

**Investment Committee**  
**Thursday April 9, 2026, 2:00 p.m.**  
**Virtual Only**  
[Click here to join the meeting](#)

**AGENDA**

- I. **CALL TO ORDER AND ACCEPTANCE OF AGENDA – (Committee Action)**
  - A. Roll Call & Conflict of Interest Disclosure
- II. **ACCEPTANCE OF MINUTES (March 13, 2026) – (Committee Action)**
- III. **MANAGER RECOMMENDATIONS AND ACTIONS<sup>1</sup> (60 minutes) – (Committee Action)**
  - A. Private Markets Recommendation – *Mr. Collins, Mr. Zietlow*
- IV. **INVESTMENT POLICY STATEMENTS (10 minutes) – (Committee Action)**
  - A. Legacy Fund – *Mr. Chin*
- V. **DISCUSSION**
- VI. **ADJOURNMENT**

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<sup>1</sup> Executive Session pursuant to N.D.C.C. 44-04-19.2, 44-04-18.4 (2)(a) and N.D.C.C. 44-04-18.4(2)(d) to review and discuss confidential commercial information and trade secrets.

# **STATE INVESTMENT BOARD INVESTMENT COMMITTEE MEETING MINUTES OF THE MARCH 13, 2026, MEETING**

## **MEMBERS PRESENT**

Thomas Beadle, State Treasurer, Chair  
Prodosh Simlai, External Representative, Vice Chair  
Scott Anderson, Chief Investment Officer  
Eric Chin, Deputy Chief Investment Officer  
Pete Jahner, External Representative  
Todd Van Orman, External Representative

## **STAFF PRESENT**

Jac Collins, Senior Investment Analyst  
Cory Cox, Investment Analyst  
Derek Dukart, Senior Investment Analyst  
Jennifer Ferderer, Fiscal Operations Admin  
Timothy Forsythe, Deputy Chief Financial Officer  
Chirag Gandhi, Portfolio Manager  
Ross Hambrick, Portfolio Manager  
Erik Jodock, Investment Analyst  
Robbie Morey, Investment Operations Analyst  
George Moss, Portfolio Manager  
Sarah Mudder, Communications & Outreach Director  
Chuck Napp, Sr Investment Operations Manager  
Adam Otteson, Chief Financial Officer  
Daphne Pfeiffer, Investment Accountant  
Jodi Smith, Executive Director  
Alexander Weissman, Investment Analyst  
Lance Zietlow, Portfolio Manager

## **GUESTS**

Members of the Public

## **CALL TO ORDER**

Treasurer Beadle called the State Investment Board (SIB) Investment Committee (IC) meeting to order at 9:00 a.m. on Friday, March 13, 2026. The meeting was held virtually.

**The following members were present representing a quorum: Mr. Van Orman, Mr. Anderson, Dr. Simlai, Mr. Chin, Mr. Jahner, and Treasurer Beadle.**

## **AGENDA**

The agenda was considered for the March 13, 2026, meeting.

**IT WAS MOVED BY MR. DR. SIMLAI AND SECONDED BY MR. CHIN AND CARRIED BY A VOICE VOTE TO APPROVE THE AGENDA FOR THE MARCH 13, 2026, MEETING AS DISTRIBUTED.**

**AYES: MR. ANDERSON, MR. CHIN, DR. SIMLAI, MR. JAHNER, MR. VAN ORMAN, AND  
TREASURER BEADLE  
NAYS: NONE  
MOTION CARRIED**

## **MINUTES**

The minutes were considered for the February 13, 2026, meeting.

**IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY DR. SIMLAI AND CARRIED BY  
A VOICE VOTE TO APPROVE THE MINUTES FOR THE FEBRUARY 13, 2026, MEETING AS  
DISTRIBUTED.**

**AYES: MR. ANDERSON, MR. CHIN, MR. VAN ORMAN DR. SIMLAI, MR. VAN ORMAN, AND  
TREASURER BEADLE  
NAYS: NONE  
MOTION CARRIED**

## **STRATEGY REVIEW**

Mr. Chin reviewed the Funds Management strategy, noting total assets under management of \$27.7 billion as of February 28, 2026, and discussed the continued evolution of the investment program toward Advanced Funds Management, which focuses on separating alpha generation from market exposures to improve portfolio efficiency and risk management. Supporting initiatives include enhancements to data, technology, operations, and research capabilities, as well as exploration of artificial intelligence tools to strengthen investment analysis and monitoring. Staff also noted that the Equity 2.0 initiative has performed well, with the U.S. public equity portfolio returning 18.0% in 2025 versus a 17.1% benchmark and reported that the Fixed Income 2.0 review is currently underway. Committee discussion followed.

The committee recessed at 10:06 a.m. and reconvened at 10:15 a.m.

## **MANAGER RECOMMENDATIONS AND ACTIONS**

**IT WAS MOVED BY MR. JAHNER AND SECONDED BY DR. SIMLAI AND CARRIED BY A  
ROLL CALL VOTE TO ENTER INTO EXECUTIVE SESSION PURSUANT TO N.D.C.C. 44-04-  
19.2, 44-04-18.4 (2)(A) AND N.D.C.C. 44-04-18.4(2)(D) TO REVIEW AND DISCUSS  
CONFIDENTIAL COMMERCIAL INFORMATION AND TRADE SECRETS.**

**AYES: DR. SIMLAI, MR. CHIN, MR. VAN ORMAN, MR. JAHNER, MR. ANDERSON, AND  
TREASURER BEADLE  
NAYS: NONE  
MOTION CARRIED**

The executive session began at 10:18 a.m. and ended at 11:05 a.m. The session was attended by Committee members, Mr. Collins, Mr. Cox, Mr. Dukart, Ms. Ferderer, Mr. Forsythe, Mr. Gandhi, Mr. Hambrick, Mr. Jodock, Mr. Moss, Ms. Mudder, Mr. Otteson, Ms. Smith, Mr. Weissman, and Mr. Zietlow.

**IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY MR. JAHNER AND CARRIED  
BY A ROLL CALL VOTE TO APPROVE STAFF RECOMMENDATION TO HIRE THE**

**PRIVATE MARKET MANAGER, PENDING LEGAL REVIEW, AND TO REPORT BACK AT A FUTURE COMMITTEE MEETING.**

**AYES: MR. ANDERSON, MR. JAHNER, MR. CHIN, DR. SIMLAI, MR. VAN ORMAN, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

**IT WAS MOVED BY DR. SIMLAI AND SECONDED BY MR. JAHNER AND CARRIED BY A ROLL CALL VOTE TO APPROVE THE PUBLIC MARKETS INVESTMENT GUIDELINES.**

**AYES: MR. JAHNER, MR. CHIN, MR. ANDERSON, MR. VAN ORMAN, DR. SIMLAI, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

### **INTERNAL STRATEGY APPROVAL**

Mr. Gandhi presented a proposed Internal Long Government/Credit Enhanced Index Strategy to be managed internally to support the fixed income allocation for the Grand Forks Pension Plan and Grand Forks Park District, with an expected initial allocation of approximately \$42 million. The strategy is designed to track the Bloomberg U.S. Long Government/Credit Bond Index with low active risk while reducing costs and opportunistically enhancing returns, using guidelines similar to the existing internally managed Government Credit portfolio. Verus recommended the Bloomberg U.S. Long Government/Credit Bond Index as the appropriate benchmark. Staff requested Committee approval of the strategy and guidelines and recommended approval of the benchmark to the State Investment Board.

**IT WAS MOVED BY MR. VAN ORMAN AND SECONDED BY DR. SIMLAI CARRIED BY A ROLL CALL VOTE TO APPROVE THE STRATEGY AND GUIDELINES FOR THE LONG CREDIT ENHANCED INDEX STRATEGY.**

**AYES: MR. CHIN, MR. VAN ORMAN, MR. JAHNER, MR. ANDERSON, DR. SIMLAI, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

**IT WAS MOVED BY MR. JAHNER AND SECONDED BY DR. SIMLAI CARRIED BY A ROLL CALL VOTE TO RECOMMEND TO APPROVE THE BLOOMBERG US LONG GOVERNMENT CREDIT BOND INDEX BENCHMARK TO THE SIB.**

**AYES: MR. ANDERSON, MR. JAHNER, MR. CHIN, MR. VAN ORMAN, DR. SIMLAI, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

### **POLICY UPDATE**

Staff presented revisions to the Trade Error Policy and a new Rebalancing Error Identification and Resolution Policy following a previously discussed rebalancing execution error. The policies establish governance standards for identifying, evaluating, reporting, and correcting trade and

rebalancing errors, including fiduciary expectations, documentation requirements, and escalation thresholds. Staff recommended the Investment Committee approve the amended Trade Error Policy and the new Rebalancing Error Identification and Resolution Policy for recommendation to the State Investment Board.

**IT WAS MOVED BY MR. ANDERSON AND SECONDED BY DR. SIMLAI CARRIED BY A ROLL CALL VOTE TO RECOMMEND TO APPROVE THE AMENDED TRADE ERROR POLICY AND THE NEW REBALANCING ERROR IDENTIFICATION RESOLUTION POLICY TO THE SIB.**

**AYES: DR. SIMLAI, MR. CHIN, MR. VAN ORMAN, MR. JAHNER, MR. ANDERSON, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

### **INVESTMENT POLICY STATEMENT UPDATES**

Mr. Chin presented updated Investment Policy Statements (IPS) for Job Service, Retiree Health Insurance Credit Fund, and NDPERS Group Insurance Fund. The updates reflect asset allocation changes previously approved by the SIB and the respective client boards and incorporate a new IPS template designed to improve clarity and consistency.

**IT WAS MOVED BY MR. JAHNER AND SECONDED BY DR. SIMLAI AND CARRIED BY A ROLL CALL VOTE TO RECOMMEND TO APPROVE THE INVESTMENT POLICY STATEMENT UPDATES AS PRESENTED.**

**AYES: MR. VAN ORMAN, MR. ANDERSON, DR. SIMLAI, MR. CHIN, MR. JAHNER, AND TREASURER BEADLE**

**NAYS: NONE**

**MOTION CARRIED**

### **MANAGER UPDATE**

Mr. Zietlow reported that the \$85 million commitment to the PRISA III U.S. value-add real estate fund, approved October 17, 2024 (\$35 million Pension Pool and \$50 million Legacy Fund), has now been fully invested.

Mr. Cox reported the termination of William Blair International Leaders in early March and the funding of Principal International with approximately \$407 million (\$243 million Non-Qualified Pool and \$164 million Pension Pool).

### **ADJOURNMENT**

With no further business to come before the committee, Treasurer Beadle adjourned the meeting at 11:53 a.m.

Prepared by:

Jennifer Ferderer, Assistant to the Board

Confidential materials will be sent separately to  
Committee members via secure link.

## MEMORANDUM

**TO:** Investment Committee

**FROM:** Scott Anderson, Chief Investment Officer and Eric Chin, Deputy Chief Investment Officer

**DATE:** April 9<sup>th</sup>, 2026

**RE:** Updated Investment Policy Statement

### **Background:**

Staff is presenting an updated Investment Policy Statement (IPS) for the Legacy Fund that transitions the policy to RIO's new IPS template, incorporates relevant statutory changes enacted since the last IPS was approved, and includes a minor revision to the asset allocation.

The new IPS template was developed to enhance clarity, improve consistency across client investment policy statements, and modernize language and structure. The vast majority of the changes reflected in the redline are attributable either to the transition to the new template or to relevant statutory changes enacted since the last IPS was approved.

The asset allocation revision consolidates the U.S. and international public equity allocations into a single global public equity allocation, which better reflects the investable equity universe and aligns with other RIO client IPS documents.

The Legacy and Budget Stabilization Fund Advisory Board approved the updated IPS on March 31, 2026. Both a clean version and a redline version of the Legacy Fund IPS are included for review.

### **Next Steps:**

If recommended for approval by the Investment Committee, Staff will bring the Legacy Fund IPS to the State Investment Board (SIB) at its April 27, 2026, meeting for final approval.

### **Committee Action Requested:**

Recommend approval of the updated Investment Policy Statement for the Legacy Fund.

# INVESTMENT POLICY STATEMENT

## North Dakota Legacy Fund

### I. Plan and Fund Overview

The North Dakota Legacy Fund (Fund) was created in 2010 when the voters of North Dakota approved a constitutional amendment—Article X, Section 26, of the North Dakota Constitution—directing 30% of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the Legacy Fund. The principal of the Legacy Fund may be expended if approved by a vote of at least two-thirds of the members elected to each house of the Legislative Assembly. Not more than 5% of the principal of the Legacy Fund may be spent during a biennium. The Legislative Assembly may transfer funds from any source to the Legacy Fund, and such transfers become part of the principal of the fund. The State Investment Board (SIB) is responsible for investment of the Legacy Fund.

The distribution from the Legacy Fund on July first of each odd-numbered year must be equal to 8% of the 5-year average value of the Legacy Fund balance as reported by the SIB. The average value of the Legacy Fund balance must be calculated using the fund balance at the end of each fiscal year for the 5-year period ending with the most recently completed even-numbered fiscal year.

North Dakota Century Code (NDCC) § 21-10-11 provides that the goal of investment for the Legacy Fund is principal preservation and growth while maximizing total return for an appropriate level of risk and to provide a direct benefit to the state by investing a portion of the principal in the state. Preference must be given to qualified investment firms and financial institutions with a presence in the state for investment of the Legacy Fund.

The Legacy and Budget Stabilization Fund Advisory Board (Advisory Board) is charged by law under NDCC § 21-10-11 with the responsibility of recommending policies on investment goals and asset allocation of the legacy fund.

#### **Client Investment Objectives**

The Legacy Fund was created, in part, due to the recognition that state revenue from the oil and gas industry will be derived over a finite timeframe. The Legacy Fund defers the recognition of 30% of this revenue for the benefit of future generations.

Risk Tolerance: The Advisory Board's risk tolerance with respect to the real value of principal and growth while maximizing total return for an appropriate level of risk of the Legacy Fund's

mission is low. The Advisory Board is unwilling to undertake investment strategies that might jeopardize the ability of the Legacy Fund to maintain the real value of principal over time. The Advisory Board recognizes that the plan will evolve as the Legacy Fund matures and economic conditions and opportunities change.

## **II. Responsibilities and Discretion of the State Investment Board**

The State Investment Board (SIB) is established under NDCC § 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the Legacy Fund. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body. Pursuant to NDCC § 21-10-07.1 the SIB must also give preference to qualified investment firms and financial institutions with a presence in the state.

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

### **Delegation and Oversight**

The SIB may delegate investment responsibility for all or part of a fund to professional money managers that meet established qualifications. When such delegation occurs, the SIB's role is supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.

The SIB may also pool assets of this Fund with other funds having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB must ensure compliance with the Prudent Investor Rule and the objectives of all participating funds.

### III. Investment Performance Objective

The Fund's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB.

- The Fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of 5 years.
- The Fund's risk, measured by the standard deviation of net returns, should not exceed 115% of the policy benchmark over a minimum evaluation period of 5 years.

### IV. Asset Allocation

The Advisory Board establishes the Fund's asset allocation, with input from consultants and/or the Retirement and Investment Office (RIO). The following allocation was established. The asset allocation will be reviewed periodically and updated when appropriate.

At its discretion, the SIB advised by the Advisory Board may adjust these targets on an interim or a long-term basis to account for (a) extreme market conditions, (b) the specific composition of Legacy Fund assets deployed via the In-State Investment Program (ISIP), (c) a decision by the North Dakota State Legislature to withdraw and spend an amount up to but not exceeding 5% of the Fund and (d) the long-term implementation nature of alternative assets (such as private equity and private real assets).

	<b>Target Allocation</b>	<b>Minimum Allocation</b>	<b>Maximum Allocation</b>
<b>Global Equity</b>	<b>53.5%</b>	<b>32%</b>	<b>76%</b>
Public Equity	46.5%	32%	64%
Private Equity	7%	0%	12%
<b>Global Fixed Income</b>	<b>28.5%</b>	<b>23%</b>	<b>34%</b>
Investment Grade Fixed Income	13.5%	10%	17%
High Yield Fixed Income	5%	0%	7%
Private Credit	10%	0%	13%
<b>Private Real Assets</b>	<b>10%</b>	<b>5%</b>	<b>15%</b>
<b>In-state Fixed Income</b>	<b>5%</b>	<b>0%</b>	<b>8%</b>
In-state Infrastructure Loan	1%	0%	2%
BND CD Match Program	4%	0%	6%
<b>In-state Equity</b>	<b>3%</b>	<b>0%</b>	<b>7%</b>

**Corridor Benchmark/Allocations:** Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

**Corridor Guidelines:**

- Private Equity will be proxied with public equity
- Private Credit will be proxied with half public equity and half public investment grade fixed income
- Private real assets will be proxied with half public equity and half public investment grade fixed income
- In-state Fixed Income will be proxied with investment grade fixed income
- In-state Equity will be proxied with public equity

**Rebalancing:** The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional "bets" in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

## **V. In-State Investment Program**

In 2021, House Bill 1425 was approved by the North Dakota legislature and signed into law. It establishes a program for the investment of a portion of Legacy Fund assets within the state and empowers the SIB advised by the Advisory Board to execute that program.

In 2023, Senate Bill 2330 amended NDCC § 21-10-11 by directing the SIB advised by the Advisory Board to invest the ISIP funds in the following way:

- A target allocation of seven hundred million dollars to fixed income investments within the state, including:
  - Up to one hundred fifty million dollars for infrastructure loans to political subdivisions, with the fixed net return to the Legacy Fund of 1.5%.
  - A minimum of four hundred million dollars million for the Bank of North Dakota's ("BND") certificate of deposit match program with an interest rate fixed at the equivalent yield of the United State treasury bonds having the same term, up to a maximum term of 20 years; and
  - Other qualified fixed income investments within the state based on guidelines developed by the Legacy and Budget Stabilization Advisory board.
- A target allocation of six hundred million dollars to equity investments in the state, including:
  - Investment in one or more equity funds, venture capital funds, or alternative investment funds with a primary strategy of investing in emerging or expanding companies in the state. Equity investments must:
    - Be managed by qualified investment firms, financial institutions, or equity funds which have a strategy to invest in qualified companies operating or seeking to operate in the state and which have a direct connection to the state.
    - Have a benchmark investment return equal to the 5-year average net return for the Legacy Fund, excluding in-state investments.
  - Other eligible investments under this subdivision based on guidelines developed by the Advisory Board.

**Policies Specific to the ISIP Include:**

- a) Specific to the assessment of acceptable risk and return targets for the ISIP in total and all ISIP investments, in-state investments should offer credible evidence that they will meet or exceed the forward expected returns of similar investments with similar levels of risk and liquidity present in the assets that are not invested under the ISIP referred to here as the Core Legacy Fund.
- b) All proposed investments will be made using third party asset managers. Direct investments by the SIB advised by the Advisory Board are not contemplated.

- c) All investments must be subject to the same level of due diligence as similar investments considered for funding using Core Legacy Fund assets.
- d) The SIB at its discretion may choose to direct asset managers retained in the ISIP to utilize either equity, fixed income, convertible debt, debt with warrants or a combination of any of these securities to best meet the risk, return and prudence in the ISIP investments.
- e) The SIB will create and maintain an annual investment pacing schedule that - subject to the successful sourcing, due diligence and deal structuring that meets the SIB's policy requirements for the ISIP, fluctuations in market values and distributions back to the Legacy Fund - will create the opportunity to commit funds at a rate such that the full amount of the equity capital limit for the ISIP set in statute is reached within ten years.
- f) The SIB will direct asset managers retained in the ISIP to:
  - i. Require in the structuring of transactions that the State never becomes a majority equity owner of a business.
  - ii. Require that private capital provided by independent third parties always be invested alongside capital provided from Legacy Fund assets.
  - iii. Give strong preference for investments that provide the SIB the ability to exit from the investment to recycle capital into new ISIP opportunities.
  - iv. The SIB, to the extent prudent, will give special consideration to qualified and experienced institutional asset managers domiciled or having operating offices within the state for participation in implementation of the ISIP.
  - v. Capital provided to any single direct investment by an in-state portfolio fund manager may not exceed \$10 million; however, for each fund commitment, up to two direct investments may receive up to \$25 million each.

## **VI. General Restrictions and Guidelines**

While the SIB determines quality, diversification, and performance standards for investments, the following restrictions apply:

1. Derivatives may be used to manage and replicate systematic exposures, for fund rebalancing, and for risk management, which includes overlays (i.e. cash overlay program).
2. Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.
3. Derivatives use will be monitored to ensure that undue risks are not taken.
4. No investment may jeopardize the tax-exempt status of the Fund.

5. All assets must be held by the SIB's master custodian or an approved sub-custodian.
6. Social investment is prohibited, except as expressly authorized under Section V (In-State Investment Program) and applicable law, including NDCC §§ 21-10-07.1, 21-10-08.1 and 21-10-11.
  - a. For purposes of this Investment Policy Statement, "social investment" has the meaning set forth in NDCC § 21-10-08.1.
  - b. Outside of investments authorized under Section V, the SIB may not invest Fund assets for the purpose of social investment unless the SIB determines that the investment would provide an equivalent or superior rate of return compared to a similar investment that is not a social investment and has a similar time horizon and risk.
7. Economically targeted investment is prohibited, except as expressly authorized under Section V (In-State Investment Program) and applicable law, including NDCC §§ 21-10-07.1 and 21-10-11.
  - a. For purposes of this Investment Policy Statement, "economically targeted investment" means an investment designed to produce a competitive rate of return commensurate with the risk involved and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy.
  - b. Investments made pursuant to Section V are permitted notwithstanding their in-state economic benefit purpose, provided they are made in accordance with Section V and applicable law.

All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.

## **VII. Internal Controls**

The SIB shall maintain a system of internal controls designed to prevent loss of funds arising from fraud, error, or mismanagement.

Key controls include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. Specifically, the responsibilities for initiating investment purchases, recording and reconciling investment activity, and custodial safekeeping of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.

Other critical controls include maintaining written or electronic confirmations of all investment transactions and establishing formal criteria for broker relationships and trading counterparties. Annual financial audits will include a comprehensive review of the portfolio, accounting procedures for security transactions, and verification of compliance with this Investment Policy.

## **VIII. Evaluation and Review**

The Fund's performance will be evaluated against its investment objectives, with emphasis on rolling 5-year results and 10-year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy statement for achieving those objectives.

Performance reports will be provided to the Advisory Board periodically, but not less than quarterly. Quarterly reports to the Advisory Board will include:

1. A list of investment managers and their performance relative to benchmarks net of fees
2. Earnings, percentage earned and change in market value of each mandate
3. Current portfolio allocations and performance summaries by asset class

Annual reports will contain information regarding all significant and/or material matters and changes pertaining to the investment of the Legacy Fund. These reports will include:

1. Changes in asset class portfolio structures, tactical approaches, and market values.
2. Loss of principal, if any.
3. Provide details of fees and costs.
4. All material legal or legislative proceedings affecting the SIB.
5. Compliance with this investment policy statement.
6. A general market overview and market expectations.
7. Management of risk by the SIB.

Lastly, the SIB shall notify the Advisory Board within 30 days of any substantial or notable deviation from the normal management of the Legacy Fund, including any anomalies, notable losses, gains, or liquidation of assets affecting the fund. This includes changes in money managers, performance measurement services, or consultants, including the hiring or termination of a money manager, performance measurement service, or consultant.

## **IX. Withdrawals**

Withdrawals or distributions from the Legacy Fund shall be made only in accordance with Section 26 of Article X of the North Dakota Constitution and the applicable provisions of the North Dakota Century Code.

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Representative Jonathan Warrey

Legacy and Budget Stabilization Fund  
Advisory Board

Date:

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Scott M. Anderson, Chief Investment Officer

North Dakota Retirement and Investment  
Office

Date:

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# ~~NORTH DAKOTA LEGACY FUND~~ INVESTMENT POLICY STATEMENT

## ~~1. PLAN CHARACTERISTICS AND FUND CONSTRAINTS~~

### North Dakota Legacy Fund

#### I. Plan and Fund Overview

The North Dakota ~~legacy fund~~Legacy Fund (Fund) was created in 2010 when the voters of North Dakota approved a constitutional amendment--now--Article X, Section 26, of the North Dakota Constitution ~~of North Dakota--to provide that--~~directing 30 ~~percent~~% of oil and gas gross production and oil extraction taxes on oil and gas produced after June 30, 2011, be transferred to the ~~legacy fund~~Legacy Fund. The principal ~~and earnings~~ of the ~~legacy fund~~Legacy Fund may ~~not~~ be ~~spent until after June 30, 2017, and any expenditure of principal after that date requires~~expended if approved by a vote of at least two-thirds ~~of the members elected to each house of the Legislative Assembly. Not more than 15 percent~~5% of the principal of the ~~legacy fund~~Legacy Fund may be spent during a biennium. The ~~legislative~~Legislative Assembly may transfer funds from any source to the ~~legacy fund~~Legacy Fund, and such transfers become part of the principal of the fund. The State Investment Board (SIB) is responsible for investment of the ~~principal of the legacy fund. Interest earnings accruing after June 30, 2017, are transferred to the general fund at the end of each biennium. North Dakota Century Code Section 21-10-11 provides that the goal of investment for the legacy fund is principal preservation while maximizing total return~~Legacy Fund.

## ~~2. FUND MISSION~~

~~The legacy fund~~The distribution from the Legacy Fund on July first of each odd-numbered year must be equal to 8% of the 5-year average value of the Legacy Fund balance as reported by the SIB. The average value of the Legacy Fund balance must be calculated using the fund balance at the end of each fiscal year for the 5-year period ending with the most recently completed even-numbered fiscal year.

~~North Dakota Century Code (NDCC) § 21-10-11 provides that the goal of investment for the Legacy Fund is principal preservation and growth while maximizing total return for an appropriate level of risk and to provide a direct benefit to the state by investing a portion of the principal in the state. Preference must be given to qualified investment firms and financial institutions with a presence in the state for investment of the Legacy Fund.~~

~~The Legacy and Budget Stabilization Fund Advisory Board (Advisory Board) is charged by law under NDCC § 21-10-11 with the responsibility of recommending policies on investment goals and asset allocation of the legacy fund.~~

## Client Investment Objectives

The Legacy Fund was created, in part, due to the recognition that state revenue from the oil and gas industry will be derived over a finite timeframe. The ~~legacy fund~~Legacy Fund defers the recognition of 30 percent% of this revenue for the benefit of future generations. ~~The primary mission of the legacy fund is to preserve the real inflation-adjusted purchasing power of the money deposited into the fund while maximizing total return for a prudent level of risk.~~

### ~~3.—RESPONSIBILITIES AND DISCRETION OF THE STATE INVESTMENT BOARD~~

~~The legacy and Budget Stabilization Fund Advisory Board (the "Advisory Board") is charged by law under Section 21-10-11 with the responsibility of recommending policies on investment goals and asset allocation of the legacy fund. The SIB is charged with implementing policies and asset allocation and investing the assets of the legacy fund in the manner provided in Section 21-10-07—the prudent institutional investor rule. The fiduciaries shall exercise the judgment and care, under the circumstances then prevailing, that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the permanent disposition of funds, considering probable safety of capital as well as probable income.~~

~~Management responsibility for the investment program not assigned to the SIB in Chapter 21-10 is hereby delegated to the SIB, which must establish written policies for the operation of the investment program consistent with this investment policy.~~

~~The SIB may delegate investment responsibility to professional money managers, which are also required to employ investment strategies consistent with the investment policy. Where a money manager has been retained, the SIB's role in determining investment strategy and security selection is supervisory not advisory.~~

~~At the discretion of the SIB, the fund's assets may be pooled with other funds. In pooling funds, the SIB may establish whatever asset class pools it deems necessary with specific quality, diversification, restrictions, and performance objectives appropriate to the prudent investor rule and the objectives of the funds participating in the pool.~~

~~The SIB is responsible for establishing criteria, procedures, and making decisions with respect to hiring, retaining, and terminating money managers. The SIB investment responsibility also includes selecting performance measurement services, consultants, report formats, and frequency of meetings with managers.~~

~~The SIB shall notify the Advisory Board within 30 days of any substantial or notable changes in money managers; performance measurement services; and consultants, including hiring or terminating a money manager, performance measurement service, or a consultant.~~

~~The SIB, after consultation with the board, will implement necessary changes to this policy in an efficient and prudent manner.~~

~~The Policies governing the investment of Legacy Fund assets fall into three categories.~~

- ~~• Those applicable to all investment for Legacy Fund assets.~~
- ~~• Those applicable to those assets -- referred to here as the Core Legacy Fund (CLF) -- that are not invested under the In-State Investment Program.~~
- ~~• Those assets defined under law made within the In-State Investment Program (ISIP)~~

#### ~~A. Policies governing the investment of All Legacy Fund assets.~~

~~Risk Tolerance: The Advisory Board's risk tolerance with respect to the primary aspect of the legacy fund's real value of principal and growth while maximizing total return for an appropriate level of risk of the Legacy Fund's mission is low. The Advisory Board is unwilling to undertake investment strategies that might jeopardize the ability of the legacy fund Legacy Fund to maintain the real value of principal value over time. The Advisory Board recognizes that the plan will evolve as the legacy fund Legacy Fund matures and economic conditions and opportunities change.~~

## **I.II. Responsibilities and Discretion of the State Investment Objectives Board**

~~The Advisory Board's~~The State Investment Board (SIB) is established under NDCC § 21-10 and is charged with investing and managing the assets of the funds enumerated in NDCC § 21-10-06, including the Legacy Fund. The SIB acts as a fiduciary and must invest, reinvest, and manage such assets in accordance with the Prudent Investor Rule and the policies adopted by each fund's governing body. Pursuant to NDCC § 21-10-07.1 the SIB must also give preference to qualified investment firms and financial institutions with a presence in the state.

Pursuant to NDCC § 21-10-02 and NDCC § 21-10-02.1, the SIB shall:

- Implement investment policies and asset allocations established by each fund's governing body.
- Approve investment guidelines, procedures, and permissible securities for the funds under its management.
- Serve as custodian of securities purchased on behalf of such funds or designate a qualified custodian.
- Establish written policies on investment goals, objectives, and asset allocation, including liquidity requirements, diversification, and acceptable levels of risk.
- Develop procedures for the selection, retention, evaluation, and termination of professional money managers, consultants, and custodians.

### **Delegation and Oversight**

The SIB may delegate investment responsibility for all or part of a fund to professional money managers that meet established qualifications. When such delegation occurs, the SIB's role is supervisory rather than advisory, ensuring that each manager operates within approved guidelines and performance expectations.

The SIB may also pool assets of this Fund with other funds having similar objectives and time horizons to enhance diversification, reduce costs, and improve returns. In pooling fund assets, the SIB must ensure compliance with the Prudent Investor Rule and the objectives of all participating funds.

### III. Investment Performance Objective

The Fund's investment objectives are expressed in terms of reward and risk expectations relative to investable, passive benchmarks. The ~~legacy fund's~~Fund's policy benchmark is comprised of policy mix weights of appropriate asset class benchmarks as set by the SIB:

- The ~~legacy fund's~~Fund's rate of return, net of fees and expenses, should at least match that of the policy benchmark over a minimum evaluation period of ~~five~~5 years.
- The ~~legacy fund's~~Fund's risk, measured by the standard deviation of net returns, should not exceed 115~~-percent~~% of the policy benchmark over a minimum evaluation period of ~~five~~5 years.

a: ~~The Prudent Investor Rule~~

~~All investments and the investment strategy in its totality will adhere to the Prudent Investor Rule.~~

### H.IV. Asset Allocation Policy

The ~~SIB and the~~ Advisory Board ~~recognize that the most important determinant of long-term return and risk is the~~establishes the Fund's asset allocation ~~decision, with input from consultants and/or the Retirement and Investment Office (RIO). The following allocation was established. The asset allocation decision is intended to reflect the return objective and risk tolerance expressed in this Investment Policy Statement. The table below delineates the following key guidelines for the Total Legacy Fund:~~  
The approved asset classes to ~~will~~ be ~~utilized~~reviewed periodically and updated when appropriate.

b: ~~The policy target allocations for each.~~

c: ~~The application of a rebalancing program.~~

At its discretion, the SIB advised by the Advisory Board may adjust these targets on an interim or a long-term basis to account for (a) extreme market conditions, (b) the specific composition of Legacy Fund assets deployed via the In-State Investment Program (ISIP), (c) a decision by the North Dakota State Legislature to withdraw and spend an amount ~~above that consistent, with capital preservation of the Legacy Fund assets~~ up to but not exceeding 155% of the Fund and (ed) the long-term implementation nature of alternative assets (such as private equity and private real assets).

<u>Asset Class</u>	<u>Policy Target Allocation</u>	<u>Policy Target Ranges</u> <u>Minimum Allocation</u>	<u>Additional Guidelines</u> <u>Maximum Allocation</u>
Broad US <b>Global Equity</b>	<del>27</del> <b>53.5%</b>	<del>18% - 40</del> <b>32%</b>	Rebalanced with the total invested in-state and private markets equity and real assets; a <del>appt</del> corridor treatment <b>76%</b>
<u>Public Equity</u>	<u>46.5%</u>	<u>32%</u>	<u>64%</u>
<u>Private Equity</u>	<u>7%</u>	<u>0%</u>	<u>12%</u>
<b>Global Fixed Income</b>	<b>28.5%</b>	<b>23%</b>	<b>34%</b>
<u>Investment Grade Fixed Income</u>	<u>13.5%</u>	<u>10%</u>	<u>17%</u>
<u>High Yield Fixed Income</u>	<u>5%</u>	<u>0%</u>	<u>7%</u>
<u>Private Credit</u>	<u>10%</u>	<u>0%</u>	<u>13%</u>
<b>Private Real Assets</b>	<b>10%</b>	<b>5%</b>	<b>15%</b>
<b>In-state Fixed Income</b>	<b>5%</b>	<b>0%</b>	<b>8%</b>
<u>In-state Infrastructure Loan</u>	<u>1%</u>	<u>0%</u>	<u>2%</u>
<u>BND CD Match Program</u>	<u>4%</u>	<u>0%</u>	<u>6%</u>
Broad International <b>In-state Equity</b>	<del>19</del> <b>3%</b>	<del>14% - 24</del> <b>0%</b>	Rebalanced with the total invested in-state and private markets equity and real assets; a <del>appt</del> corridor treatment <b>7%</b>

*Continued on next page*

Asset Class	Policy Target	Policy Target Ranges	Additional Guidelines
Private Equity	7%	0%—12%	Rebalance with public equity; apply a pJV corridor treatment
Fixed Income	28.5%	23%—34%	Rebalanced with the total invested in-state and private markets fixed income and real assets; apply corridor treatment
<i>Core Fixed Income</i>	13.5%	10%—17%	Rebalance with public fixed income; apply a pJV corridor treatment
<i>High Yield Fixed Income</i>	5.0%	0%—7%	
<i>Private Credit</i>	10.0%	0%—13%	
Private Real Assets	10%	5%—15%	Rebalance half public equity/half public fixed income; apply corridor treatment
In-state Fixed Income			Target of \$700 million; rebalance with public fixed income; apply corridor treatment
<i>In-state Infrastructure Loan</i>	1%	0%—2%	Up to \$150 million
<i>BNO-CO Match Program</i>	4%	0%—6%	Minimum of \$400 million
In-state Equity	3%	0%—7%	Long-Term Target of \$600 million; rebalance with public equity; apply corridor treatment
TOTAL	100%		

Rebalancing of the fund to these targets will be done in accordance with the SIB's rebalancing policy. Additionally, for rebalancing purposes, portfolio weights of private markets (equity, fixed income and half equity/half fixed income for real assets) can be applied to benchmark weights using the policy target ranges stated in the table above.

Policies Specific to the **Corridor Benchmark/Allocations**: Long-term target allocations utilizing alternative asset classes can take several years to implement prudently. To ensure portfolio exposures remain aligned with the Fund's strategic objectives during this period, the SIB may employ a corridor methodology. Under this approach, allocations to private market asset classes (such as private equity, private credit, or real assets) that cannot be immediately adjusted—due to the illiquid nature of the assets—will be temporarily reallocated to corresponding public market asset classes that serve as suitable proxies. Both the target and ranges are adjusted based on the corridor methodology.

The proxy allocations are utilized such that the overall portfolio continues to reflect, as closely as practical, the intended risk–return characteristics around the long-term targets, until private market commitments are fully funded and capital is called.

**Corridor Guidelines:**

- Private Equity will be proxied with public equity
- Private Credit will be proxied with half public equity and half public investment grade fixed income

- Private real assets will be proxied with half public equity and half public investment grade fixed income
- In-state Fixed Income will be proxied with investment grade fixed income
- In-state Equity will be proxied with public equity

**Rebalancing:** The need to rebalance the portfolio can arise from a new asset allocation or because market activity has driven the actual distribution of assets away from the desired mix. To minimize transaction costs from rebalancing, RIO develops appropriate ranges around the target mix (which are specified in the policy statement). Rigidly adhered to, such a policy is a valuable risk control tool. By maintaining asset mix within reasonably tight ranges, the SIB avoids making unintentional "bets" in the asset mix and avoids market-timing decisions.

All funds the SIB oversees have an asset allocation with minimum and maximum limits assigned. RIO's rebalancing policy requires the asset mix to be determined at the end of each month and that appropriate rebalancing takes place.

### **III.V. In-State Investment Program**

In 2021, House Bill 1425 (~~HB 1425~~) was approved by the North Dakota legislature and signed into law. It establishes a program for the investment of a portion of Legacy Fund assets within the state and empowers the ~~State Investment Board~~ SIB advised by the ~~Legacy and Budget Stabilization Fund~~ Advisory Board ("~~Advisory Board~~") to execute that program. ~~The in-state investment program ("ISIP") provides specific direction that grants the SIB and the Advisory Board substantial latitude in the implementation of the program.~~

In 2023, Senate Bill 2330 amended NDCC § 21-10-11 by directing the SIB advised by the Advisory Board to invest ~~in the ISIP~~ program funds in the following way:

- A target allocation of seven hundred million dollars to fixed income investments within the state, including:
  - Up to one hundred fifty million dollars for infrastructure loans to political subdivisions, with the fixed net return to the ~~legacy fund~~ Legacy Fund of 1.5%.
  - A minimum of four hundred million dollars million for the Bank of North Dakota's ("BND") certificate of deposit match program with an interest rate fixed at the equivalent yield of the United State treasury bonds having the same term, up to a maximum term of 20 years; and
  - Other qualified fixed income investments within the state based on guidelines developed by the ~~legacy and budget stabilization advisory~~ Legacy and Budget Stabilization Advisory board.
- A target allocation of six hundred million dollars to equity investments in the state, including:
  - Investment in one or more equity funds, venture capital funds, or alternative investment funds with a primary strategy of investing in emerging or expanding companies in the state. Equity investments must:
    - Be managed by qualified investment firms, financial institutions, or equity funds which have a strategy to invest in qualified companies operating or seeking to operate in the state and which have a direct connection to the state.

- Have a benchmark investment return equal to the 5-year average net return for the

- ~~legacy fund~~ Legacy Fund, excluding in-state investments.
- Other eligible investments under this subdivision based on guidelines developed by the ~~legacy and budget stabilization fund advisory board~~ Advisory Board.

~~In addition to the policies covering all Legacy Fund assets noted above in Section 3.A.—risk tolerance, return objectives, and the Prudent Investor Rule—policies specific to the investments made within the ISIP include:~~

**Policies Specific to the ISIP Include:**

- a) Specific to the assessment of acceptable risk and return targets for the ISIP in total and all ~~ISIP~~ ISIP investments, in-state investments should offer credible evidence that they will meet or exceed the forward expected returns of similar investments with similar levels of risk and liquidity present in the assets that are not invested under the ISIP referred to here as the Core Legacy Fund.
- b) All proposed investments will be made using third party asset managers. Direct investments by the SIB advised by the Advisory Board are not contemplated.
- c) All investments must be subject to the same level of due diligence ~~that as~~ similar investments considered for funding using Core Legacy Fund assets.
- d) The ~~Board~~ SIB at its discretion may choose to direct asset managers retained in the ISIP to utilize either equity, fixed income, convertible debt, debt with warrants or a combination of any of these securities to best meet the risk, return and prudence in the ISIP investments.
- e) The ~~Board~~ SIB will create and maintain an annual investment pacing schedule that - subject to the successful sourcing, due diligence and deal structuring that meets the ~~Board's~~ SIB's policy requirements for the ISIP, fluctuations in market values and distributions back to the Legacy Fund - will create the opportunity to commit funds at a rate such that the full amount of the equity capital limit for the ISIP set in statute is reached within ten years.
- f) The ~~Board~~ SIB will direct asset managers retained in the ISIP to:
  - i. ~~require~~ Require in the structuring of transactions that the State never becomes a majority equity owner of a business;.
  - ii. ~~require~~ Require that private capital provided by independent third parties always be invested alongside capital provided from Legacy Fund assets;.
  - iii. ~~give~~ Give strong preference for investments that provide the ~~Board~~ SIB the ability to exit from the investment to recycle capital into new ~~ISIP~~ ISIP opportunities.
  - iv. The ~~Board~~ SIB, to the extent prudent, will give special consideration to qualified and experienced institutional asset managers domiciled or having operating offices within the state for participation in implementation of the ISIP;.
  - v. ~~limit capital~~ Capital provided to any ~~one~~ single direct investment by an in-state portfolio fund manager ~~should~~ may not exceed \$10 million, ~~with two exceptions per;~~ however, for each fund commitment ~~of,~~ up to two direct investments may receive up to \$25 million each.

## 4. RESTRICTIONS

### VI. General Restrictions and Guidelines

While the SIB ~~is responsible for establishing specific~~determines quality, diversification, ~~restrictions,~~ and performance ~~objectives for the investment vehicles in which the legacy fund's assets will be invested,~~ it is understood that standards for investments, the following restrictions apply:

1. ~~Futures and options~~Derivatives may be used to manage ~~underlying and replicate~~ systematic exposures, for fund rebalancing, and ~~for~~ risk management, ~~which includes overlays (i.e. cash overlay program).~~
2. ~~Derivatives, short selling, and security margining may be used in a manner consistent with approved manager guidelines.~~
- 2.3. ~~Derivatives use will be monitored to ensure that undue risks are not taken by the money managers.~~
- 3.4. ~~No transaction investment may be made that would threaten jeopardize~~ the tax-exempt status of the ~~legacy fund~~Fund.
- 4.5. All assets ~~will~~must be held ~~in custody~~ by the ~~SIB's~~SIB's master custodian, or ~~such other custodians as are acceptable to the SIB~~an approved sub-custodian.
  - a. ~~No unhedged short sales or speculative margin purchases may be made.~~

6. Social investing investment is prohibited, except as expressly authorized under Section V (In-State Investment Program) and applicable law, including NDCC §§ 21-10-07.1, 21-10-08.1 and 21-10-11.

a. For purposes of this Investment Policy Statement, "social investment" has the meaning set forth in NDCC § 21-10-08.1.

a.b. Outside of investments authorized under Section V, the SIB may not invest Fund assets for the purpose of social investment unless it meets the exclusive benefit rule, and it can be substantiated SIB determines that the investment provides would provide an equivalent or superior rate of return for compared to a similar investment with that is not a social investment and has a similar time horizon and similar risk. For the purpose of this document, social investing is defined as the consideration of socially responsible criteria in the investment or commitment of public fund money for the purpose of obtaining an effect other than a maximized return to the Fund.

5.7. Economically targeted investing investment is prohibited unless the investment meets the exclusive benefit rule, except as expressly authorized under Section V (In-State Investment Program) and applicable law, including NDCC §§ 21-10-07.1 and 21-10-11.

a. For the purpose purposes of this document, Investment Policy Statement, "economically targeted investment is defined as" means an investment designed to produce a competitive rate of return commensurate with the risk involved as well as to and create collateral economic benefits for a targeted geographic area, group of people, or sector of the economy. Also, for the purpose of this document, the exclusive benefit rule is met if the following four conditions are satisfied:

- The cost does not exceed the fair market value at the time of investment.
- The investment provides the legacy fund with an equivalent or superior rate of return for a similar investment with a similar time horizon and similar risk.
- Sufficient liquidity is maintained in the legacy fund to permit distributions in accordance with the terms of the plan.
- The safeguards and diversity that a prudent investor would adhere to are present.
- Where investment characteristics, including yield, risk, and liquidity, are equivalent, the Advisory Board's policy favors investments which will have a positive impact on the economy of North Dakota.

## 5. INTERNAL CONTROLS

b. A Investments made pursuant to Section V are permitted notwithstanding their in-state economic benefit purpose, provided they are made in accordance with Section V and applicable law.

All investments shall be made in compliance with applicable laws, regulations, and policies governing the State Investment Board.

## VII. Internal Controls

The SIB shall maintain a system of internal controls must be in place by the SIB designed to prevent losses loss of public funds arising from fraud or employee, error. Such, or mismanagement.

~~Key controls deemed most important are the separation of~~ include the segregation of duties, which ensures that no single individual has authority or control over all phases of an investment transaction. ~~Specifically, the~~ responsibilities for ~~initiating~~ investment purchases ~~from the,~~ recording ~~of and reconciling~~ investment activity, ~~and~~ custodial safekeeping, ~~of assets are separated among different staff, functional areas, or service providers to provide independent checks and balances.~~

~~Other critical controls include maintaining~~ written ~~confirmation of~~ or electronic confirmations of all investment transactions; and ~~established~~ ~~establishing formal~~ criteria for ~~investment manager selection and monitoring.~~ The ~~annual~~ broker relationships and trading counterparties. Annual financial ~~audit~~ ~~must~~ ~~audits will~~ include a comprehensive review of the portfolio, accounting procedures for security transactions, and ~~verification of~~ compliance with ~~the investment policy~~ ~~this Investment Policy.~~

## ~~6. EVALUATION AND REVIEW~~

### ~~VIII. Investment management of the legacy fund~~ Evaluation and Review

~~The Fund's performance~~ will be evaluated against ~~the fund's~~ ~~sits~~ investment objectives ~~and investment performance standards.~~ ~~Emphasis will be placed, with emphasis~~ on ~~rolling~~ 5-year ~~results~~ and 10-year results. Evaluation should include an assessment of the continued feasibility of achieving the investment objectives and the appropriateness of the investment policy statement for achieving those objectives.

Performance reports will be provided to the Advisory Board periodically, but not less than quarterly.

~~Such~~ ~~Quarterly~~ reports ~~to the Advisory Board~~ will include:

- ~~1. A list of investment managers and their performance relative to benchmarks net of fees~~
  - ~~2. Earnings, percentage earned and change in market value of each mandate~~
  - ~~3. Current portfolio allocations and performance summaries by asset returns and allocation data.~~
- ~~Additionally, not less than annually, class~~

~~Annual~~ reports will ~~include~~ ~~contain~~ information regarding all significant and/or material matters and changes pertaining to the investment of the ~~legacy fund, including~~ Legacy Fund. ~~These reports will include:~~

1. Changes in asset class portfolio structures, tactical approaches, and market values.
2. Loss of principal, if any.
  - ~~• Management costs associated with various types of investments.~~
- ~~3. Provide details of fees and costs.~~
- ~~3.4.~~ All material legal or legislative proceedings affecting the SIB.
- ~~4.5.~~ Compliance with this investment policy statement.
  - ~~• An evaluation of the national economic climate.~~
- ~~5.6.~~ A ~~forecast of the expected economic opportunities~~ general market overview and ~~dangers~~ market expectations.
- ~~6.7.~~ Management of risk by the SIB.

~~In addition to the quarterly and annual evaluation and review process~~Lastly, the SIB shall notify the Advisory Board within 30 days of any substantial or notable deviation from the normal management of the ~~legacy fund~~Legacy Fund, including any anomalies, notable losses, gains, or liquidation of assets affecting the fund. This includes changes in money managers, performance measurement services, or consultants, including the hiring or termination of a money manager, performance measurement service, or consultant.

~~Approved by:~~

~~LEGACY AND BUDGET  
STABILIZATION FUND  
ADVISORY BOARD~~  


~~STATE INVESTMENT BOARD~~

~~X [?][?][?]~~ \_\_\_\_\_  
Scott Anderson, Chief Investment Officer

~~Representative Glenn Bosch, Chairman~~

Date: 7/21/23

Date: ~~7-21-23~~ 7-21-23

~~Approved by the LBSFAB: 2-16-2021  
Approved by the SIB: 2-26-2021  
Amended by LBSFAB 10-12-2022 and 12-6-2022  
Approved as amended by SIB 12-16-2022 Amended  
and approved by LBSFAB: 6-21-2023 Approved as  
amended by SIB: 7-21-2023~~

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**IX. Withdrawals**

Withdrawals or distributions from the Legacy Fund shall be made only in accordance with Section 26 of Article X of the North Dakota Constitution and the applicable provisions of the North Dakota Century Code.

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Representative Jonathan Warrey

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Scott M. Anderson, Chief Investment Officer

Legacy and Budget Stabilization Fund  
Advisory Board

North Dakota Retirement and Investment  
Office

Date:

Date:

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