Trustees of Trust Funds, Town of Jackson, NH
Investment Policy

Overview

The purpose of this policy statement is to provide a blueprint for the management of assets under the oversight of the Trustees of Trust Funds, Town of Jackson, NH. Those assets fall into two categories, the Capital Reserve Fund and the Trustee of Trust Funds Accounts. The investment policy considers potential liquidity needs, time horizon, income/return goals and risk tolerance for each of the funds respectively. It also defines types of investments that may be purchased, benchmarks by which the investment manager will be measured, and creates a schedule for periodic reviews with the investment manager. All investments can only be made in accordance with NH RSAs and follow the "Prudent Man Rule" (Capital Reserve Fund) or "Prudent Investor Rule" (Trustee of Trust Funds Accounts) as defined by New Hampshire state law.

Capital Reserve Funds

Investment Objective

The investment objective for the Capital Reserve Fund is current income, which is consistent with generating income in the prevailing interest rate environment while preserving the principal value of the fund over its investable horizon. This objective is achieved through the use of fixed income securities.

Asset Allocation

The asset allocation decision is the single most important factor in determining the performance of the total portfolio. Asset allocation parameters for the Capital Reserve Fund are as follows:

Cash and Equivalents	0-10%
Fixed Income	90-100%

Fixed Income

The average maturity of the portfolio should not exceed five years and should generally be in the two to four year range depending on the potential for liquidity needs. All fixed income purchases should be in securities that have a minimum quality rating of A by a major ratings agency (Moody's or Standard & Poor's). Concentrations in any one issuer should not exceed 10% of the portfolio except in the case of obligations of the United States Government. Because of the need to return principal, mutual funds and exchange traded funds (ETFs) are not allowed as their values may fluctuate in certain rate environments.

Equities

Equity exposure is allowed by the NH statutes governing capital reserves, but will not be included as part of the allocation unless it is determined by the Trustees of Trust Funds that the reserve budget is such that it could tolerate some volatility of principal.

Performance Measurement

The fixed income portion will be benchmarked against the Merrill Lynch 1-5 Year Govt/Credit Index as this is most consistent with the maturity structure and quality constraints present. Performance of the investment manager will be evaluated over moving three and five year horizons which represent the approximate periodicity of one business cycle.

Meetings

The Trustees of Trust Funds will meet to review the portfolio at least four times per year. During the meeting, a review of the investment policy guidelines will be undertaken to include any changes in circumstances/objectives and general compliance to the policies set forth herein.

Trustee of Trust Funds Accounts

Investment Objective

The investment objective for the Trustee of Trust Fund Accounts is balanced, which is consistent with generating current income to meet periodic expenditures from the various accounts but also recognizes the perpetual nature of the trust funds and the need to generate growth over time to preserve their value for future generations. This objective is achieved through a combination of fixed income and equity securities that may be positioned tactically at different points in the business cycle.

Asset Allocation

The asset allocation decision is the single most important factor in determining the performance of the total portfolio. Asset allocation parameters for the Trustees of Trust Fund Accounts are as follows:

Cash and Equivalents	0-10%
Fixed Income	30-50%
Equity	50-70%

Fixed Income

The average maturity of the portfolio should not exceed eight years and should generally be in the four to six year range depending on the potential for liquidity needs. All fixed income

purchases should be in securities that have a minimum quality rating of A by a major ratings agency (Moody's or Standard & Poor's). Concentrations in any one issuer should not exceed 10% of the portfolio except in the case of obligations of the United States Government. For the most part, a laddered structure of individual bonds will be used. Mutual fund and/or exchange traded funds (ETFs) may be used to gain sector exposure and increase yield as opportunities present themselves.

Equities

Equity exposure will be consistent with the objectives of a perpetual trust fund and be well diversified across market segments and sectors. The goal of the equity position will be to generate capital appreciation over the investable horizon in order to offset the impact of inflation on the future income stream. It is expected that the equity portion will be diversified across market capitalizations and geographies. Positions in individual securities will be established in the large cap domestic market with mutual funds or exchange traded funds (ETFs) used for the small cap, mid cap and international sectors.

Performance Measurement

The fixed income portion will be benchmarked against the Barclays Intermediate Govt/Corp Index and the equities will be benchmarked against a blended index to include the S&P 500, the S&P Midcap 400 and the MSCI All Country ex US Index. Performance of the investment manager will be evaluated over moving three and five year horizons which represent the approximate periodicity of one business cycle.

Meetings

The Trustees of Trust Funds will meet to review the portfolio at least four times per year. During the meeting, a review of the policy guidelines will be undertaken to include any changes in circumstances/objectives and general compliance to the policies set forth herein. An affirmative vote of a majority of the Trustees of Trust Funds is required to effect any such changes.

Effective as of August 1, 2016.
Affirmed on June 16, 20017
Affirmed on August 31, 2018

Linda M. Terry
Helene J. Matesky
C. R. McAleer

Affirmed on May, 1 2026
C. R. McAleer
Robert Goodhue