Town of Brookfield, New Hampshire

Trustees of Trust Funds

# Investment Policy Statement

February 14, 2019

**Objective:**

The assets of the portfolio are to be invested for the benefit of the Town of Brookfield to maintain or increase the purchasing power of the funds principal and income over the long term.

1. **Investment policy:**

The Trustees of Trust Funds of the Town of Brookfield shall select asset classifications, presently limited to domestic and international common stock, preferred stock, U.S. government and corporate bonds, mutual funds, exchange traded funds, and cash equivalents. The Investment Manager will maximize the long-term total return of the portfolio consistent with the level of risk defined herein and the current needs of the Town of Brookfield.

* 1. In accordance with this policy, the Trustees shall periodically:
     1. Review the acceptability of various asset categories
     2. Set guidelines for the percentage of various asset categories
     3. Monitor Investment Manager performance.
     4. Establish specific goals.
  2. The Investment Manager will purchase and sell securities subject to the Prudent Investor Rule as stated in [RSA 31:25-d] and shall invest in accordance with federal and state regulations. The Investment Manager shall use judgment in the selection of brokers/dealers and in commissions paid.
  3. The portfolio should be balanced among cash (to provide liquidity), fixed dollar assets (to deliver stable income) and equities (to help offset the declining purchasing power of inflation).

1. **Investment Goals:**

Since these funds are held in perpetuity, the goal of the Trustees is to achieve a combination of prudent growth accompanied by income to meet the needs of the trusts as so stated. To that end the Trustees have hired a professional investment manager, Charter Trust Company, and will invest the portfolio(s) in accordance with the Prudent Investor Rule as so stated in [RSA 31:25-d]. The Trustees expect the assets to be managed for the long term results. They neither expect nor encourage high turnover, nor emphasis on the short term.

1. **Guidelines – Equities:**
   1. **The percentage of the portfolio in common and convertible preferred stock shall not exceed 45% nor fall below 15% of the total market value of the portfolio. The current target is 30%.**
   2. Equities are restricted to those listed in the S&P 1500 & Global 1200 indices and/or those approved by the Investment Manager unless otherwise noted.
   3. For the purpose of diversification, no single equity should exceed 10% of the total market value of the equity portion of the portfolio, except in unusual circumstances. The total value of a single company (equity or fixed income) should not exceed 10% of the market value of the entire portfolio.
   4. The equity portfolio shall at all times be well diversified across industry groups as defined by Standard & Poor’s. Although the Trustees prefer not to specify precise weightings, the intent is to comply with common law prudence.
2. **Guidelines – Fixed Income and Cash Equivalents:**
   1. **The percentage of the portfolio held in fixed income investments and cash equivalents shall not exceed 85% nor fall below 55% of the total market value of the portfolio. The current target is 70% of total assets: 65% fixed income, 5% cash equivalents.**
   2. Convertible bonds and preferred stock shall not exceed 15% of the total market value of the portfolio.
   3. Corporate bonds shall at the time of purchase be restricted to “investment grade” quality or better (BBB) by a national recognized rating agency.
3. **Restrictions:**

Unless otherwise approved by the Trustees, the Investment Manager is directed not to invest in the following:

* 1. Warrants, commodities, options and futures contracts.
  2. Margin purchases or short sales.
  3. Private placements or limited partnerships.

1. **Capital Reserve Funds**
   1. The investment objective for these funds is preservation of principal. As such the funds are to be invested according to [RSA 35:9] “shall be invested only in deposits in any federally or state-chartered bank or association authorized to engage in a banking business in this state, or in bonds or notes of this state, in such stocks and bonds as are legal for investment by banks and associations chartered by this state to engage in a banking business, or in participation units in the public deposit investment pool established pursuant to RSA 383:22, or in obligations with principal and interest fully guaranteed by the United States government.”

The Investment Policy Statement should be reviewed and approved by the Trustees at least annually.

Approved by the Trustees:

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Trustee Date

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