

**ADDENDUM A**

**PRUDENT INVESTOR/PERSON RULES BY STATE**

<b>STATE</b>	<b>REFERENCE</b>	<b>PRUDENT INVESTOR/PRUDENT PERSON RULE</b>
AK	AS 37-13-120(a)	The prudent-investor rule as applied to investment activity of the fund means that the corporation shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the fund over time while maximizing the expected total return from both income and the appreciation of capital.
AZ	Constitution, Art X, Sec 7E	E. In making investments under this section the state treasurer and trustees shall exercise the judgment and care under the prevailing circumstances that an institutional investor of ordinary prudence, discretion and intelligence exercises in managing large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of monies, considering the probable safety of capital as well as the probable total rate of return over extended periods of time.
ID	68-502	OBJECTIVES. (1) A trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the trust. In satisfying this standard, the trustee shall exercise reasonable care, skill and caution.
		(2) A trustee's investment and management decisions respecting individual assets must be evaluated not in isolation but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust.
		(3) Among circumstances that a trustee shall consider in investing and managing trust assets are such of the following as are relevant to the trust or its beneficiaries:
		(a) General economic conditions;
		(b) The possible effect of inflation or deflation;
		(c) The expected tax consequences of investment decisions or strategies;
		(d) The role that each investment or course of action plays within the overall trust portfolio, which may include financial assets, interests in closely held enterprises, tangible and intangible personal property, and real property,
		(e) The expected total return from income and the appreciation of capital;
		(f) Other resources of the beneficiaries;
		(g) Needs for liquidity, regularity of income and preservation or appreciation of capital; and
		(h) An asset's special relationship or special value, if any, to the purposes of the trust or to one (1) or more of the beneficiaries.
		(4) A trustee shall make a reasonable effort to verify facts relevant to the investment and management of trust assets.

		(5) A trustee may invest in any kind of property or type of investment consistent with the standards of this act.
		(6) A trustee who has special skills or expertise, or is named trustee in reliance upon the trustee's representation that the trustee has special skills or expertise, has a duty to use those special skills or expertise.
ND	15-03-04	The "prudent investor rule" means that in making investments the board shall exercise the same judgment and care, under the circumstances then prevailing and limitations of North Dakota and federal law, 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.
NM	Constitution, Art XII, Sec 7c	A. In making investments, the state investment officer, under the supervision of the state investment council, shall exercise the judgment and care under the circumstances then prevailing that businessmen of ordinary prudence, discretion and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.
OK	64-1-51 B1 (b and c)	B. The Commissioners of the Land Office shall be responsible for the investment of the permanent common school and other educational funds, and public building funds solely in the best interests of the beneficiaries and:
		1. For the exclusive purpose of providing maximum benefits to current and future beneficiaries, and defraying reasonable expenses of administering the trust funds;
		2. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like enterprise of a like character and like aim would use;
		3. By diversifying the investments of the trust funds so as to minimize the risk of large losses; and
		4. In accordance with the law, documents and instruments governing the administration and investment of the permanent common school and other educational funds and public building funds.
		(b) exercising reasonable care, skill, and caution in order to meet the standard of care of a prudent investor.
		(2) In determining whether or not the state treasurer has met the standard of care of a prudent investor, the judge or finder of fact shall:
		(a) consider the state treasurer's actions in light of the facts and circumstances existing at the time of the investment decision or action, and not by hindsight; and
		(b) evaluate the state treasurer's investment and management decisions respecting individual assets:
		(i) not in isolation, but in the context of a trust fund portfolio as a whole; and
		(ii) as a part of an overall investment strategy that has risk and return objectives reasonably suited to the trust funds.

		The state investment board shall invest and manage the assets entrusted to it with reasonable care, skill, prudence, and diligence under circumstances then prevailing which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an activity of like character and purpose.
OR	ORS 293.726	(1) The investment funds shall be invested and the investments of those funds managed as a prudent investor would do, under the circumstances then prevailing and in light of the purposes, terms, distribution requirements and laws governing each investment fund.
		(2) The standard stated in subsection (1) of this section requires the exercise of reasonable care, skill and caution, and is to be applied to investments not in isolation but in the context of each investment fund's investment portfolio and as a part of an overall investment strategy, which should incorporate risk and return objectives reasonably suitable to the particular investment fund.
		(3) In making and implementing investment decisions, the Oregon Investment Council and the investment officer have a duty to diversify the investments of the investment funds unless, under the circumstances, it is not prudent to do so.
		(4) In addition to the duties stated in subsection (3) of this section, the council and the investment officer must:
		(a) Conform to the fundamental fiduciary duties of loyalty and impartiality;
		(b) Act with prudence in deciding whether and how to delegate authority and in the selection and supervision of agents; and
		(c) Incur only costs that are reasonable in amount and appropriate to the investment responsibilities imposed by law.
		(5) The duties of the council and the investment officer under this section are subject to contrary provisions of privately created public trusts the assets of which by law are made investment funds. Within the limitations of the standard stated in subsection (1) of this section and subject to subsection (6) of this section, there may be acquired, retained, managed and disposed of as investments of the investment funds every kind of investment which persons of prudence, discretion and intelligence acquire, retain, manage and dispose of for their own account.
SD	4-5-27	Prudent-man standard required in investments. Any investments under the provisions of §§ 4-5-12 to 4-5-39, inclusive, shall be made with the exercise of that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.
TX	43.003(7)(A)	(A) in making all of those investments, the State Board of Education shall exercise the judgement and care under the circumstances then prevailing that persons of ordinary prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital;
UT	51-7a-202	(1) The state treasurer shall invest and manage the trust fund assets as a prudent investor would, by:

		(a) considering the purposes, terms, distribution requirements, and other circumstances of the trust funds; and
		(b) exercising reasonable care, skill, and caution in order to meet the standard of care of a prudent investor.
		(2) In determining whether or not the state treasurer has met the standard of care of a prudent investor, the judge or finder of fact shall:
		(a) consider the state treasurer's actions in light of the facts and circumstances existing at the time of the investment decision or action, and not by hindsight; and
		(b) evaluate the state treasurer's investment and management decisions respecting individual assets:
		(i) not in isolation, but in the context of a trust fund portfolio as a whole; and
		(ii) as a part of an overall investment strategy that has risk and return objectives reasonably suited to the trust funds.
		The state investment board shall invest and manage the assets entrusted to it with reasonable care, skill, prudence, and diligence under circumstances then prevailing which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an activity of like character and purpose.
WA	RCW 43.33A.140	The state investment board shall invest and manage the assets entrusted to it with reasonable care, skill, prudence, and diligence under circumstances then prevailing which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an activity of like character and purpose.
		The board shall:
		(1) Consider investments not in isolation, but in the context of the investment of the particular fund as a whole and as part of an overall investment strategy, which should incorporate risk and return objectives reasonably suited for that fund; and
		(2) Diversify the investments of the particular fund unless, because of special circumstances, the board reasonably determines that the purposes of that fund are better served without diversifying. However, no corporate fixed-income issue or common stock holding may exceed three percent of the cost or six percent of the market value of the assets of that fund.