

TUCKER FREE LIBRARY INVESTMENT POLICY FOR CHARTER TRUST/BAR HARBOR FUND

1. Purpose

It shall be the purpose of this policy to direct the investment activity of the **Tucker Free Library**.

2. Objective

The objectives of investment activities shall be as follows: first, safety and preservation of principal; second, liquidity; and third, maximizing the return for the fund. With respect to return or yield, the assets of the portfolio are to be invested for the benefit of the **Tucker Free Library** to maintain or increase the purchasing power of the funds principal and income over the long term, taking into account the primary objectives of safety and liquidity.

Additionally, this document sets forth the Trustees' wishes and criteria for use of funds.

Known to Town of Henniker as an "UNRESERVED FUND BALANCE" the Trustees have set out use parameters to insure the long-term solvency of this conglomeration of funds known as the "CHARTER TRUST ACCOUNT."

SUBFUND	STARTING BALANCE 2010	% OF FUND	CHARACTERIZATION OF FUND
Cammett, Helen	\$ 5,001.13	3.15	UNRESTRICTED
Childs, Anna	\$ 7,247.14	4.41	RESTRICTED
Soderstrom, Ann	\$ 189,147.45	88.28	UNRESTRICTED
TD Bank Refund	\$ 7,111.97	4.16	UNRESTRICTED
TOTAL OF FUNDS	\$ 208,507.69	100.0	

The Trustees voted to designate any of the unrestricted funds in the Charter Trust Account as a board restricted endowment. (RECORD OF VOTE & DISCUSSION RELATED TO DECISION FOUND IN MINUTES OF: 09082021)

A Trustee vote at a later time could remove that designation. From an accounting and legal standpoint, the funds remain available for use, both principal and income, subject to a trustee vote and underlying town meeting spending appropriation.

3. Spending Policy

The Tucker Free Library has adopted a spending policy rule that allows a percentage of the average market value over the trailing three years to be used for capital improvements and special projects. It is the Trustees' intention that these funds are not to be used for general operating expenses. The Tucker Free Library has a December 31 fiscal year end. The allowable percentage rate is set to provide a relatively predictable stream of income while maintaining a principal base that will grow. The spending policy and allowable percentage are reviewed annually by the Trustees and the investment

manager. The allowable percentage rate shall not exceed 1.5% unless approved by the Board of Trustees.

4. Investment Authority

Professional guidance: Whenever required or deemed necessary by the trustees, professional guidance will be requested of experienced professionals in the investment field. The Trustees will hire or employ the trust department or departments of a bank or banks or a brokerage firm to assist in the management and investment of trust fund resources in compliance with the investment guidelines outlined in this policy.

5. Responsibilities

- a. In accordance with this policy, the Trustees shall periodically:
 - i. Review the acceptability of various asset categories
 - ii. Set guidelines for the percentage of various asset categories
 - iii. Monitor investment manager performance.
 - iv. Establish specific goals.
- b. The Trustees have hired a professional investment manager, **Charter Trust Company**. The Trustees expect the assets to be managed over the long term. They neither expect nor encourage high turnover, nor emphasis on the short term.
- c. Those investments that the Trustees oversee should not be for speculation, but for investment, always considering the safety of capital as well as the probable income.
- d. The Investment Policy Statement should be reviewed and approved by the Trustees at least annually.

6. Approved Investments

- a. The Trustees shall select asset classifications, presently limited to domestic and international common stock, preferred stock, U.S. government and corporate bonds, mutual funds, exchange traded funds, and cash equivalents.

7. Constraints

- a. **Guidelines – Equities:**
 - i. **The percentage of the portfolio in common and convertible preferred stock shall not exceed 65% nor fall below 35% of the total market value of the portfolio. The current target is 50%.**

- ii. Equities purchases are restricted to those listed in the S&P 1500 & Global 700 indices and/or those approved by the Investment Manager unless otherwise noted.
- iii. For the purpose of diversification, no single equity should exceed 10% of the total market value of the equity portion of the portfolio, except in unusual circumstances. The total value of a single company (equity or fixed income) should not exceed 10% of the market value of the entire portfolio.
- iv. The equity portfolio shall at all times be well diversified across industry groups as defined by Standard & Poor's. Although the Trustees prefer not to specify precise weightings, the intent is to comply with common law prudence.

b. Guidelines – Fixed Income and Cash Equivalents:

- i. **The percentage of the portfolio held in fixed income investments and cash equivalents shall not exceed 65% nor fall below 35% of the total market value of the portfolio. The current target is 50% of total assets: 45% fixed income, 5% cash equivalents.**
- ii. Convertible bonds and preferred stock shall not exceed 15% of the total market value of the portfolio.
- iii. Corporate bonds shall at the time of purchase be restricted to "investment grade" quality (BBB or better) by a nationally recognized rating agency.

8. Reporting

The investment manager shall provide quarterly reports listing all holdings and transactions. Additionally, the investment manager shall provide periodic reviews comparing portfolio performance to relative indices.


9. Conflicts of Interest

Trustees shall refrain from personal business activity that could conflict with the investment program or could impair their ability to make impartial investment decisions. Trustees shall disclose any significant outside activity or interest that could be related to the investment performance.

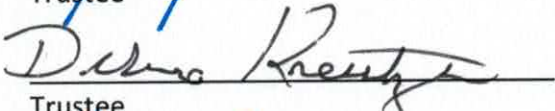
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Any deviation from these policy guidelines shall require the approval of the Tucker Free Library board of trustees.

Approved by the Trustees:


Trustee

9-8-2021
Date


Trustee

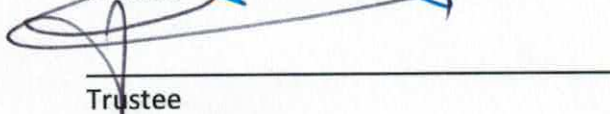
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Addition to INVESTMENT Policy
Added to Policy dated: 02/09/2010
Approved by Board of Trustees, 09/08/2021