

INVESTMENT POLICY STATEMENT

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EXECUTIVE SUMMARY

FUNDNAME: [REDACTED] Investment Fund

FUND TYPE: Donor-Restricted & Board-Restricted Funds (see Spending Policy section)

INVESTMENT TIME HORIZON: Ongoing

RISK TOLERANCE: Moderate to High

ASSET ALLOCATION:

Fixed Income: 30 - 50%

Equity: 50 - 70%

Cash: 0 - 10%

FUND SPONSOR:

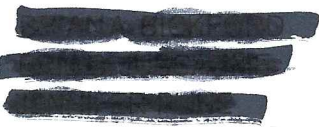


TRUSTEES:

The Board of Directors of



INVESTMENT MANAGER:



CUSTODIAN:



Trust of New Hampshire

GENERAL INFORMATION

The purpose of this Investment Policy Statement ("IPS") is to provide criteria to ensure the effective supervision, monitoring, and evaluation of the Investment Fund of [REDACTED] ("the Association"). Specifically, this IPS is intended to:

1. Articulate objectives, guidelines and expectations for the investment of the Investment Fund assets;
2. Set forth an investment structure for managing the Investment Fund which includes various asset classes, asset allocations and acceptable ranges of assets that in total are expected to produce a desired level of total return at an acceptable level of risk;
3. Establish formalized criteria to monitor, evaluate, and compare performance results on a regular basis;
4. Encourage effective communication between the Budget & Finance Committee and the Investment Manager;
5. Comply with all legislative, fiduciary, prudence, and due diligence requirements, consistent with the nature of these funds, that experienced investment professionals would utilize.

Subject to final approval by the Board of Directors, the Budget & Finance Committee ("the Committee"), as established by the Board of Directors, will set the overall investment policy and choose the investment manager. The Committee will also review investment reports and evaluate investment performance on a quarterly basis.

At least annually, the Committee will review this IPS, and recommend to the Board of Directors any modifications which the Committee believes will further the Investment Objectives.

Every five years, the Committee will conduct a Request for Proposals process to choose an investment manager. At the conclusion of this process, the Committee will perform an in-depth review of this IPS to determine if any changes should be recommended to the Board of Directors.

INVESTMENT OBJECTIVES

1. The primary objective is to preserve the real (i.e., inflation-adjusted) purchasing power of the Investment Fund in order to support the program needs of future generations while, in the near term, supporting the programs necessary to meet the needs of today's clients.
2. The secondary objective is to meet or exceed the respective benchmarks for each appropriate asset class.

The investment objectives shall be measured primarily with a long-term horizon (5 to 10 year rolling periods). Interim fluctuations should be viewed with appropriate perspective.

INVESTMENT POLICIES

1. Risk tolerance is moderate to high given the Investment Fund's objectives. The Association recognizes the principals included in New Hampshire RSA 292-B, The Uniform Management of Institutional Funds Act (UMIFA), the purpose of which is to encourage charitable institutions to establish investment policies "which will provide them with the means to meet the present and future needs" of the institution and encourages charitable institutions "to adopt investment policies whose objective is to obtain the highest possible total rate of return consistent with the standard of prudence." Therefore, the Committee recognizes that some risk must be assumed to achieve the investment objectives.
2. The portfolio should be diversified both by asset class (equities, bonds, alternatives, and cash equivalents) and within asset class (domestic/international, market capitalization, economic sector, industry, and quality). The purpose of diversification is to ensure that no single security or class of security will have a disproportionate impact on the total portfolio.
3. The purpose of fixed income investments is to provide a source of current income and to reduce the volatility of the total market value of the portfolio.
4. The purpose of equity investments is to provide growth of principal

as well as some dividend income. It is recognized that these investments may entail the assumption of greater market volatility and risk than fixed income securities.

5. The purpose of alternative investments (hedge funds, private equity, REITs, etc.) are to enhance risk-adjusted returns as appropriate.

INVESTMENT GUIDELINES

The Investment Manager will execute all transactions on the most favorable terms and in the most effective manner possible.

As no list of investment instruments or strategies can be all-inclusive, the Investment Manager should seek guidance before employing new types of instruments or strategies.

Asset Allocation

The Committee, in consultation with the Investment Manager and subject to approval of the Board of Directors as part of this IPS, will determine the overall asset allocation target. Currently the asset allocation limits are:

Equity:	50% - 70%
Fixed Income:	30% - 50%
Cash:	0% - 10%

The Committee should be notified by the Investment Manager before any strategic asset allocation change of 5% or more is implemented.

Equity Investments

The equity allocation will consist of a portfolio of high quality companies diversified by market capitalization and economic sector. Single stock positions are generally not to exceed 5% of the total portfolio. For emerging market equities and alternative investments, single positions are not to exceed 2% of the total portfolio. To achieve an optimal risk/return profile, the equity portfolio should be further diversified across market segments, within the following permissible target ranges:

Market Segment	Target Range (of equities)	Index
Domestic:		
Large cap stocks	35% - 80%	S&P 500
Mid cap stocks	0% - 20%	S&P 400
Small cap stocks	0% - 20%	S&P 600
International (developed)	0% - 30%	MSCI World ex.US
International (emerging)	0% - 10%	MSCI EMF
Alternative Investments:		
Hedge Funds	0% - 10%	n/a
Private Equity	0% - 10%	n/a
REITs	0% - 10%	n/a
Commodities	0% - 10%	n/a

Investments in mid, small and international stocks may be effected through high quality mutual funds, as appropriate, to achieve effective diversification. Private equity and hedge fund investments, if appropriate, will be accessed via a diversified fund-of-funds vehicle.¹ The total percentage of alternative and emerging market investments may not exceed 20% of the total equities position.

Fixed Income Investments

The fixed income allocation will consist of:

1. Well-diversified investment grade securities consistent with the following criteria:
 - Overall average quality A/A2 (Standard & Poor's/Moody's) or better
 - Minimum individual security credit quality BBB-/Baa3 (issuer)

¹ A portfolio of other investment funds often used when investing in hedge funds or other investments that typically have a high minimum investment level. Investing in a collective investment scheme will also increase diversity compared to a small investor holding a range of securities directly.

- Maximum BBB/Baa exposure: Not to exceed 20% of the overall bond portfolio
- Single issuer exposure: Not to exceed 10% of fixed income portfolio for Corporates and 30% for U.S. Agencies; no limit for U.S. Treasuries.
- Portfolio duration: +/- 20% of the benchmark (Barclays Intermediate Government/Credit)
- Maximum duration of any individual security is 20 years
- Maximum of 10% of fixed income portfolio may be invested in high yield/emerging markets fixed income mutual funds or exchange traded funds (ETF's).

If and when a security is downgraded below the minimum credit quality criteria of BBB-/Baa3, it may be retained in the portfolio if the following criteria are met:

- a. The Committee has been notified of the downgrade.
 - b. The Investment Manager recommends retaining the security, providing reasons for recommendation.
 - c. The Committee votes to retain the security as an exception to the IPS and notifies the Board of Directors of its actions.
2. Short duration securities that are designated for near-term distributions will be invested in money market funds, which in turn are primarily invested in Commercial Paper rated A1 or P1, and securities issues guaranteed by the U.S. Government or its agencies.

Fixed income investments may be effected through high quality mutual funds if the Investment Manager determines that funds represent a more efficient means to achieve effective diversification.

PERFORMANCE MEASUREMENT

Total portfolio return will be measured against a blended return of the Consumer Price Index ("CPI"), plus the Investment Fund's net spending rate (spending less contributions), net of fees. The Committee has adopted this benchmark in recognition of the primary objective of the Investment Fund, which is to preserve its real purchasing power over time and to

support the ongoing programs of the Association. It is expected that the long-term (five to ten years) total investment return will at least meet, and preferably exceed, the blended benchmark return.

As noted on the previous equities investment chart, overall equity performance will be measured against the S&P 500 Index and the MSCI World Index. Individual equity segments (i.e., large cap, small cap) will be measured against their respective benchmarks.

Fixed income performance will be measured against the Barclays Intermediate Government/Credit Index.

While it is not expected that portfolio returns will exceed the benchmark returns each measurement period, it is expected that the returns will be favorable over five to ten year rolling periods.

SPENDING POLICY

The Association's spending policy is detailed in its Restricted Funds Maintenance Policy. All donations that are received by the Association via bequest are deposited into the Investment Fund. The Investment Fund is comprised of 3 individual sub-funds each of which have different spending policies. The Permanently Restricted sub-fund contains funds which are donor-restricted to "income only" spending. The Temporarily Restricted sub-fund contains funds where spending is restricted to a specific purpose. The Board Restricted sub-fund contains funds which have no donor restrictions but which the Board of Directors has restricted to spending based upon a formula which considers both earnings and the amount of annual bequests received.

1. Permanently Restricted – Unless otherwise directed by the donor, the annual draw for operations from the Permanently Restricted Funds shall be equal to 5% of the average balance of the Permanently Restricted Funds for the twelve (12) quarters ending December unless such a draw would reduce the fund balance to an amount less than the historical value of the fund. In such cases, the Budget & Finance Committee shall recommend the amount of draw, if any, to the Board of Directors as part of the annual budget process.

2. Temporarily Restricted - The annual draw for operations from the Temporarily Restricted Funds shall be reviewed annually by the Budget & Finance Committee as part of the annual budget process.
3. Board Restricted – The Association may transfer from the Board Restricted Funds to the operating account annually an amount not to exceed the sum of:
 - a. 70% of the average annual unrestricted bequest income plus gift annuity remainder for the previous five (5) fiscal years, excluding the high and low years.
 - b. 6% of the average balance of the Board Restricted Funds for the twelve (12) quarters ending December 31.

In developing this spending policy, the Committee and the Investment Manager have carefully evaluated the long-term goals for monies contributed to the Investment Fund. Consideration is given to the Investment Fund's financial condition, its liquidity requirements, the nature of the liabilities to be discharged, and its risk taking capacity. Finally, the range of historic and expected returns, both nominal and real, have also been considered.

This spending policy has been designed to meet the needs of today's client programs while balancing the need to provide services for future clients. Noting the dynamic nature of the capital markets, and the competitive environment facing the Investment Fund, this spending policy should be reviewed on an annual basis for appropriateness.

The amount of annual disbursements from the Investment Fund are based upon the spending formulas outlined above and are approved by the Board of Directors as part of the annual operating budget process. Actual disbursements from the Investment Fund are made as required by operating need within approved annual amounts and will typically occur biweekly throughout the year.

RESPONSIBILITIES and OVERSIGHT

Investment Manager:

1. Manage the investments in accordance with the IPS objectives and guidelines as set forth herein, or as amended in writing by the Committee. Investment Manager will sign a copy of this IPS to acknowledge understanding and acceptance of it.
2. Exercise complete investment discretion within the IPS objectives and guidelines.
3. Provide monthly statements of investments and transactions, and quarterly performance reports.
4. Meet with the Committee at least quarterly, or more frequently if requested, to review the portfolio results, define distribution needs for the coming year, review the economic and market outlook, discuss the asset allocation and review this IPS to determine whether or not changes are appropriate.
5. Notify the Committee immediately of any material change in investment approach or significant changes in key personnel related to the management of the Investment Fund.

The Committee:

1. Monitor the performance of the Investment Manager and the portfolio in the context of the achievement of stated investment objectives.
2. If the Board of Directors approves any change to this IPS or approves the purchase of any alternative investment, such change will be communicated in writing to the Investment Manager, and signed by the Treasurer and the Chair or Secretary of the Board, attesting to the approval of the change by the Board of Directors.
3. Neither the Committee, nor any individual committee member, will direct the Investment Manager regarding the purchase or sale of any individual security.
4. The Committee will not self-manage any funds without prior Board of Directors approval.

[REDACTED]

ADOPTION STATEMENTS

[REDACTED]

I attest that this Investment Policy Statement was approved by affirmative vote of the Board of Directors [REDACTED] on

[REDACTED]
Treasurer, [REDACTED]

1/3/19
Date

AND [REDACTED]
Chair, [REDACTED]

1/3/19
Date

[REDACTED]
Secretary, [REDACTED] Future In Sight

1-3-19
Date

Investment Manager

I accept and acknowledge understanding of the policies outlined in this Investment Policy Statement

[REDACTED]

1/3/2019
Date

[REDACTED]
[REDACTED] Trust of New Hampshire