Rule 1.1  State Investment Policy Statement

This Investment Policy Statement (IPS) for the General Fund of State of Mississippi, managed by the Office of the State Treasurer, operates pursuant to Miss. Code Ann. § 27-105-33.

PURPOSE

The goal of this investment policy is to clearly describe the duties of the Office of the State Treasurer pertaining to the investment of the excess funds of the State General Fund. This policy will set guidelines for the prudent management of the General Fund, describe realistic investment parameters and goals for safe investment, and establish expectations for generally acceptable returns at a suitable level of risk that matches the nature of the General Fund.

AUTHORITY

The Office of the State Treasurer Investment Division shall be responsible for developing and reviewing the investment process and objectives of the Office of the State Treasurer within the framework provided by the statutes of the State of Mississippi (Miss. Code Ann. § 27-105-33). The Office of the State Treasurer shall monitor policies, set general strategies, and implement necessary monitoring mechanisms. Investment officers shall endeavor to identify and select authorized investment options that meet the statutory’s criteria and fall within the framework of the investment objectives.

Delegation of Authority

1. The State Treasurer of Mississippi, who shall be responsible for all investment transactions, may delegate trading authority to qualified Treasury staff. The titles of the individuals currently authorized to make investments and to order the receipt and delivery of investment securities for this account on behalf of the State include: the State Treasurer of Mississippi, Deputy Treasurer, Chief Investment Officer, and Lead Investment Officer.

2. Authorized investment officers shall act with undivided loyalty and impartiality, and incur only such costs as are reasonable in amount and are appropriate to their investment responsibilities. Investment officers acting in accordance with this policy and exercising due diligence shall be responsible for credit and market risks encountered in the performance of their investment duties. Due diligence requires timely reporting of material deviation from expectations and such other actions to control adverse
developments as may be possible in consideration of the particular circumstances and within other provisions of this policy. Given the statutory list of authorized investments and other restrictions contained in this policy, they shall be deemed to have met any requirement for diversification so long as they are in compliance with this policy.

ETHICS AND CONFLICT OF INTEREST

1. Authorized investment officers and employees in investment-making roles shall refrain from personal business activity that could (a) conflict, or give the appearance of a conflict or (b) impair their ability to make impartial investment decisions.
2. The standard of prudence to be applied by their personnel of the Investment Division is the prudent investor rule as stated from Miss. Code Ann. § 91-9-601, et. seq.
3. The authorized investment officers will conduct themselves in conformance with the Chartered Financial Analyst (CFA) Code of Ethics and Standards of Professional Conduct (Code and Standards), as current at the time of their transactions.

INVESTMENT GOALS AND OBJECTIVES

Investment Goals

1. Safety and preservation of capital
2. Liquidity
3. Yield

Investment Objectives

1. Safety of the principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio by adhering to all restrictions of the fund established by law and this policy.
2. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This shall be accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active markets.
3. The Office of the State Treasurer will invest the State’s excess funds only within the legal guidelines of the statute (Miss. Code Ann. § 27-105-33). Any investment alternative outside these guidelines is not permissible.
ELIGIBLE SECURITIES

<table>
<thead>
<tr>
<th>INVESTMENT TYPE</th>
<th>QUALITY CRITERIA</th>
<th>ASSET CLASS LIMITS</th>
<th>ISSUER LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Treasuries</td>
<td>Full faith and credit of the United States</td>
<td>100% of portfolio</td>
<td>100% of portfolio</td>
</tr>
<tr>
<td>US Government Agencies, instruments, and GSEs</td>
<td>For example but not limited to: GNMA, FNMA, FHLMC, SBA, FAMCA, FHLB</td>
<td>100 % of portfolio</td>
<td>Each issuer limited to no more than 40%</td>
</tr>
<tr>
<td>Direct Security Repurchase agreements and reverse security repurchase agreements</td>
<td>US Government guaranteed</td>
<td>At least 80% of total dollar amount in all repurchase agreements at one time shall be in qualified state depositories</td>
<td>N/A</td>
</tr>
<tr>
<td>Bonds issued by country of Israel</td>
<td>Investment grade by at least one (1) Nationally Recognized Rating Agency</td>
<td>Not to exceed $20,000,000 at any time; in denomination of US dollars</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Notes:

- Maximum maturity not to exceed ten (10) years from date of purchase on investments.
- When referring to mortgage security types, including but not limited to SBA, Agency MBS, CMO, Agency CMBS, the maximum maturity will be evaluated as the Weighted Average Life (WAL) not to exceed then (10) years.
- Investments longer than 30 days must yield no less than equivalent bond yield on comparable US Treasury obligations, at time of purchase.
- Asset Class and Issuer Limits are referred to at time of purchase.

EXTERNAL MANAGERS

External managers must have the approval of the State Treasurer and the Executive Director of the Department of Finance and Administration (DFA) and investments are limited to US Treasury, Agencies, GSEs, and repurchase agreements fully collateralized by Treasuries and Agencies. The amount allocated for an external manager to invest is not to exceed 20% of the total dollar amount currently invested internally in General Fund.

SPECIFIC GUIDELINES

Liquidating securities, voluntary or involuntary, shall be redeemed at par value or market value, whichever is greater, as stated in Miss. Code Ann. § 27-105-33.
BROKER/DEALER REQUIREMENTS

A list shall be maintained of approved security broker/dealers, which shall be utilized by authorized investment officers. These may include primary, super-regional, and/or regional dealers that qualify under SEC rules. Such security brokers and dealers will be subjected to an appropriate investigation by the staff of the Office of the State Treasurer, including but not limited to, a review of the firm’s financial statements and the background of the sales representative. All broker/dealers who desire to become qualified for investment transactions must supply the following, initially and on a periodic basis upon request to Treasury staff:

1. Annual audited financial statements (financial strength and capital adequacy of firm or publish statement of condition).
2. Proof of FINRA numbers for broker/dealer and firm.
3. Written acknowledgement of this policy.
4. Services provided by firm, including research services.
5. Signed copy of Treasurer’s trading authority.
6. Other documentation deemed necessary by the Office of the State Treasurer.

COMPLIANCE

Reporting

1. Portfolio summary: security type, maturity date, coupon rate, durations, market value, and yield.
2. Compliance check list with statute.
3. Documentation of transactions.
4. Monthly Investment Committee meeting.
5. Allocation of assets.
6. Percentage concentration of the total portfolio that each type of investment represents.

Internal Controls

The Office of the State Treasurer has established a system of internal controls designed to prevent loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees of the Office of the State Treasurer. Controls include: separation of duties, separation of transaction authority from compliance check, minimized number of authorized investment officials, documentation of transaction strategies, and adherence to the CFA Code of Ethics and Standards, set by the CFA Institute.

POLICY REVIEW

The Office of the State Treasurer reserves the right to amend this policy as deemed necessary without prior notice, subject to all relevant State regulations and statutes.

Source: Miss. Code Ann. §27-105-33