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2 **INVESTMENT POLICY STATEMENT**
3 **Hampton Falls Free Library**
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6 **PURPOSE OF INVESTMENT POLICY**
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8 The purpose of this Investment Policy is to provide a clear statement of the
9 investment objectives for funds held by the Hampton Falls Free Library exclusive of
10 town appropriations. This policy will also define the responsibilities of the Board of
11 Trustees (Further to be referred to as “Trustees”) and any other parties involved in
12 managing the Hampton Falls Free Library’s investments, and to identify or provide target
13 asset allocations, permissible investments, and diversification requirements.
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15 **INVESTMENT OBJECTIVE**
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17 The overall investment objective of the Hampton Falls Free Library (Further to be
18 referred to as “Library”) is to maximize the return on invested assets while minimizing
19 risk and minimizing expenses. This objective will be brought about by prudent investing
20 and planning, as well as through the maintenance of a diversified portfolio.
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22 **GENERAL PROVISIONS**
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- All transactions shall be for the sole benefit of the Library.
 - 25 • The Trustees shall consider updating the Library’s investment policy on an annual
26 basis.
 - 27 • The Trustees shall conduct an annual review of the Library’s investment assets to
28 verify the existence and marketability of the underlying assets or satisfy
29 themselves that such a review has been conducted in connection with an
30 independent audit (if any) of the Library’s financial statements.
 - 31 • Any investment that is not expressly permitted under this Policy must be formally
32 reviewed and approved by the Trustees.
 - 33 • The Trustees will endeavor to operate the Library’s investment program in
34 compliance with all applicable state, federal and local laws and regulations
35 concerning management of investment assets.
 - 36 • Investments shall be diversified with a view to minimizing risk.
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1 **DELEGATION OF RESPONSIBILITY; RELIANCE ON EXPERTS AND**
2 **ADVISORS**

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- 4 • The Trustees may hire outside experts as investment consultants or investment
5 managers.

 - 6 • The Trustees may also establish an investment advisory committee (which may
7 include non-trustees) to provide investment advice to the Trustees. The
8 investment advisory committee has no authority to act for the Trustees, but may
9 monitor compliance with the investment policy, recommend changes, and assist
10 the Trustees in selecting and retaining Investment Managers to execute this
11 Investment Policy.

12 **RESPONSIBILITIES OF THE TRUSTEES, OR IF AUTHORITY IS**
13 **DELEGATED, THE INVESTMENT ADVISORY COMMITTEE**

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- 15 • The Trustees, or if authority is delegated, the Investment Advisory Committee, is
16 charged with the responsibility of managing the investment assets of the Library.
17 The specific responsibilities of the Trustees or the Investment Advisory
18 Committee, as applicable, include:
 - 19 1. Communicating the Library’s financial needs to the Investment Managers on a
20 timely basis.
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 - 22 2. Determining the Library’s risk tolerance and investment horizon and
23 communicating these to the appropriate parties.
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 - 25 3. Establishing reasonable and consistent investment objectives, policy
26 guidelines and allocations which will direct the investment of the assets, to be
27 reviewed by the Trustees on an annual basis.
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 - 29 4. Prudently and diligently selecting one or more qualified investment
30 professionals, including investment managers(s), investment consultant(s),
31 and custodian(s).
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 - 33 5. Regularly evaluating the performance of investment manager(s) to assure
34 adherence to policy guidelines and to monitor investment objective progress.
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 - 36 6. Developing and enacting proper control procedures; e.g., replacing investment
37 manager(s) due to a fundamental change in the investment management
38 process, or for failure to comply with established guidelines.
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1 **RESPONSIBILITIES OF INVESTMENT MANAGERS**

2 (This section does not apply to any Investment Manager/Advisor that is not compensated
3 and thereby not a Fiduciary and has no voting rights within the committee.)
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5 • Each investment manager will invest assets placed in his, her or its care in
6 accordance with this investment policy.

7 • Each investment manager must acknowledge in writing acceptance of
8 responsibility as a fiduciary.

9 • Each investment manager will have full discretion in making all investment
10 decisions for the assets placed under his, her or its care and management, while
11 operating within all policies, guidelines, constraints, and philosophies outlined in
12 this Investment Policy. Specific responsibilities of investment manager(s) include:

13 1. Discretionary investment management, including decisions to buy, sell, or hold
14 individual securities, and to alter allocation within the guidelines established in
15 this statement.

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18 2. Communicating any major changes in the economic outlook, investment strategy,
19 or any other factors that affect implementation of investment process.

20 3. Reporting, on a timely basis, quarterly investment performance results with an
21 annual fiscal year review.

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23 4. Informing the Trustees, or if authority is delegated, the Investment Advisory
24 Committee, regarding any changes in portfolio management personnel, ownership
25 structure, investment philosophy, etc.

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28 5. Voting proxies, if requested by the Trustees, or if authority is delegated, the
29 Investment Advisory Committee, on behalf of the Library.

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32 6. Administering the Library’s investments at reasonable cost, balanced with
33 avoiding a compromise of quality. These costs include, but are not limited to,
34 management and custodial fees, consulting fees, transaction costs and other
35 administrative costs chargeable to the .
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2 **GENERAL INVESTMENT GUIDELINES**
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- 4 • A copy of this Investment Policy shall be provided to all Investment Managers.
- 5 • The Library is a tax-exempt Library. This tax-exempt status should be taken into
6 consideration when making Library investments.
- 7 • The Library is expected to operate in perpetuity; therefore, a 10 year investment
8 horizon shall be employed. Interim fluctuations should be viewed with
9 appropriate perspective.
- 10 • A cash account shall be maintained with a zero to very low risk tolerance to keep
11 cash available for general distributions and other anticipated expenses. This
12 amount will be determined by the Trustees.
- 13 • Transactions shall be executed at reasonable cost, taking into consideration
14 prevailing market conditions and services and research provided by the executing
15 broker.
- 16 • Permitted investments include: Cash and cash equivalents, marketable securities
17 including equities, fixed income securities, and mutual funds.
- 18 • No fixed income security shall have an equivalent credit quality below investment
19 grade at the time of purchase.
- 20 • The following transactions are prohibited: Purchase of non-negotiable securities,
21 derivatives, high risk or junk bonds, private placements, precious metals,
22 commodities, short sales, any margin transactions, straddles, warrants, options,
23 life insurance contracts, leverage or letter stock.

1 **DIVERSIFICATION**

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- The Library will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.
- Investments in the equity securities of any one company shall not exceed [5%] of the portfolio nor shall the total securities position (debt and equity) in any one company exceed [10%] of the portfolio.
- Reasonable sector allocations and diversification shall be maintained. No more than [25%] of the entire portfolio may be invested in the securities of any one sector.
- Investments within the investment portfolio should be readily marketable.
- The investment portfolio should not be a blind pool; each investment must be available for review.

ASSET ALLOCATION

- The asset allocation policy shall be predicated on the following factors:
 1. Historical performance of capital markets adjusted for the perception of the future short and long-term capital market performance.
 2. The correlation of returns among the relevant asset classes.
 3. The perception of future economic conditions, including inflation and interest rate assumptions.
 4. Liquidity requirements for the projected grants and other charitable expenditures.

The relationship between the current and projected assets of the Library and projected liabilities.

Rebalancing shall be done on a semi-annual basis or more frequently if deemed necessary.

1 **PERFORMANCE**

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3 • Performance objectives are to be met on a net of management fees basis if an
4 investment manager is compensated.

5 • The investment performance of each asset allocation class will be measured on
6 two levels: against inflation objectives and against index objectives for individual
7 portfolio components.

8 Investment performance shall be measured no less than semi-annually on a net of fees
9 basis if the investment manager is compensated. Performance shall be evaluated on a
10 three to five year basis to allow for market fluctuations and volatility.

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13 Adopted 8/20/2007

14 • Reviewed 2/24/2010; 4/27/2011

15 • Revised and adopted 8/24/2017

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