



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

June 2, 2022

Divestment of public funds in companies involved in the manufacture or sale of assault weapons

Overview:

In response to significant market risk posed by continued mass shootings, including the events of October 1, 2017, in Las Vegas and the recent events in Uvalde, Texas; the Nevada State Treasurer's Office is divesting public funds from manufacturers or sellers of assault weapons.

Currently, the Treasurer's Office manages an investment portfolio of over \$49 billion, which includes:

- Nevada's General Portfolio - \$7.2 billion
- The Local Government Investment Pool - \$2.4 billion
- The Permanent School Fund - \$527.45 million
- Nevada Higher Education Prepaid Tuition Trust - \$405.15 million
- Nevada's College Savings Plans - \$38.8 billion

As part of this action, the Treasurer's Office will:

1. Divest of public investments held in manufacturers and sellers of assault weapons in the General Portfolio, the Local Government Investment Pool, the Permanent School Fund, and the Nevada Higher Education Prepaid Tuition Trust.
2. Formalize this policy by updating the Investment Policies for the General Portfolio, the Local Government Investment Pool, and the Nevada Higher Education Prepaid Tuition Trust.
3. Present a formal resolution to the Board of Trustees of the College Savings Plans of Nevada to encourage divestiture of assets held in companies that manufacture or sell assault weapons invested in the Nevada College Savings Trust Fund.
4. Direct external partners and vendors of the State Treasury to take similar action and limit business with manufacturers and sellers of assault weapons.

Any divestments that may take place because of this policy will be conducted in a manner that protects and preserves the value of the State's Investment Portfolio, without causing any financial harm to the State of Nevada.

The Treasurer's Office is currently researching the availability of a comprehensive list of public companies identified as being manufacturers or sellers of assault weapons and has identified roughly \$89 million in assets that may be subject to divestment under this policy.

The Office will continue to research available sources and databases and consult with subject matter experts to ensure this policy is implemented uniformly across all assets under management.

If members of the public have questions about this policy or would like additional information, they are encouraged to email StateTreasurer@nevadatreasurer.gov.

Plan of Action:

1. Divestment of public investments held in manufacturers and sellers of assault weapons in the General Portfolio, the Local Government Investment Pool, the Permanent School Fund, and the Nevada Higher Education Prepaid Tuition Trust.

Pursuant to statute, the Nevada State Treasurer is authorized to receive and keep all money of the State of Nevada which is not expressly required by law to be received and kept by another party.

Similarly, pursuant to statute, the Treasurer is responsible for establishing the policies by which State money must be invested. These policies are subject to periodic review and approval by the State Board of Finance.

Furthermore, the State Treasurer is charged with the investment of all money in the Permanent School Fund, and the Office is charged with the administration and investment of the Nevada Higher Education Prepaid Tuition Trust.

Based on these provisions, the Treasurer's Office has implemented an immediate internal policy to not invest State funds in companies that manufacture or sell assault weapons as of June 2, 2022.

The Treasurer's Office is currently conducting a review of all State investments held by any of these four funds in companies that manufacture or sell assault weapons. The Office will analyze each identified investment on a case-by-case basis.

The Office will approach the divestiture of these assets with the State's best interests in mind using the following standards:

a) Will divestiture of the asset cause financial harm to the State?

- If yes, the Office will not divest the asset.
- If no, the Office will divest the asset as soon as practicable.

b) Is the asset subject to maturation?

- If so, further analysis will be done to identify whether the asset can be sold prior to maturity without significant financial harm to the State.
- If the asset can be sold without significant financial harm, the asset will be sold.
- If the asset cannot be sold without significant financial harm, the Treasurer's Office will not divest the asset.

2. Formalize this policy by updating the Investment Policies for the General Portfolio, the Local Government Investment Pool, and the Nevada Higher Education Prepaid Tuition Trust.

Following the review of currently held investments, the Treasurer's Office will make changes to the internal investment policy for the Permanent School Fund.

Additionally, the Office will draft changes to the policies for the General Portfolio and the Local Government Investment Pool for consideration by the State Board of Finance, as well as the Nevada Higher Education Prepaid Tuition Trust by the Board of Trustees of the College Savings Plans of Nevada.

Changes made to these three investment policies will reflect those outlined above and emphasize the State's intent to not invest in companies which manufacture or sell assault weapons.

3. Present a formal resolution to the Board of Trustees of the College Savings Plans of Nevada to encourage divestiture of assets held in companies that manufacture or sell assault weapons invested in the Nevada College Savings Trust Fund.

Assets contained with Nevada's College Savings Plans are overseen by the Board of Board of Trustees of the College Savings Plans of Nevada and managed indirectly through the State's 529 partners.

Being that these assets are not directly under the control of the Treasurer's Office, the Office will present a resolution to the Board of Trustees for consideration emphasizing the Board's intent to not invest funds in the Nevada College Savings Trust Fund in companies which manufacture or sell assault weapons.

4. Direct external partners and vendors of the State Treasury to take similar action and limit business with manufacturers and sellers of assault weapons.

The Treasurer's Office has numerous partners and vendors it regularly works with through its five Divisions. Through these partnerships, the Office will direct and encourage these entities to similarly divest any assets and/or cease doing business with companies that manufacture or sell assault weapons.