



TREASURER OF THE STATE OF LOUISIANA

Louisiana Education Quality Trust Fund

Statement of Investment and Cash Management
Policy and Procedures

November 30, 2007

Table of Contents

I.	PREAMBLE	Page	2
II.	RESPONSIBILITY & MANAGEMENT	Page	4
III.	THE ADVISORY PANEL	Page	5
IV.	INVESTMENT GOALS	Page	4
V.	ASSET ALLOCATION	Page	5
VI.	INVESTMENT GUIDELINES	Page	6
VII.	PERFORMANCE MEASUREMENT	Page	10
VIII.	INVESTMENT MANAGEMENT FIRMS	Page	10
IX.	INVESTMENT CONSULTANTS	Page	12
X.	FUND ADMINISTRATION	Page	13
XI.	INVESTOR RESPONSIBILITY	Page	14

Statement of Investment and Cash Management Policy and Procedures for the LOUISIANA EDUCATION QUALITY TRUST FUND

I. PREAMBLE

In 1986, the Louisiana Legislature passed acts to create a constitutional amendment establishing the Louisiana Education Quality Trust Fund, ("LEQTF"). Investment income generated by the fund is dedicated to the sole purpose of providing educational enrichment programs. The acts established beneficiaries, the Board of Elementary and Secondary Education ("BESE") and the Board of Regents ("Regents"). In addition, the acts also provided for the investment of these funds by the State Treasurer. This constitutional amendment was approved by the people of Louisiana in the fall of 1986. With the passage of this amendment, \$540,699,503 was placed in the LEQTF.

The LEQTF consists of two components:

- A. The Permanent Trust Fund (the "Permanent Fund")
- B. The Louisiana Education Quality Support Fund (the "Support Fund")

The Permanent Fund receives twenty-five percent of the earned investment income in the LEQTF. The Permanent Fund receives twenty-five percent of recurring royalty income from certain mineral lease tracts.

The Support Fund receives seventy-five percent of earned investment income in the LEQTF. Additionally, the Support Fund receives seventy-five percent of recurring royalty income from certain mineral lease tracts.

The Support Fund expenditures are allocated in two equal parts:

- A. Board of Elementary and Secondary Education
- B. Board of Regents

Subject to legislative appropriation, grants are awarded on a competitive basis by BESE. These funds may be disbursed to programs including research projects designed to improve academic achievement, exemplary programs, and remedial and preschool programs.

The Board of Regents also uses a competitive process for awarding grants for higher education, subject to legislative appropriation. These grants may include endowment of chairs for eminent scholars, recruitment of superior graduate students, and the research efforts of public and private universities.

On October 1, 1994, the voters of Louisiana passed Constitutional Amendment 1 (Act 151 of the Third Extraordinary Session of the 1994 Legislature). This amendment permits the State Treasurer to invest up to thirty-five percent of the market value of the Permanent Fund in stocks. Enabling legislation (Act 136 of the Third Extraordinary Session of the 1994 Legislature) was also passed to further define the investment in stocks, the treatment of realized capital gains and dividend income.

Act 136 of the Third Extraordinary Session of the 1994 Legislature states that as of January 1, 1995, the Permanent Fund will receive seventy-five percent of all realized capital gains. The Support Fund will receive twenty-five percent of realized capital gains. Furthermore, twenty-five percent of all dividend income will remain in the Permanent Fund, and the Support Fund will receive seventy-five percent of all dividend income.

The income requirements of the LEQTF are substantial and ongoing. Interest income is the primary source of capital for the Support Fund. The State Treasurer will strive to increase the market value of the Permanent Fund balance while providing income to distribute to BESE and Board of Regents.

This document sets forth the following:

- A. The investment policies and objectives which the State Treasurer deems to be appropriate for the prudent investment and strategic planning of the Louisiana Education Quality Trust Fund.
- B. The investment policies and objectives, and the selection of investment managers and performance criteria for investment managers.
- C. A guide to be used by the Treasurer and the Treasurer's Advisory Panel for the ongoing supervision of the investment program for the Louisiana Education Quality Trust Fund to ensure that the assets remain invested in accordance with this document.
- D. Accounting and reporting guidelines for the purposes of measuring the performance of the Louisiana Education Quality Trust Fund assets.

II. RESPONSIBILITY & MANAGEMENT

The Constitution and laws of the State of Louisiana vests the investment responsibility for the LEQTF with the State Treasurer (Article VII, Section 10.1 and Act 67 of the 1986 Regular Session of the Legislature). The State Treasurer shall promulgate rules for the investment of up to thirty-five percent (35%) of the LEQTF in stocks. The State Treasurer shall employ an investment staff to manage the assets of the LEQTF and ensure that the fund is invested in accordance with the guidelines outlined in this document. Specific investment decisions are to be made by the investment staff.

The State Treasurer shall establish an Advisory Panel composed of independent financial experts, academic leaders and business leaders to assist in the promulgation of rules and investment guidelines for stock investments. Members of the State Treasurer's Advisory Panel serve annually at the pleasure of the State Treasurer. The State Treasurer with the Advisory Panel shall also establish rules and procedures for the investment of up to thirty-five percent (35%) of the LEQTF in stocks by outside investment managers ("managers") which may be employed from time to time for asset management.

The State Treasurer shall select outside investment managers through a competitive Request for Proposal ("RFP") process. Investment managers shall be approved by a majority of the members present at a meeting of the State Bond Commission.

III. THE ADVISORY PANEL

The State Treasurer's Advisory Panel for the LEQTF shall be composed of the following:

- a representative from BESE
- a representative from the Board of Regents
- a representative from the academic community
- a representative from business leaders
- a representative from investment professionals

The Advisory Panel shall consist of at least five and no more than fifteen members. The State Treasurer shall serve as the Chairman of the Advisory Panel.

The Advisory Panel shall also be charged with the establishment of the guidelines outlined in this document and other duties related to advising the State Treasurer regarding the investments.

The Advisory Panel will meet at least once a year in October unless otherwise called to order by the State Treasurer. At that time the Advisory Panel will review the guidelines outlined in this document and revise them as necessary.

IV. INVESTMENT GOALS

The LEQTF shall be prudently managed within the parameters established by the constitution and the laws of the State of Louisiana. The State Treasurer will seek three equally desirable goals:

- A. To provide income in a stable and predictable fashion to the beneficiaries.
- B. Enhancement of market value of LEQTF through diversification
- C. Preservation of LEQTF's capital

The State Treasurer shall have the authority and ability to review these goals from time to time for their continued feasibility and appropriateness, and to make revisions when necessary.

The State Treasurer shall strive to achieve a predictable level of income for the LEQTF beneficiaries. The interest income requirement of the LEQTF is substantial and continuous. The LEQTF needs to grow to ensure a perpetual benefit for the Support Fund beneficiaries. In addition, it is important to enhance the market value of the Permanent Fund and provide growth in real terms after the effects of inflation.

The State Treasurer shall attempt to meet these goals by maximizing the return on the LEQTF investments consistent with an appropriate level of risk and subject to a generation of adequate interest income. Additionally, the LEQTF shall be adequately diversified to provide reasonable assurance that an investment in any single asset class, security type, or industry group will not have an adverse impact on the fund.

V. ASSET ALLOCATION

Asset allocation can be a primary determinant of LEQTF investment performance, and is the responsibility of the State Treasurer. Asset allocation determines the appropriate weighing of stocks and bonds that yields the best expected return after adjusting for risk. The asset allocation may be changed from time to time based on the condition of the financial markets and the economy. In establishing the appropriate asset allocation, recognition of the role and relationship of various asset classes will be considered. These include:

- A. Bonds - The principal purpose of fixed income investments is to provide relative safety of principal and a predictable source of interest income.
- B. Stocks - The principal purpose of stock investments is to provide capital appreciation and to a lesser degree, dividend income.
- C. Cash & Cash Equivalents - The principal purpose of maintaining cash equivalents in the portfolio is to provide liquidity to meet the cash flow needs of the LEQTF beneficiaries. Cash and cash equivalents may also be used as a defensive strategy to protect the LEQTF from erosion of principal during unfavorable market conditions.

Target Asset Mix

<u>Asset Category</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Bonds	65%	70 - 75%	89%
Stocks	10%	25%-35%	35%
Cash/Cash Equivalents	1%	2 - 5%	25%

Note: The target asset mix is the initial target percentage of stocks in the LEQTF portfolio. The

target may change from time to time as investment goals and objectives change.

VI. INVESTMENT GUIDELINES

The State Treasurer is authorized to invest in stocks of any corporation listed on the New York Stock Exchange, the American Stock Exchange, or authorized for quotations display on the National Association of Securities Dealers Automated Quotations System, provided that the total investment in such stocks at any one time shall not exceed thirty-five percent (35%) of the market value of all funds held by the Treasurer in the LEQTF. The fund must be invested at all times in strict compliance with the State Constitution, state law, and pursuant to rules as adopted in the Louisiana Administrative Procedures Act.

Entry Into the Market

The allocation of LEQTF assets from bonds to stocks will cause a temporary or short-term decrease in interest income to the fund's beneficiaries. Therefore, the allocation to stocks will be gradually phased in over a period of five years. The State Treasurer will annually allocate not more than seven percent (7%) and not less than (5%) of the market value of the Permanent Trust Fund to stocks, and under no circumstances may the State Treasurer invest more than thirty-five percent (35%) of the market value of the Permanent Trust Fund in stocks. The first annual allocation to stocks shall be placed in a Standard & Poor's 500 Index Fund. In years thereafter, the State Treasurer may select active investment managers styles. Allocations to investment managers will be made on a monthly basis up to the target of 25% to 35% (unless otherwise changed by the State Treasurer with notification of the Advisory Group). This methodology should enforce the concept of dollar cost averaging and minimize the impact on interest income to BESE and Regents.

Stock Investments

- A. The investment in stocks shall be prudent in nature. Stocks should be selected for their expected return over a three to five year period.
- B. The LEQTF shall not own more than five percent (5%) of the outstanding stock of any company.
- C. No individual investment advisory firm managing a stock portfolio for the LEQTF may concentrate more than twenty-five percent (25%) of the market value of that portfolio in any single industry.
- D. The investment manager(s) stock portfolio should be well diversified and exhibit a diversification factor between .90 to 1.00.
- E. All stock portfolios shall have a beta coefficient from .90 to 1.15.

Stock Investment Restrictions

Investment managers for the LEQTF stock portfolio are restricted from the following activities:

- A. The purchase of stock warrants.
- B. The purchase of any stock on margin.
- C. The short sale of any security.
- D. The purchase of any direct interest in oil, gas or other mineral exploration program.
- E. Private or direct placement of any kind.
- F. Direct ownership of real estate or real estate investment trusts.
- G. Collectibles (coins, stamps, or art).
- H. Securities of the custodian bank(s), investment advisor(s), broker dealer(s) or their parent company that have any contractual relationship with the State Treasurer or LEQTF.

Fixed Income Investments

The fixed income (bond) portion of the LEQTF portfolio shall be invested in marketable fixed income securities. The following policies shall be strictly adhered to:

- A. Bonds purchased in any LEQTF portfolio should be selected for their expected annual income.
- B. Bonds purchased in any LEQTF portfolio should be selected for their expected return over a three to five year period.
- C. Bonds should be selected with consideration for total return. Total return takes into consideration interest income and capital appreciation/loss.
- D. All fixed income (bond) investments shall be appropriately diversified by maturity, security, sector, and credit quality.
- E. Active management of the fixed income portfolio may be engaged. Active management permits shifting along the yield curve and sectors of the fixed income market.
- F. The LEQTF bond portfolio may not hold more than ten percent (10%) at cost of any issuer's securities other than direct obligations of the U.S. Treasury and/or U.S. Agencies.

- G. In order to benchmark and limit interest rate risk, the LEQTF bond portfolio shall have duration characteristics similar to the Lehman Brothers Aggregate Bond Index (or similar fixed income index approved by the Treasurer of the State of Louisiana) and under no circumstances shall the LEQTF bond portfolio duration exceed 15 years.

Acceptable Fixed Income Securities

- A. The LEQTF may invest in direct general obligations or obligations which are guaranteed by the United States Government.
- B. The LEQTF may invest in bonds, debentures, notes or other evidences of indebtedness issued by any of the following agencies of the United States Government: Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), Student Loan Marketing Association (SLMA), Federal Farm Credit Bank (FFCB) and Small Business Administration (SBA).
- C. The LEQTF may invest in time certificates of deposits of state banks, national banks, savings and loan associations domiciled in the state of Louisiana. Investments in time certificates of deposits shall be conducted under the policy and guidelines of the General Fund of the State of Louisiana.
- D. The LEQTF may invest in bonds, debentures, notes or other evidence of indebtedness issued by corporations or the United States. All corporate fixed income securities held in the LEQTF portfolio shall be rated investment grade credit quality classes of Moody's, Inc. (Baa or above) or Standard & Poor's Corporation (BBB or above).
- E. The LEQTF may invest in bonds, debentures, notes or other evidence of indebtedness issued by, and backed by the full faith and credit of, sovereign nations that are denominated in United States dollars. All foreign fixed income securities held in the LEQTF portfolio shall be "A" or above by Moody's, Inc., "A" or above by Standard & Poor's Corporation, or the equivalent rating by a rating agency recognized by the National Association of Insurance Commissioners (currently Moody's, Standard & Poor's, Fitch's and Dominion Bond Rating Service).
- F. Should any security in a LEQTF portfolio be downgraded below investment grade by a rating agency, the investment manager must notify the State Treasurer of any such rating change along with the investment manager's plan for liquidating any such security.

Fixed Income Investment Restrictions

The State Treasurer and any investment managers for the LEQTF bond portfolio are restricted from

the following activities:

- A. The purchase of bonds on a margin.
- B. The short sale of any security.
- C. Private or direct placement of any kind.
- D. Debt securities of the custodian bank(s), investment advisor(s), broker dealer(s) or their parents and/or subsidiaries entered into a contractual relationship with the State Treasurer or the LEQTF.
- E. Direct loans or extension of lines of credit.
- F. Purchases of bonds denominated in foreign currencies, purchased on foreign exchanges, or cleared through foreign clearing entities.
- G. Direct purchases of single family or commercial mortgages.
- H. Any mortgage pass-through security such as, but not limited to, pass-through mortgage-backed securities (MBS), collateralized mortgage obligations (CMO), real estate mortgage investment conduits (REMIC), asset backed securities (ABS), or collateralized debt obligations (CDO) shall be subject to the constraints listed below.
 - 1. U.S. Government and/or Government Sponsored Entity (GSE or Agency) guaranteed fixed and floating rate MBS can be held without limitation.
 - 2. The total of all CMO, REMIC, ABS and CDO investments, regardless of issuer, shall not exceed 25% of the portfolio.
 - 3. The total of all Government Sponsored Entity (GSE or Agency) CMO and REMIC securities shall not exceed 25% of the portfolio
 - 4. The total of all private label CMO, REMIC, ABS and CDO securities shall not exceed 15% of the portfolio
 - 5. All CMO, REMIC, ABS and CDO securities, regardless of issuer, are restricted to the following:

- i. All collateral must be AAA rated
 - ii. Collateral commonly referred to as subprime or Alt-A are prohibited
 - iii. All collateral must be backed by first mortgage liens
 - iv. Sequential Pay (SEQ) tranches whose average life is less than 12 years
 - v. Planned Amortization Class (PACs) tranches that that are Type I and whose average life is less than 12 years
 - vi. Scheduled Class (SCH) tranches whose average life is less than 12 years
 - vii. Accretion Directed (AD) tranches whose average life is less than 12 years
6. Inverse Floating Rate (Inverses), Interest Only (IOs), Principal Only (POs), Companion and Residual tranches of MBS, CMOs, REMICs, ABS and CDOs are prohibited regardless of issuer.
 7. Targeted Amortization Class (TACs) and Accrual tranches of CMOs, REMICS, ABS and CDOs in aggregate will be limited to 5% of the mortgage securities portfolio regardless of issuer.
 8. At the time of purchase and regardless of issuer, any CMO, REMIC, ABS or CDO investment's price risk shall not exceed 25% change in market value at +/- 300bps stress test, and Weighted Average Life shall not to increase by more than 7 years at +300bps stress test.
 9. In the event that other types of mortgage-related securities are developed that have risk characteristics similar to the permissible investments in this category the portfolio manager will first seek the approval of the Chief Investment Officer before entering into any securities transactions involving any such security.

Cash & Cash Equivalents

The principal purpose of maintaining cash equivalents in the portfolio is to provide liquidity for the cash flow needs of the LEQTF beneficiaries. Cash and cash equivalents may also be used as a defensive strategy to protect the LEQTF from erosion of principal during unfavorable market conditions.

Idle cash shall be invested daily. Idle cash shall be invested under the policy and guidelines of the General Fund of the State of Louisiana. 100% of the idle cash of the LEQTF may be invested in any one of the following:

- A. Idle cash may be invested daily through an automatic sweep into the custodian bank short-term investment fund (STIF) or Money Market Mutual Fund (Money Market). To be eligible a STIF is restricted to those securities eligible for investment by the State Treasurer. To be eligible a Money Market must be organized as a Massachusetts Business Trust and invest solely in securities otherwise eligible for investment by the State Treasurer.

- B. Idle cash may be invested in commercial paper rated in the two highest credit quality classes of Moody's, Inc. (P1 or P2) or Standard & Poor's Corporation (A1 or A2).
- C. Idle cash may be invested in Repurchase Agreements

VII. PERFORMANCE MEASUREMENT

LEQTF investment performance will be measured by an unaffiliated organization with recognized expertise. To the extent possible, all performance measurement will be in compliance with the Association for Investment Management and Research (AIMR) performance presentation standards. Measurement will occur on a quarterly basis and will be used to evaluate the results of the total fund, asset classes, investment managers, and adherence to the guidelines contained within the guidelines adopted in the Louisiana Administrative Procedures Act.

Performance Goals

Performance evaluations of the LEQTF will be conducted on an annual basis. Investment performance will be measured relative to the appropriate benchmark. Annual evaluations will examine the continued feasibility of achieving the LEQTF investment goals and objectives.

To accomplish the LEQTF investment objectives, it is critical to recognize the role of asset mix and specific performance goals that exist for separate asset classes. The achievement of these goals is most appropriately determined over a full market cycle. A full market cycle is generally a period of three to five years.

Specific investment performance benchmarks for the LEQTF are:

- A. Common Stocks An annualized total return equal to or greater than the Standard & Poor's 500 Index net of investment management fees, custodial fees, and transaction costs.
- B. Bonds An annualized total return equal to or greater than the Lehman Brothers Aggregate Bond Index net of investment management fees, custodial fees, and transaction costs.

VIII. INVESTMENT MANAGEMENT FIRMS

Selection of Investment Managers

Pursuant to Act 136 of the Third Extraordinary Session of the 1994 Legislature, the State Treasurer is authorized to hire investment managers on a contract basis for the management of the LEQTF.

The State Treasurer shall follow a Request for Proposal process using a strict selection criteria based on sound investment industry principles. The selection of investment managers for the investment in stocks in the LEQTF will be made by the State Treasurer with the assistance of the State Treasurer's Advisory Panel. Managers will be selected on the basis of their investment style in order to further diversify the investments of the LEQTF. Various investment styles include but are not limited to large capitalization growth and value stock and small capitalization growth and value stock. All investment managers are subject to the approval of the State Bond Commission.

Investment Managers Must Meet the Following Criteria:

- A. The investment manager must be a Registered Investment Advisor and in good standing with the Securities and Exchange Commission under the Investment Advisors Act of 1940, or in the case of a bank trust department, under the supervision and in good standing with the Office of the Comptroller of Currency and the Louisiana Office of Financial Institutions.
- B. The investment manager must provide five years of verifiable performance rates of return calculated on a time-weighted basis. These performance numbers must be based on a composite of fully discretionary accounts with a similar investment style and be reported net and gross of investment management fees.
- C. The investment manager must clearly articulate the investment philosophy and strategy that will be adhered to over time.
- D. Funds contracted with the investment manager for management purposes shall not exceed ten percent (10%) of the firm's assets under management in the style contracted.
- A. Investment managers shall be compensated on a basis point fee as a percentage of assets contracted to manage. Investment managers shall be paid in arrears on a quarterly basis.

The duties and responsibilities of the Investment Manager are as follows:

- A. The investment manager shall manage the LEQTF assets under its care, custody or control in accordance with the objectives and guidelines set forth in this document, State Constitution, state laws, and rules promulgated by the State Treasurer in the Louisiana Administrative Procedures Act.
- B. The investment manager shall have the discretion to invest a portion of LEQTF assets in cash reserves when deemed appropriate. The investment manager will be evaluated against peers for performance of funds under management.
- C. The investment manager shall promptly inform the State Treasurer in writing regarding any significant or material matters or changes pertaining to the investment of the LEQTF Fund or in personnel within its organization. This would include, but

Is of the firm and
rected to the Treasurer,
State of Louisiana, Post Office Box 44154, Baton Rouge, Louisiana, 70804.

- D. The investment manager shall acknowledge and agree in writing to their fiduciary responsibility and to comply with the investment policy set forth in the contract and the investment objectives and guidelines for the LEQTF and as modified in the future.
- E. Investment managers shall appear before the State Treasurer and the State Treasurer's Advisory Group at least once a year. Investment managers may be required to appear more frequently if deemed appropriate by the State Treasurer. During this appearance, the Investment Advisor must discuss the following:
 - 1. Review of portfolio goals and objectives.
 - 2. Review of the financial markets and economic outlook.
 - 3. Discussion of portfolio performance.
 - 4. Discussion of transactions, including brokerage.
 - 5. Material changes of staff and ownership of the firm.
- F. Investment managers shall submit quarterly a written performance report to the State Treasurer detailing investment performance. Quarterly reports shall be submitted in a timely fashion.

Investment Manager Review

Investment managers are expected to perform in the top fifty percentile of their peer group. Should an investment manager fail to meet their performance benchmark within any rolling twelve (12) months, they will be placed under review.

Reviews will consist of the following:

- A. Scrutiny of the investment philosophy and process.
- B. Explanation of substandard performance to the satisfaction of the State Treasurer and the State Treasurer's Advisory Group.
- C. Two additional quarters to bring investment performance up to standard without modifying the stated investment philosophy or strategy.

Failure to comply with the conditions resulting from being placed on review may result in termination of the investment manager's contract.

IX. INVESTMENT CONSULTANTS

From time to time the State Treasurer may retain the services of an investment consultant for the purposes of assistance in the following:

- A. Establishing the appropriate asset allocation.
- B. Determination of appropriate equity manager styles (growth versus value, large capitalization versus small capitalization).
- C. Conducting investment manager searches.
- D. Determination of investment manager risk profile.
- E. Performance evaluation of investment managers.

Selection of Consultants

The State Treasurer shall follow a Request for Proposal process using strict selection criteria based on sound industry principles for the selection of a consultant.

Investment Consultants Must Meet the Following Criteria:

- A. The investment consultant firm must have at least five years of experience consulting accounts with assets greater than \$250 million.
- B. The investment consulting firm must have experience conducting investment manager searches and performance measurement for public funds with total assets greater than \$250 million.
- C. The investment consultant shall be paid in arrears quarterly basis. All consulting fees shall be paid from the assets of the Support Fund.
- D. Any consultant that is a broker/dealer or investment manager, or that is affiliated with a broker/dealer or investment manager, must disclose the nature of the relationship. The investment consultant may not receive commissions or fees as a form of payment from any broker/dealer or investment manager that conducts business with the Louisiana State Treasurer.

X. FUND ADMINISTRATION

Administration is vital to the integrity of the LEQTF and necessary for the fulfillment of goals and objectives. The State Treasurer shall provide the appropriate internal controls and record keeping to insure the integrity of the LEQTF. Internal control will assure responsible separation of duties and

diminish the real and prospective burden on State Treasury staff and investment managers.

Transaction and accounting records shall be complete and prepared on a timely basis with consideration given to the adequacy of an audit trail. Custody of LEQTF assets shall be in compliance with applicable state laws and be arranged to provide as much security, trading speed, and fund accounting as possible. Adequate insurance levels will be maintained by the LEQTF custodian or agent contracted by the State Treasurer.

All securities transactions to purchase or sell shall be entered into on a "best execution" basis, yielding the best realized net price. All securities transactions shall be conducted on a delivery versus payment basis.

The State Treasurer shall prepare and submit to BESE and Board of Regents for their review a report on the investment performance of the LEQTF. The State Treasurer shall also submit a copy of the report to the Joint Legislative Committee on the Budget, the House Committee on Education, and the Senate Committee on Education as required by law.

XI. INVESTOR RESPONSIBILITY

The State Treasurer shall manage the LEQTF investments in a prudent manner within the guidelines of the State Constitution, state laws, and rules promulgated in the Louisiana Administrative Procedures Act.

As a shareholder, the LEQTF has the right to a voice opinions in the corporate affairs of companies owned by the fund. This includes the right and obligation to vote proxies in a manner consistent with the unique role and mission of the fund's beneficiaries, as well as, for the economic benefit of the fund. The LEQTF shall be the primary beneficiary of all investment decisions. The LEQTF shall not be invested to achieve temporary benefit for any purpose, including the use of its economic power, to advance any political or social cause.