

Trustees of the Trust Funds

Expendable Trust Investment Policy For Year 2017

Adopted June, 2017

Town of Deering

1. Purpose

This Statement of Investment Objectives and Guidelines was developed to assist the Trustees of the Trust Funds for the Town of Deering, NH hereafter referred to as the “Trustees” in carrying out their fiduciary responsibility to provide investment management oversight of the fund assets. It is necessary for the Trustees, and those who manage assets on their behalf to have a clear, mutual understanding of the purpose and objectives in managing the fund assets. To this end, this document will:

- Establish formal yet flexible investment guidelines incorporating asset allocation and realistic total return goals;
- Identify standards of investment performance which are historically achievable and by which the Investment Manager agrees to be measured;
- Outline the investment related responsibilities of the Trustees and the Investment Manager retained to manage the assets;
- Provide a framework for regular constructive communication between the Trustees and the Investment Manager.

2. Objectives

The Trustees have adopted a conservative, growth-oriented investment policy. It is anticipated that this policy will achieve the following specific investment objectives:

- Preserve the value of plan assets;
- Achieve long-term consistency of performance;
- Ensure asset growth commensurate with the level of risk;
- Conform to the State’s **Prudent Man** investment policies.

3. Asset Allocation

The Trustees recognize the need to diversify investments and have identified several types of investments as appropriate for the plan: savings account, certificates of deposit and structured CDs. The Trustees believe that the following asset mix will produce a pattern of returns over time that will conform to the desired return requirement and risk tolerance.

<u>Asset Class</u>	<u>Target</u>
<u>Cash</u>	<u>5%</u>

<u>Certificates of Deposit</u>	<u>80%</u>
<u>Structured CD</u>	<u>15%</u>

4. Investment Guidelines

The Trustees have established guidelines for the Investment Manager in order to specify the level of risk that is acceptable in the investment portfolios. It is expected that the Investment Manager will adhere to these guidelines, unless modifications have been authorized in writing by the Trustees.

4.1. Structured CD Guidelines

4.1.1 Risk

The principle amount is insured by the FDIC; no portion of the principle is at risk. There is a substantial possibility that the investment will earn no interest for the given time period. The risk is limited to the difference between no interest earned and the interest that could potentially have been earned in a standard CD investment.

4.1.2 Diversification

Investments in Structured CDs may only occur through banks / investment banks that have been licensed to operate in the United States for at least five years.

4.1.3 Turnover

There will be no specific guidelines with regard to portfolio activity as activity in these investments is not possible during the investment period.

4.1.4 Commissions

The Investment Manager will try to minimize brokerage commissions subject to obtaining best execution and shall be subject to the determination of the Trustees regarding the reasonableness of any fees received, thereby.

4.1.5 Maturity

No individual Structured CD maturity may exceed five (5) years.

4.1.6 Permissible Investments

- Any offering as long as the principle amount is FDIC insured.

4.1.7 Excluded Investments

- Private and/or Direct placements
- Securities of the Investment Manager, the Trustees, their parents, their children or subsidiaries (excluding money market funds), or any other security that could be considered a self-dealing transaction.

5. Performance Standards

The Investment Manager is expected to achieve long-term investment performance objectives over a full market cycle of approximately three to five years. The Investment Managers' performance will be reviewed quarterly to ensure compliance with these standards.

- Cash: Achieve at least the average rate of return for saving accounts.
- Certificates of Deposit: Achieve at least the average rate of return for short term CDs.
- Structured CDs: Achieve the highest possible rate of return for the investment time period.

6. Responsibilities

The Trustees acknowledge their responsibility as endowment fund fiduciaries. In this regard, they must act prudently and for the exclusive interest of the fund. More specifically, the Trustees' responsibilities include:

6.1 Compliance

To comply with the provisions of the various N.H. RSA statutes referred to in this document.

6.2 Standards

To develop investment objectives, guidelines, and performance measurement standards which are consistent with the fund's goals.

6.3 Appointments

To evaluate and appoint an Investment Manager as needed to invest and manage fund assets.

6.4 Communication

To communicate investment goals, objectives, and standards to the Investment Manager, including any material changes that may subsequently occur.

6.5 Manager Funding

To deploy existing assets and new monies to the Investment Manager.

6.6 Evaluation

To review and evaluate investment results in the context of established performance standards.

6.7 Corrective Action

To take whatever action is deemed prudent and appropriate when the Investment Manager fails to meet mutually-accepted performance standards.

6.8 Investment Manager Responsibility

The Investment Manager, in recognition of their role as a fiduciary of the fund, shall assume the following responsibilities:

- To make all investment decisions in compliance with the wishes of the Trustees.
- To comply with this statement and any other written instructions provided by the Trustees. Furthermore, to adhere to the State's prudent man investor guidelines as well as all federal regulations pertaining to the investment of such assets.
- To inform the Trustees of any material changes in the Manager's outlook, policy, tactics, or in the firm's structure including ownership, financial condition, and personnel changes.

- To provide a quarterly report, listing of all holdings and transactions to the Trustees. Additionally, to provide a periodic report comparing portfolio performance to the relative indices.
- To meet at such times as the Trustees may reasonably request to discuss investment outlook, performance, strategy and tactics, organizational and personnel changes, and other pertinent matter.

Adopted by:

William J. In Date 6-21-2017

Elizabeth N Kelly Date 6-21-2017

Shirley G. Walsh Date 6-21-2017