

Webster Free Public Library Investment Policy

Purpose: It shall be the purpose of this policy to outline the goals and investment objectives of the various library income and trust funds in accordance with all applicable federal and New Hampshire state laws including, but not limited to, RSA 31:25, 35:9, 41.6, 202A:22 and 202A:23. This investment policy applies to all monies and other financial resources available for investment on the library's behalf. 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 Webster Free Public Library and the Trustees' philosophy regarding the investment of assets. These policies will be reviewed annually and revised periodically to ensure they adequately reflect changes related to the Webster Free Public Library and capital markets.

General Objectives: With respect to return or yield, investment choices should be designed to attain a market rate of return, taking into account the primary objectives of safety and liquidity.

1. To conform with all applicable federal, state and other legal requirements (legal)
2. To adequately safeguard principal (safety)
3. To provide sufficient liquidity to meet all operating requirements (liquidity)
4. After meeting the primary objectives legal, safety, and liquidity, investment choices should be designed to maximize the return for each fund and account (yield)

Standards: The standards of portfolio management shall be in accordance with the "Prudent Man or Prudent Person" rule in making investment decisions. The definition of prudence is based on RSA 31:25-b as follows:

"a prudent investment is one which a prudent man would purchase for his own investment having primarily in view the preservation of the principal and the amount and regularity of the income to be derived therefrom." Or in more straightforward language, investment decisions which require that investments shall be made with judgment and care under the prevailing circumstances just as these persons would exercise prudence, discretion, and intelligence in the management of their own affairs, these investments which they oversee for the library should not be for speculation, but for investment, always considering the safety of capital as well as the probable income and its timing.

Conflicts of Interest: 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. Library Trustees shall disclose any significant outside activity or interest that could be related to the library's investment performance.

Authorized Financial Institutions and Depositories: The types of institutions and depositories which may be used for investment, custody, or income are those contained in RSA 31:25, a copy

of which is attached and has been made a part of this policy. Where possible, in selecting financial institutions, preference should be given to those in the local area when the standards and objectives of this policy are not otherwise compromised.

Authorized Investments: Investments authorized by this policy are those contained in RSA 31:25, 31:25-a, 31:25-b including the following:

1. Deposits including demand, time and CD's in federal and state chartered banks, associations and credit unions authorized to conduct business in the state of New Hampshire.
2. Shares of open ended mutual funds and money market funds which are registered with the SEC and qualified for sale in the state of New Hampshire (see RSA 31:25 and 35.9). The Trustees are encouraged to seek advice and guidance from professionals in the investment business when selecting such funds.
3. Participation units of the NH Public Deposit Investment Pool. (PDIP).
4. Obligations of the United States government and the state of New Hampshire, including treasury bills, bonds, and notes, having a liquid market and a readily determinable value.
5. Other investments decided by the Board of Trustees

It is the Trustee's objective that all assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals.

From time-to-time, donations of securities in-lieu of cash may be received by the Webster Free Public Library. Subject to any constraints or stipulations from donors, and subject to conditions established by donors, the Trustees shall liquidate the securities unless contrary advice is received via Professional Guidance as outlined below.

Should Trustees choose to authorize additional investments to the portfolio in meeting the investment objectives the following asset allocation may serve as a guideline:

Cash & Cash Equivalents:	10%
Fixed Income:	70%
Equities:	20%

While this asset allocation serves as a guideline from most conservative (cash) to least conservative (equities) allocate can be altered to favor the more conservative allocation should the Board choose to do so. The fixed income portion of the profile should be made up of debt securities with an average maturity not to exceed ten years, nor should the average duration exceed five years. All fixed income security purchases shall have a minimum quality rating of "A" by either Mergent Bond Record (formerly Moody's Investor Service) or Standard and Poor's. Concentration in any one issuer shall not exceed ten percent except in obligations of the

United States and/or of the State of New Hampshire and its subdivisions.

The Equities portion of the portfolio should consist of investments in companies that have a proven record of earnings' growth, strong fundamentals, and good valuations. The majority of the equity portion should be in larger capitalization (cap) companies (stocks that have market capitalization of over \$15 billion), with a smaller percentage devoted to mid cap (stocks that have market capitalization between \$1 and \$15 billion), and a still smaller percentage, if any, in small cap stocks (stocks that have market capitalization of less than \$1 billion). The equity portion of the portfolio must be broadly diversified, including international investments. At the highest level, the maximum exposure to any one industry sector should not exceed twenty-five percent. At the security level, the purchase of a single security should not exceed five percent of the equity portion of the portfolio. The maximum exposure to any one name, because of price appreciation should not exceed ten percent of the equities.

Performance Measurement: The performance results should be reviewed on a year-to-date, one, three, and five year basis. For comparison purposes, the equity performance should be compared to the Standard and Poor (or S&P) 500 and the Fixed Income performance to Lehman Government/Corporate Index.

Professional Guidance: Whenever required or deemed necessary by the board, professional advice and guidance will be requested of licensed and experienced professionals in the investment field.

Diversification: Portfolios of investments shall be diversified. Excessive concentration in one instrument, institution, issues, or maturity is to be avoided.

Deviation from Policy: Any deviation from these policy guidelines shall require the approval of the Board of Trustees.

Policy Review & Approval: This policy shall be reviewed and approved at least annually by the trustees as required by New Hampshire laws.

Reviewed September 27, 2023

Nancy Picthall-French, Chairperson
Martin Bender
Denise Lawless