

INVESTMENT POLICY

TRUSTEES OF TRUST FUNDS
TOWN OF HOPKINTON, NH

Accepted by the TRUSTEES OF TRUST FUNDS

On November 6, 2017

I. PHILOSOPHY:

The Trustees are to ensure a return sufficient to preserve or enhance the principal of the funds left in their care, while providing a source of income for distribution as required or requested by the Donor of each Trust.

II. DEFINITION OF FUNDS:

1. Endowment Funds:

These funds are permanent in nature, intended to provide support for current or future operations set by the Donor. The investment strategy for these funds is long-term investment instruments. The principal can not be expended, only the income. The Trustees are required to follow the restrictions placed on each fund. The Trustees can use their discretion to expend on the funds without restrictions. A two-thirds vote by the Trustees is needed to pass. Referrals from other areas in the Town can be accepted.

A. Investments are to be managed with long-term strategies in order to benefit from total returns. The funds are to be a diversified mix of asset classes and industry groups. All fixed income security purchases shall have a minimum quality rating of investment grade or better. No single security should exceed five percent of the equity portion of the portfolio.

2. Expendable Funds and Capital Reserve Funds:

These funds are voted on at Town Meeting for the Trustees to hold until such time as they are needed. The Town votes to add to an existing fund or to set up a new fund. They are placed in investments that are liquid. The Board of Selectmen are the only signatures required to expend the funds.

A. The cash equivalent funds are to be held in safe and liquid instrument first and yield second.

III. ASSET ALLOCATION:

The Trustees will determine strategic asset allocation guidelines. The following are

the allocation guidelines and refer to the total held by the sole manager.

	TARGET	RANGE
Cash Equivalents	5%	03-15%
Fixed Income	50%	45-55%
Equities	45%	40-55%

IV. LIMITATIONS AND RESTRICTIONS:

The following categories of investments are not permitted for investment:

1. Unregistered stocks
2. Options
3. Short sales or margin purchases
4. Securities of the investment managers
5. Foreign investments
6. Securities held in violation of state law.

V. INVESTMENT PERFORMANCE REVIEW AND MANAGER EVALUATION:

The Trustees have the authority to select the sole manager of the funds. The performance results should be reviewed on a year-to-date basis. The objective is to preserve purchasing power of the fund(s) by earning a reasonable rate of return in line with current market conditions and the inflation rate. Should the portfolio growth not attain this objective over a reasonable cycle (3-5 years), the Trustees will review and take appropriate action. The benchmark will be a blend of the Standard and Poor 500 Index and Lemman Brothers Intermediate Government Corporate Bond Index.

VI. MANAGER COMMUNICATION AND REPORTING:

The manager is responsible for communication with the Trustees in all significant matters pertaining to management of funds. The manager is required to provide to the Trustees a monthly report on all investments.

VII. CONFLICT OF INTEREST:

It is the policy of the Trustees to avoid conflict of interest in its selection of investment managers or investment options. All Trustee have an obligation to disclose their interest, or their immediate family interest, in the selection of a manager or investment instrument.

VIII. IMPLEMENTATION:

All new monies received by the Trustees after the adoption of the policy shall conform to the above statement.

The Trustees have the right to amend all or part of the above statements due to future needs and considerations

James Lewis, Trustee

Date


Christine B. Hoyt, Trustee


Date


Christine Barton, Trustee


Date