

TRUSTEES OF THE TRUST FUNDS

Town of Sunapee
23 Edgemont Road
Sunapee, NH 03782

INVESTMENT POLICY

Effective November 1, 2015 – Amended 11/10/2015

General:

The overall portfolio of the Town of Sunapee will be managed in accordance RSA 31 and in particular the Prudent Man or Prudent Person rule based on RSA 31:25-b and all asset allocations shall follow these procedures.

1. **Statement of Policy** It is the Policy of the Trustees that all Trust Funds relegated to their fiduciary oversight shall be maintained and invested in a professional manner that strictly adheres to the principles of:
 - Safety – preserving the value of principle through conservative and risk adverse investments as well as maintaining a control system that guards against loss due to error or fraud.
 - Liquidity – the ability to convert investment assets into cash when and as needed without incurring financial penalty.
 - Investment Return – obtaining the highest yield possible consistent with due concern for safety and liquidity.
 - Convenience – maintaining a system of operational and procedural controls that facilitates the investment and reporting process while optimizing the associated administrative and cost burdens.
2. **Investment Approach** - Assets of all Trust Funds will be invested with and managed by TD Bank Government Banking Services, 143 North Main Street, Concord, NH 03301 and shall be covered by a combination of FDIC Insurance and by a Letter of Credit Trust Agreement by and between TD Bank, N.A. as Trustor and The Bank of New York Mellon, As Letter of Credit Trustee, 12/15/2013. The Trustees reserve the right to change management at any time.
3. **Asset Allocation** - The asset allocation shall be as follows:

- Cash and equivalents	10%
- Fixed income	70%
- Equities	20%
4. **Fixed Income** - The fixed income portfolio average maturity of the debt securities should not exceed 10 years nor should the average duration exceed five years and shall have a minimum quality rating of “A” by either Mergent Bond Record or Standard and Poors Corp. Concentration in any one issuer shall not exceed 10% except in obligations of the United States or the State of New Hampshire and its subdivisions.
5. **Common Stocks** – The equity investments should be in companies that have a proven record of growth, strong fundamentals and good valuations. The majority of the equity position should be in larger capitalization companies (stocks that have a market capitalization of over \$15 billion) with only

