

Jaffrey Public Library Board of Trustees

Jaffrey, New Hampshire

Investment Policy

1. General

Pursuant to RSA 202-A:23, the Jaffrey Public Library Board of Trustees (hereinafter “Trustees”) may accept, receive, invest and administer directly any trust funds and donations when so specified by the donor. Library trustees administering and investing such special funds shall be governed by the provisions of RSA 31:25 and RSA 41:6.

The purpose of this policy is to outline the goals and investment objectives of the Jaffrey Public Library Board of Trustees (hereinafter “Trustees”) related to the administration of the library’s various Trust Funds.

The Trustees shall employ the trust department of a bank or brokerage firm to provide investment advice and assistance (hereinafter “Investment Manager”).

The Jaffrey Public Library holds both permanently restricted funds and unrestricted funds. In its reporting to the Trustees, the Investment Manager shall report the principal, gains or losses, income, and management fees for each fund separately.

The Trustees believe that the investment policies described in this statement should be dynamic. These policies should reflect the financial needs and circumstances of the Jaffrey Public Library and the Trustees’ philosophy regarding the investment of assets.

Trustees shall refrain from personal or other institutional business activity that could conflict with the library’s investment program or could impair their ability to make impartial investment decisions. Trustees shall disclose any significant outside activity or interest that could be related to the library’s investment performance.

These policies will be **reviewed annually** and revised periodically to ensure they adequately reflect changes related to the Jaffrey Public Library and capital markets.

2. Investment Policy

The Trustees shall select asset classifications, presently limited to domestic and international common and preferred stocks, U.S. government and corporate bonds, mutual funds, exchange traded funds, and cash equivalents. The Investment Manager will maximize the long-term total return of the portfolio consistent with the level of risk defined herein and the current needs of the library.

- a. In accordance with this policy, the Trustees will periodically:
 - Review the acceptability of various asset categories
 - Set guidelines for the percentage of various asset categories

- Monitor performance of the Investment Manager
 - Establish specific goals
- b. The Investment Manager will purchase and sell securities subject to the Prudent Investor Rule and shall invest in accordance with federal and state regulations. The Investment Manager shall use judgment in the selection of brokers/dealers and in commissions paid.
 - c. If prudent and appropriate, the Trustees shall direct the Investment Manager to incorporate environmental, social and governance screens.

3. Investment Goals

Total market value shall increase at a rate that equals or exceeds the rate of inflation over a market cycle.

4. Guidelines - Equities

The percentage of the portfolio held in common and convertible preferred stock shall not exceed 70% nor fall below 40% of the total market value of the portfolio. **The current target is 60% of total assets.**

- a. Equities are restricted to those listed in the S&P 1500 index and/or those approved by the Investment Manager unless otherwise noted.
- b. For the purposes of diversification, no single equity should exceed 10% of the total market value of the equity portion of the portfolio, except in unusual circumstances. The total value of holdings in a single company (equity and fixed income) should not exceed 10% of the market value of the entire portfolio.
- c. The equity portfolio shall at all times be well diversified across industry groups as defined by Standard & Poors. Although the Trustees prefer not to specify precise weightings, the intent is to comply with common law prudence.

5. Guidelines - Fixed Income and Cash Equivalents

The percentage of the portfolio held in fixed income investments and cash equivalents shall not exceed 60% nor fall below 30% of the total market value of the portfolio. **The current target is 40% of total assets: 35% fixed income, 5% cash equivalents.**

- a. Convertible bonds and preferred stock shall not exceed 15% of the total market value of the portfolio.
- b. Corporate bonds shall at the time of purchase be restricted to 'Investment Grade' quality (BBB or better) by a nationally recognized rating agency.

6. Restrictions

Unless otherwise approved by the Trustees, the Investment Manager is directed not to invest in the following:

- Warrants, commodities, options and futures contracts.
- Margin purchases or short sales.
- Private placements or limited partnerships.

7. Spending Policy

Subject to the intent of the donor, an institution may appropriate for expenditure or accumulate

so much of an endowment fund as the institution determines prudent for the uses, benefits, purposes, and duration for which the endowment fund is established.

In making a determination to appropriate or accumulate, the institution shall consider the following factors:

- The duration and preservation of the endowment fund;
- The purposes of the institution and the endowment fund;
- General economic conditions;
- The possible effect of inflation or deflation;
- The expected total return from income and the appreciation of investments;
- Other resources of the institution; and
- The investment policy of the institution

To establish a policy to maintain the **Jean Bradford Page Fund, Bean Reading Room Fund, Harrison Tweed Blaine Fund, Marian Houghton Fund, and Cutter Trust Fund** assets in a perpetual manner, we, the Trustees of the Jaffrey Public Library, intend to follow a spending policy of **4 percent of principal annually**. This will be based on a 12-month running average. For an endowment fund in existence for fewer than 3 years, the fair market value of the fund shall be calculated for the period of time the fund has been in existence.

The spending policy will be reviewed on an annual basis.