TOWN OF SWANZEY

TRUSTEES OF TRUST FUNDS - INVESTMENT POLICY STATEMENT

Adopted August 7, 2025

I. GENERAL

The Trustees of Trust Funds have fiduciary responsibility for the following accounts:

1. Taxpayer: Capital Reserve and Expendable Trust Funds for the Town of Swanzey and the Monadnock Regional School District.
2. Donated: Income Only Trust Fund a/k/a Common Fund, including the Cemetery Trust.
3. Donated: Expendable Trust Fund a/k/a Non-Restricted Funds for both the Town and School District.

II. OBJECTIVE

The objectives of the Trustees of Trust Funds investment policy are to:

- Protect principal from loss, including loss of purchasing power.
- Invest in broadly diversified assets that may include all classes and sectors.
- Generate income to support trust purposes.
- Maintain appropriate liquidity for expected distributions.
- Achieve returns that exceed inflation over the long term.
- Manage each account listed in Section I according to NH statutes and guidelines set forth in Section IV.

III. INVESTMENT AUTHORITY & RESPONSIBILITIES

Trustees act with Loyalty, Care, and Obedience to NH statutes, donor intent, and sound procedures.

Trustees engage a qualified professional investment management firm to oversee the investments. Donated funds are governed by the "Prudent Investor" Rule under RSA 31:25-d.

Taxpayer Capital Reserve and Expendable Trust Funds are managed in compliance with RSAs 31–35.

Trustees meet minimally quarterly to review investment results, policy compliance, and service levels.

All accounts are audited annually and reported in the Town Report.

Trustees retain full authority to hire and terminate investment managers as needed.

IV. THE ACCOUNTS & ASSET ALLOCATION GUIDELINES

1. Taxpayer: Capital Reserve & Expendable Trust Funds

Purpose: Collect and hold funds appropriated through town warrants until such time the trustees receive a lawful request for funds. The majority of inflows occur in June or July (approx. $2 to $3 million) as of the date of this revision. The majority of outflows occur in June and December (approx. $1.5 million), as of the date of this revision.

- Public monies appropriated by the Town and School District.
- Investments restricted to:
  - FDIC-insured (or equivalent) bank deposits
  - Insured Certificates of Deposit
  - U.S. government money market funds
  - Direct investments or mutual funds of U.S. government direct or guaranteed obligations, 3-year maximum maturity
  - NH Public Deposit Investment Pool (default)
- Emphasis on safety, liquidity, and preservation of principal.
- Equity investments of any kind are not permitted.
- Asset Allocation:

Asset Class	Policy Target	Policy Range
Equities	0%	-
Fixed Income	90%	70% - 100%
Cash	10%	0% - 30%

2. Donated: Income Only Trust Funds (Common Funds)

Purpose: Collect and hold funds received from private gifts, bequests, donations, including cemetery perpetual care accounts (Cemetery Trust Fund). Trustees may distribute **income only** upon receipt of a lawful request.

- Principal (including capital gains) is inviolate. Income used for distributions and reinvestment.
- May be invested in a diversified portfolio of equities, fixed income, and cash.
- Fixed income securities have a maximum maturity of 10.0 years and must be investment grade.
- Asset Allocation:

Asset Class	Policy Target	Policy Range	Comments
Equities	60%	50% - 70%	International: ≤ 10% of the total market value.
Fixed Income	38%	30% - 50%	
Alternatives	2%	0% - 10%	See Section IV for proscribed investments.
Principal Cash	2%	0% - 10%	

3. Donated: Expendable Trust Funds (Non-Restricted Funds)

Purpose: Collect and hold funds received from private gifts, memorials, fund raisers, bequests, and scholarships.

- May be invested in a diversified portfolio of equities, fixed income, and cash.
- Must maintain a minimum 10% cash position to meet liquidity needs.
- Fixed income securities have a maximum maturity of 10 years and must be investment grade.
- Asset Allocation:

Asset Class	Policy Target	Policy Range	Comments
Equities	60%	50% - 70%	International: ≤ 10% of the total market value.
Fixed Income	28%	30% - 50%	
Alternatives	2%	0% - 10%	
Cash	10%	10+%	Must maintain a minimum 10% cash position to meet liquidity needs.

V. INVESTMENT CONSTRAINTS & LIMITATIONS

- No more than 10% in any single issuer, except for U.S. or NH government-backed obligations.
- Equity exposure: maximum 10% to any single issuer.
- No sector weighting shall exceed a variance of more than 40% of S&P sector allocation.
- At least 75% of equity holdings in large-cap companies.
- Non-investment-grade securities are permitted only through the use of mutual funds or ETFs.
- Cash assets prioritize FDIC or equivalent coverage.
- Proscribed investments include currencies, crypto, hedge funds and private equity funds.

VI. PERFORMANCE MONITORING

- Total portfolio seeks to exceed inflation (CPI) over time.
- Equities: Tracked Measured YTD, 1-, 3-, and 5-year basis vs. S&P 500 Index.
- Reviewed quarterly and rebalanced as needed.

Furthermore the Trustees will conduct a formal annual review of the investment manager's performance, compliance with this policy, and quality of service, making changes as necessary in the best interests of the funds.

VII. POLICY REVIEW & ADOPTION

- Reviewed annually and reaffirmed or amended by Trustees.

This policy was adopted by the Trustees of Trust Funds for the Town of Swanzey on August 7, 2025.

Steven Bittel, Trustee

Cynthia Kordys, Trustee

Richard Scaramelli, Trustee

PRIOR ACTIONS:

- Adopted by Swanzey Trustees of Trustees Funds, January 26, 2011
- Amended by Swanzey Trustees, Feb. 15, 2023, Feb. 21, 2013, Feb. 16, 2023
- Reaffirmed annually by Swanzey Trustees, 2014 through 2024
- Reaffirmed by Swanzey Trustees, Feb. 7, 2025