

TOWN of ASHLAND, NEW HAMPSHIRE  
TRUSTEES of TRUST FUNDS INVESTMENT POLICY

August 2023

- I. GENERAL:** The Trustees of Trust Funds have fiduciary responsibility for several accounts: Ashland Capital Reserves and Expendable Trust Funds; Cemetery Funds; Ashland School District Capital Reserves and Expendable Trust Funds; and Town and District Non-Restricted Trusts, including any Ashland School District Scholarships.

The overarching objective is to protect principal from loss, including loss of purchasing power, while generating income sufficient to support the programs intended to be financed under terms of the trust documents.

As fiduciaries, Trustees have a duty of Loyalty to the public interest, a duty of Care to exercise diligence and conscientiousness in the management of trust funds, and a duty of Obedience to NH statutes, to donors' intent, and to sound administrative procedures.

Current policy is that all funds are invested under the “Prudent Person” Rule, as defined in RSA 31:25-b. This traditional investment standard makes preservation of principal the highest priority among Trustee objectives. **Because of this, the Trustees consider it imprudent to spend more than 3% of the value of any trust in any given year or more than the income generated by the trust in any given year.**

- II. OBJECTIVE:** Trustees manage investable funds with highest emphasis on safety, while attentive to the liquidity needs of the account holders (town government and school administration). Ordinarily, this entails investment in a mix of fixed income securities (for yield) and equities (for offsetting the effects of inflation).
- III. INVESTMENT AUTHORITY and RESPONSIBILITY:** There are three Trustees of Trust Funds, one elected annually for a three-year term. Trustees meet at least quarterly, but review investments and policies regularly. Investments may be made only in approved instruments and securities, as defined in RSAS 31 through 35 inclusively. All accounts are audited annually and reported in the Town Report.
- IV. ASHLAND ACCOUNTS:** These accounts, funded by town appropriation, are public monies, and are invested primarily in pooled cash and cash equivalents notably FDIC-insured bank money market accounts. The NH Public Deposit Investment Pool remains the default vehicle for publicly appropriated trusts.

**Cemetery Perpetual Care:** The original principal of the various accounts remains proportionately constant. The interest earned on these accounts may be used, by request of Cemetery maintenance, for the specific intent of each account but only to the limit of its proportionate earnings. The accounts are invested to maximize interest while providing for safety & liquidity. Mutual Funds.

**Library Trust Funds:** The original principal of the various accounts remains constant. The interest earned on these accounts may be used, by request of Library Trustees, for the specific intent of each account but only to the limit of its earnings. The accounts are **invested to maximize interest** while providing for safety & liquidity. (Mutual Funds)

**Expendable Capital Reserve Funds:** These accounts are invested for safety and liquidity. These funds are released upon the vote of the people and then upon the approval of the Board of Selectmen or Party assigned to expend.

**Agency Trust Accounts:** School Funds are invested for safety and liquidity. These funds are **released upon the approval of the School Board.**

**Scholarship Trust Funds:** The original principal of the accounts remains constant. The interest earned on these accounts may be used for Scholarship awards when the amount of \$500 minimum is available from earnings. These scholarships are awarded in accordance with the original intent of the scholarship. The accounts are invested to maximize interest while providing for safety & liquidity. (Mutual Funds)

**Memorial Park Fund:** These funds are invested for long term gain while providing earnings to support the maintenance of the Memorial Park upon request of the Memorial Park Trustees. These funds are invested in a diverse group of Mutual Funds to enhance potential growth.

**Blake Firemen's Association Fund:** These funds are invested for long term gain while providing earnings to support the Scholarship aspects of the fund. These funds are invested in a diverse group of Mutual Funds to enhance potential growth.

**Scribner Memorial Trust:** These funds are invested for long term gain while providing earnings to support the maintenance of the Scribner Building and Property. These funds are invested in a diverse group of Mutual Funds to enhance potential growth.

**V. ASSET ALLOCATION:** Commonly held assets in Restricted and Non-Restricted Trust Funds shall on an individual common fund basis track the following allocation guidelines:

Fixed Income no more than 55% of account

Equities - no more than 65% of account

Cash and cash equivalents - no more than 40% of account

Investments in Registered Investment Companies holding mixed allocations shall be included pro rata on the bases of their asset allocations. The Trustees recognize that periodically, based on market conditions or pending transactions, transitional allocation percentages may vary from guideline ratios. Weighting of ratios should be evaluated at least semi-annually, one such review being part of the annual Investment Policy review.

**VI. CONSTRAINTS and LIMITATIONS:** Individual investments in Fixed Income securities shall be managed such that their maturity shall not exceed twelve years, and their

duration shall not exceed eight years. Where possible, investment maturities should be laddered prudently between zero and ten years.

Investments in Fixed Income Registered Investment Companies should be evaluated based upon their aggregate portfolio duration, which shall not exceed eight years for corporate and all other issuers' debt; however, debt secured by the full faith and credit of either the United States or the State of New Hampshire may have durations of up to twelve years.

Each individual fixed income security shall have a quality rating of single-A category or higher as reported by Standard & Poor's, Moody's, or Fitch services.

Investments in Registered Investment Companies shall have a significant weighting of debt instruments in the aforementioned categories. Only a de minimis presence in non-investment grade securities shall be permitted.

Concentrations in any one issuer shall not exceed 10%, except in obligations secured by the full faith and credit of either the United States or the State of New Hampshire.

The Equity portion of the portfolio shall be diversified broadly across asset classes and sectors. To avoid over-concentration, exposure to any single sector shall not exceed 20% of the portfolio, and exposure to any single issuer shall not exceed 10% of the portfolio. Investments shall be made in companies with a proven record of earnings, strong fundamentals, and dividend histories, as well as a favorable valuation. At least 75% of the equity component shall be invested in large-cap companies (capitalization of greater than \$15 billion). Any security declining substantially from its purchase price should be re-evaluated for possible liquidation.

The Cash portion of the assets should be managed such that all practical safeguards (FDIC coverage, e.g.) will apply. Liquidity matters, as does yield, but risk should be minimized.

**VII. PERFORMANCE MEASUREMENT:** The equity portion of the investment accounts is intended to offset the effects of inflation on the cash and fixed income components. Equity performance should be measured on a year-to-date, one-, three-, and five-year basis against the S&P500 index.

Combining the equity return with the other two components should give an overall target return greater than the rate of inflation, as measured by the Consumer Price Index.

*- Adopted by Ashland Trustees of Trust Funds, August 24, 2023-*

Amanda Loud, Trustee

Walter Durack, Trustee

Lisa Rollins, Trustee