

**TRUSTEE OF TRUST FUNDS  
TOWN OF BRISTOL, NH**

**TRUST FUNDS INVESTMENT POLICY**

Adopted July 16, 2007  
Amended January 24, 2018

**GENERAL**

The overall portfolio should be managed in accordance with the Prudent Man or Prudent Person rule. The definition of prudence is based on RSA 31:25-b as follows:

“a prudent investment is one which a prudent man would purchase for his own investment having in view the preservation of the principal and the amount and regularity of the income to be derived therefrom.”

The investment guidelines that follow provide direction as to our risk tolerance and general preferences. This Investment Policy will be reviewed at least annually as required by New Hampshire laws.

**THE INVESTMENT OBJECTIVE**

The investment objective is to generate sufficient cash to meet each funds obligations and to increase the value of each fund through capital appreciation. The objective dictates an asset allocation utilizing a combination of equities, fixed income securities, and cash equivalents.

**ASSET ALLOCATION**

The asset allocation decision is the single most important factor in determining the performance of the total portfolio for each fund. The current asset allocation guideline is as follows:

Equities	0%
Fixed Income	90% to 100% ( <i>amended to 0%</i> )
Cash and Cash Equivalents	0% to 10% ( <i>amended to 0% to 100%</i> )

**FIXED INCOME**

The fixed income portion of the portfolio should be managed as follows: The average maturity of the debt securities should not exceed ten years nor should the average duration exceed five years. All fixed income securities purchases shall have a minimum quality of “A” by either Mergent Bond Record (formerly Moody’s Investor Services) or Stand and Poor’s Corporation. Concentration in any one issuer shall not exceed ten percent except in obligations of the United States and/or the State of New Hampshire and its subdivisions.

**COMMON STOCKS**

The equity investment should be in companies that have proven record of earnings’ growth, strong fundamentals, and good valuations. The majority of the equity position should be in larger capitalization companies (stock that have a market capitalization of over \$15 billion), with only a small percentage devoted to mid cap (stocks with a market capitalization between \$1 and \$15 billion) and small cap (stocks that have less than \$1 billion in market capitalization). The equity portion of the portfolio must be broadly diversified. At the security level, the purchase of a single security should not exceed five

percent of the equity portion of the portfolio. The maximum exposure to any one name, because the price appreciation, should not exceed twenty percent of the equities.

#### PERFORMANCE MEASUREMENT

The performance results should be reviewed on a year-to-date basis. For comparison purposes, the equity performance should be compared to the Stand and Poor (or S & P) 500 and the Lehman Government/Corporate Index.

#### MEETINGS

The trustees should meet to review the portfolio at least once a year. During the meeting, the trustees should review the Investment Policy and, if necessary, make changes where appropriate. As part of the review, the trustees should discuss the investment objective, asset allocation, performance, diversification, and general compliance with guidelines. In addition, the information presented should reflect “where we were”, “where are we now”, and “where are we going.”

#### DEFINITIONS AND ASSUMPTIONS

There are two funds which have slightly different uses and demands. The private funds are required to be managed to carry out the terms of the donor. The public funds are the capital reserve funds.

#### CAPITAL RESERVE FUNDS

The capital reserve funds are required to be invested only by deposit in some savings bank or savings department of a national bank or trust company, or in the shares of a cooperative bank, building and loan association, or federal savings and loan association, in this state or in bonds, notes or other obligations of the United States government, in bonds or notes of this state, in such stock and bonds as are legal for investment by New Hampshire savings banks, or in participation united in the public deposit investment pool established pursuant to RSA 383:22.