

# **TRUSTEES OF THE TRUST FUNDS**

**Town of Sunapee  
25 Edgemont Road**

## **INVESTMENT POLICY**

**Effective JULY, 2022**

### **General:**

The overall portfolio Of the Town of Sunapee will be managed in accordance with New Hampshire RSA 31:25-b and all asset allocations shall follow such guidelines.

### **1. Statement of Policy:**

It is the policy of the Sunapee Trustees of the Trust Funds (hereinafter called “the Trustees”) that all funds relegated to their fiduciary oversight shall be maintained and invested under the State’s ‘Prudent Man Rule’, in a professional manner. The town trusts fall into three categories, Capital Reserve Trusts, Expendable Trusts and Non-Expendable Trusts. All expenditures from Trust subaccounts must comply with the original intent for which the Trust was created as well as any applicable State laws and regulations. Disbursement requests are initiated by the Town on an as needed basis in accordance with the purpose of the Trust. Therefore, both the timing of disbursement requests and the amounts requested may be unpredictable. Since it is the overriding goal that such monies be readily available when and if the need arises, the management thereof shall adhere to the following principles:

- Safety – preserving the value of principle through conservative, risk averse investments.
- Liquidity – maintaining the ability to convert investment assets into cash when and as needed with minimal loss of value or other financial penalty.
- Investment Return – obtaining the highest possible yield consistent with the above stated constraints of safety and liquidity.

These principles set the priority of fiduciary oversight: First preservation of capital, second access to said capital, third growth through, interest, dividends and capital appreciation.

### **2. Investment Approach:**

Assets of all Trust Funds will be invested with and managed by a professional, reputable financial institution domiciled in the State of New Hampshire contracted by the Town to serve as the depository and investment manager. The institution shall provide specialized expertise in the field of municipal trust management. The contracted firm shall have national and international reach. The Trustees have the duty to select, oversee and evaluate such investment manager on an annual basis and may remove and replace said firm as they so determine.

### 3. Asset Allocation:

Asset allocation shall be as follows:

- Cash or cash equivalents up to 100%
- Fixed income up to 50%, if not limited by cash level
- Equities up to 20%, if not limited by cash or fixed income

These classes fill ordinarily: Thus, if assets are 100% in cash, the remaining classes are 0%. If cash is 80%, fixed income can be up to 20% and equities would be 0%. If cash was 80% and fixed income 15%, equities would be 5%.

- Cash or cash equivalents may include:
  - FDIC insured bank deposits, short term bank CDs up to 3 months
  - U.S. Treasury bills up to 3 months
  - Co-mingled bank deposits if insured by the FDIC and if over the current FDIC limit, collateralized by a Letter-of-Credit by a AAA rated financial institution
- Fixed Income securities must be investment grade or higher and may include:
  - U.S. Treasury bills up to one year
  - U.S. Treasury notes up to 5 years
  - U.S. Agency securities up to 5 years
  - GSE debt up to 5 years
  - Corporate debt up to 5 years, if AA rated or higher
- Equities must be from:
  - U.S. companies or funds traded on the NYSE, AMEX or NASDAQ
  - Companies with a market capitalization over \$10 billion (large cap) or mutual funds with similar characteristics.
  - No derivative securities will be permitted including, but not limited to such as puts, calls, straddles, corridors or any other equity option or derivative.

### 4. Performance Management:

The performance results of this policy and of the investment manager shall be reviewed annually and a decision made as to the continuance of said manager. The Trustees shall receive an annual attestation from the investment manager(s) that they have successfully fulfilled their fiduciary duties under this policy and in accordance with requirements under New Hampshire RSA 31:25-b.

### 5. Meetings:

The Trustees shall meet at least four (4) times per year to review the status of the funds under its auspices as well as to conduct the business of any activity requiring either deposits or withdrawals to the individual funds, or to set up new funds established by the town or dissolve those whose purpose has expired.

Meetings of a majority of the Trustees shall constitute a quorum.

**6. Adherence to Rules and Regulations:**

It is the intent of the Trustees to discharge their fiduciary duties under this Investment Policy and the requirements of New Hampshire RSA 31:25-b. Any dispute arising from the administration of these funds which appears to be in conflict with any and all requirements of New Hampshire RSA 31:25-b will be referred for resolution to the Charitable Trust Unit, Department of the Attorney General, State of New Hampshire.

**7. Conduct:**

The conduct of the Trustees shall be governed by the Town of Sunapee Code of Ethics at all times.