

Town of Westmoreland, New Hampshire  
Investment Policy for Trust Funds  
Approved on May 7, 2024

**GENERAL**

Trustees shall manage the overall portfolio of Trust Funds in accordance with the Prudent Investor Rule. As defined by the Charitable Trusts Unit of New Hampshire, The Prudent Investor Rule is “The duty imposed on a fiduciary to invest and manage the trusts’ assets as a prudent investor would, taking into consideration the purposes, terms, distribution requirements, and other circumstances of the trust.” In accordance with the Prudent Investor rule and RSA 31:25-d, the trustees employ an investment advisor.

**INVESTMENT OBJECTIVE**

The overall objective of the Common Trust Funds is to preserve and grow the principal for the long-term and generate sufficient income for the short-term to achieve the goals of the trusts. While preserving the principal is paramount, trustees also have a responsibility to grow the principal. If the principal were to remain static, the value of the funds would lose ground to inflation. Thus, trustees will invest funds to effect a modest growth of principal from appreciation. Trustees also aim to earn sufficient income to fulfill the various purposes of the trusts.

**ASSET ALLOCATION**

Trustees will distribute their investments into two broad categories: cash/fixed income and equities. The first seeks to generate income for the trusts, and equities will stimulate growth of the principal.

- Target Allocation: Cash/Fixed Income- 40%; Equities- 60%
- Maximum Range: Cash/Fixed Income- 50%; Equities- 75%

**CASH/FIXED INCOME**

Trustees will invest in Certificates of Deposit backed by the FDIC, money market accounts, and bonds.

**EQUITIES**

Trustees will adhere to the state of New Hampshire’s 10% rule: no single equity will comprise more than 10% of the value of the investment portfolio. Trustees will also limit exposure to any one industry sector to 25%.

**PERFORMANCE**

For comparison, the trustees will evaluate equity performance based on the S&P 500 or other appropriate benchmarks. It is expected that the combined income from all components of the portfolio will provide a return greater than the rate of inflation, as measured by the Consumer Price Index.

**MEETINGS**

Trustees will meet quarterly to review the investment portfolio. During the meeting, trustees will review the Investment Policy and make necessary changes. They will discuss asset allocation and range, review performance, and assess compliance with equity guidelines.