Pursuant to NH RSA 34:5, NH RSA 35:9, and in accordance with the Prudent Investor Rule under NH RSA 564 B:9-901 - NH RSA 564 B:9-906, the Trustees of Trust Funds of the Town of Hanover (Trustees) adopt this investment policy statement for the prudent investment of the funds under their jurisdiction.

I. Public Funds

A. Trust Funds Created by Towns pursuant to RSA 31:19-a. Funds raised from public monies for the maintenance and operation of the town and other public purposes shall be invested in the New Hampshire Public Deposit Investment Pool (PDIP) established pursuant to RSA 383:22, or a similar investment instrument affording safe and liquid investments and sub-account recordkeeping. Each fund shall be kept in a separate account and not intermingled with other funds of the town.

B. Reserve Funds. Funds raised from public monies for capital and other reserve funds appropriated pursuant to the provisions of Chapters 34 and 35 RSA shall be invested in the PDIP, or a similar investment instrument affording safe and liquid investments and sub-account recordkeeping. Each fund shall be kept in a separate account and not intermingled with other funds of the town.

II. Private Funds

A. Nonexpendable (endowment type) funds raised from private sources pursuant to RSA 31:19, 31:20 and 31:21 (and without explicit spending formula or other income distribution guidance from donor), such as privately donated gifts, legacies, and devises made to the town or school district, and accepted by it, for the establishment, maintenance, and care of libraries, reading rooms, schools, and other educational facilities, parks, cemeteries, and burial lots, the planting and care of shade and ornamental trees upon their highways, and other public places, and for any other public purpose not foreign to or incompatible with the objects of the Town of Hanover or the Hanover School District shall be invested under the following guidelines:

1. Investment Strategy. All such non-expendable funds shall be invested on a total return basis; that is, the aggregate return from capital appreciation and dividend and interest income. Such funds may be invested in a common trust fund. The specific investment
The objective is to exceed the long-term rate of inflation (as measured by the CPI) by 3.0%. The goal of the Fund is to exceed an aggregate benchmark index comprised of 60% MSCI ACWI (All Country World Index) All Cap Index and 40% Barclay’s Intermediate Government/Credit Bond Fund Index over a full market cycle. The Trustees may look at full market cycle as “trough to trough” or “peak to peak.”

2. **Asset Allocation Guidelines.** The portfolio will be invested in accordance with the Maximum and Minimum Ranges for each asset category as described below. The total portfolio is expected to be diversified with respect to asset classes and asset class managers; the Investment Manager is allowed latitude in constructing the components of the total portfolio.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>35.0%</td>
<td>70.0%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>15.0%</td>
<td>45.0%</td>
</tr>
<tr>
<td>Other</td>
<td>0.0%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>

Other assets include cash, real estate and commodities within the guidelines provided by this Policy.

In addition, a portion of the fund reflecting anticipated future expenditures may be held in cash or cash equivalents.

3. **Risk.** The portfolio shall display an overall level of risk which is consistent with the risk associated with the above stated benchmarks. Trustees shall assess this level of risk when the Investment Manager attends meetings of the Trustees of Trust Funds to provide the required periodic performance updates.

4. **Time Horizon.** The fund has a perpetual time horizon. Every effort will be made to forecast future cash need for the next 12-18 months and communicate this timely with the Investment Manager.

5. **General Guidelines.** The Fund shall comply with the provisions of RSA 31:25 (Trust Funds). As such, Exchange Traded Funds may be used as the investment vehicle in order to provide prudent diversification of investments for a relatively small pool of assets.

B. **Expendable funds.** Expendable funds will be invested in the PDIP. Each fund shall be kept in a separate account and not intermingled with other funds.
C. **Bridgman Fund.** The Bridgman Fund was created under the will of Don S. Bridgman. Pursuant to the order of the Grafton County Probate Court entered June 3, 1997, the Hanover School District was confirmed as the beneficiary of the terminated trust. Distributions from the Bridgman Fund are at the discretion of the Hanover School Board, except that the assets will not be used “to relieve others from contributing their just share to the support and maintenance of the public schools, but to afford advantages in addition thereto.” Although technically an expendable fund, the Hanover School Board has formally adopted a policy of treating the corpus of the Bridgman Fund as an endowment, and has limited its annual distributions from the fund to no more than 5% of the value. The Hanover School Board has requested that the Trustees of Trust Funds manage the fund as an endowment with an investment policy similar to that which the Trustees apply to nonexpendable private funds. Due to the large size of this fund, the Trustees have chosen to keep the Bridgman Fund as a separate fund and not intermingle it with the other private nonexpendable funds. The Bridgman Fund shall be managed with the same investment policy as nonexpendable funds as set forth in II A.

D. **Lou and Ann Bressett Memorial Endowment Fund.** The Bressett Memorial Fund was created under the will of Ann Bressett and remitted to the Hanover Trustees of Trust Funds in September 2016. The purpose of this fund is to provide a yearly distribution of income to be used for projects, programs and activities which will enhance and enrich the lives and welfare of residents of the Hanover community. The trust instrument allows for an annual endowment distribution of approximately 5.0% of the value of the fund assets, subject to adjustment by the Selectboard. The use and distribution of the annual endowment shall be determined by the then serving Selectboard members. Due to the large size of this fund, the Trustees have chosen to keep the Bressett Fund as a separate fund and not intermingle it with other private nonexpendable funds. The Trustees will invest this fund for long-term total return with the objective to maintain the fund’s purchasing power over time while providing requested annual income disbursements. The Bressett Fund shall be managed with the same investment policy as nonexpendable funds as set forth in II A.

III. **Professional Banking and Brokerage Assistance.** The Trustees may retain a professional Investment Advisor pursuant to the provisions of RSA 31:38 to assist the trustees in the prudent management and investment of trust fund assets and to provide ancillary bookkeeping services. The investment advisory agreement shall be put out to bid at least every seven years. The investment manager shall supply the Trustees with performance reports on at least a semi-annual basis. The investment performance of the total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. The Investment advisor shall be reviewed at least annually regarding performance, personnel, strategy, research capabilities,
organizational and business matters, and other qualitative factors that may impact its ability to achieve the desired investment results.

On at least an annual basis, the Trustees shall review the performance and investment strategy of the PDIP, or similar custodian of the Public Funds mentioned in Section I. above.

IV. Investment Policy Review. The trustees will review this investment policy statement on an annual basis in June of each year to assure the continued relevance of these guidelines and objectives.