

# Investment Policy

This policy, first issued in June, 2015, establishes an Investment Committee, defines the investment objectives of the trust funds, and delineates the responsibilities among the Board of Trustees, the Investment Committee, and the Investment Manager.

## Background

By vote of the Town Meeting on November 29, 1979, the Board of Library Trustees was given control of the trust funds for Ashburnham's Stevens Memorial Library.

In 2015, the original eighteen trusts of the library were consolidated into six (6) trust families with each family having identical grantor restrictions. *For the details of the trusts and trust families, see the report titled "Trust Funds of the Stevens Memorial Library" dated April 10, 2015.* As of December 31, 2014, the value of the endowments for the six (6) families collectively was \$62,785 with four (4) of the families having endowments at or below \$2000. If at some point in the future disbursements were made from the trusts bringing the fund balance for each family down to the endowment level, annual disbursements from the trust families might not meet the needs of the Library and would not keep pace with inflation. For this reason it is important that the minimum balance for each trust family increase over time. For purposes of this policy, the "minimum balance" of the portfolio will be called the "Principle."

## Principle & Distributions

As of December 31, 2014, the total value of the six (6) trust families was \$203,665. This entire amount, distributed among the trust families, will become the initial Principle. Subject to a vote of the trustees, each year the Principle will increase by the lessor of 5% above the prior year portfolio yearend value or 50% of the total prior year's appreciation in market value, excluding distributions. If in a given year the portfolio depreciates in market value, the Principle will not be changed until the value of the portfolio exceeds the Principle.

As a guideline, annual distributions from the trust families, if made, should also be limited to the lessor of 5% of the prior year portfolio yearend value or 50% of the total prior year's appreciation in market value. It is recognized that distributions will not be made every year. When this occurs, larger distributions can be made, but in no case can the distribution bring the value of any trust family below the Principle.

## Investment Committee

The three-person Investment Committee consisting of the Trustees on the Finance Committee is authorized as part of this policy. The responsibilities of this committee are defined below.

# Investment Policy

## Investment Manager

A qualified Investment Manager will be selected to manage the trust funds. The Board intends to maintain a long term, mutually beneficial relationship with the Investment Manager, in the belief that, over time, an Investment Manager who understands the Library’s long-term goals and operations will be better able to contribute to its investment goals.

## Investments & Expected Returns

In general, the trust funds will be invested in a diversified portfolio including various industry, market capitalization, business, and fixed income sectors. Changes in allocation will be recommended by the Investment Manager in response to market conditions. It is expected that the Investment Manager will meet relevant indices over a two to three year period. The Investment Manager will meet with the trustees annually and with the Investment Committee as necessary.

## Responsibilities

Specific responsibilities for the Board of Trustees, the Investment Committee, and the Investment Manager follow:

### Responsibility Matrix

Responsibility	Board of Trustees	Investment Committee	Investment Advisor
Recommend Investment Manager		X	
Approve Investment Manager	X		
Recommend changes in allocation			X
Approve changes in allocation		X	
Recommend increase in Principle		X	
Approve increase in Principle	X		
Recommend annual disbursements from Trust		X	
Approve annual disbursements from Trust	X		
Insure that all disbursements are in accordance with the grantors' requirements	X		
Communicate future disbursements needs from Trust		X	
Evaluate Investment Manager's Performance		X	
Annual review of Investment Policy and recommend changes		X	
Approve Investment Policy changes	X		

# Investment Policy

## Principle Log

Trust Family	1	2	3	4	5	6	
Trust Purpose	Unrestricted	Upkeep & Repairs	Related to Music	Books	Programs & Books for Young	Books - Adventures & Mysteries	Total
Endowment	\$26,368	\$2,000	\$1,000	\$1,117	\$31,000	\$1,300	\$62,785
<b>Principle as of</b>							
6/17/2015	\$53,727	\$23,166	\$40,083	\$7,747	\$74,117	\$4,825	\$203,665