development. As of June 30, 2025, the loan is current with a balance of approximately \$2.0 million.
- The ***MHIR Bond Guarantee Program***, allows the Board to use the account's funds to guarantee up to a \$10 million infrastructure bond issue for this purpose, in lieu of a local government's revolving loan fund pledge. There was no activity to report as of June 30, 2025.
- The ***MHIR Loan Program*** provides up to 20-year term loans to eligible local governments or developers not to exceed \$1 million or 50% of the project costs. The interest rate is posted weekly on the Board's website and locked in on the reservation date. The funds must cover demolition costs or expand or extend water, wastewater, stormwater, street, road, curb, gutter, and sidewalk infrastructure to serve new or rehabilitated residential development. There was no activity to report as of June 30, 2025.
- The ***Impact Fee Loan Program*** was closed this fiscal year due to a lack of interest.

The **Resident-Owned Cooperative/Multi-Family Owned Cooperative (ROC/MOC) Loan Program** provides financing options for mobile home communities and other multifamily housing communities to purchase or refinance the land of mobile home parks or multifamily residential buildings where cooperative members reside as their primary residences. These loans are revolving and funded using the account's earnings only. There was no activity to report as of June 30, 2025.

The **HOMES Linked Deposit Program** helps lower interest rates during construction by utilizing fully collateralized, interest-bearing demand deposit accounts at Montana-domiciled lenders for up to 24 months. The funds deposited must be linked to affordable housing development construction loans. The lender earns the first 3% of the Federal Home Loan Bank Community Advance Straight Line Amortizing two-year loan rate, and the Board earns the remainder. As of June 30, 2025, the loans are current with a balance of approximately \$88.8 million.

As of June 30, 2025, a total of 1,294 units are planned for construction, including 996 units currently under development and 298 pending funding. An additional 31 units have been completed, resulting in a total of 1,325 units from program inception through fiscal year-end 2025. The image below shows the general locations of these units. To date, approximately \$143 million has been reserved and/or funded.



MONTANA DOWN PAYMENT ASSISTANCE PROGRAMS

The 67th Legislature created the American Rescue Plan Act (ARPA) Economic Transformation and Stabilization and Workforce Development Advisory Commission to oversee the allocation of ARPA funds.

The Montana Down Payment Assistance Program was created in 2021 as a public-private partnership between the State of Montana and Montana banks, credit unions, and economic development agencies. The program helps Montana businesses finance the acquisition of equipment, new construction, or the purchase of real estate or buildings with improvements.

With the commission's unanimous, bipartisan recommendation, Governor Gianforte allocated \$37 million of the ARPA funds for the program to the Board. The Board, in collaboration with the Governor's Office of Budget and Program Planning, developed the program and provided zero-interest loans for up to 25 years, ranging from \$100,000 to \$3 million.

The first round of funds allocated was reserved in six business days, leveraging \$125 million in economic activity across Montana in fiscal year 2023.

A second allocation of \$43 million was made in fiscal year 2024. The second-round allocation was reserved in one business day, leveraging an additional \$86 million in economic activity across Montana.

A third allocation of \$23 million was made in fiscal year 2025, leveraging \$53 million in economic activity across Montana.

A fourth allocation of \$8 million was made in fiscal year 2025, leveraging an additional \$17 million in economic activity across Montana.

MONTANA

BOARD OF INVESTMENTS



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§2-6-1006, Montana Code Annotated requires state agencies to report statistics on public information requests. In the fiscal year 2025, the Board received nine (9) requests, with an average response time of seven (7) days. All requests were fulfilled with information available on the Board of Investments website or by email response.
