

# TUCKER FREE LIBRARY

## INVESTMENT POLICY

### 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

- Safety and preservation of principal
- Liquidity
- 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 purchasing power of the funds growth 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.

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 the Bar Harbor 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. (This should probably be called an "institutional fund.")

### 3. INVESTMENT AUTHORITY

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 investment guidelines outlined in this policy.

#### 4. 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. 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 should be reviewed and approved by the Trustees at least annually.

#### 5. APPROVED INVESTMENTS

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.

#### 6. ASSET ALLOCATION

The asset allocation decision is the single most dynamic factor in determining the performance of the total portfolio. Given the historic returns of various asset types, the superior return of common stock will continue over the long-term. The trustees take a long-term approach to asset allocation decisions rather than employing a short-term strategy.

The asset allocation guidelines is as follows:

	CURRENT MARKET VALUE PERCENTAGE	CURRENT TARGET
CASH EQUIVALENTS	11.47	5%
FIXED INCOME	36.57	45%
EQUITY	51.96	50%

#### 7. CONSTRAINTS

- a. Guidelines - Equities

The equity investments should be in companies that have a proven record of earnings growth, strong fundamentals and attractive valuations. The majority of the equity position should be in larger capitalization companies with only a small percentage devoted to mid and small cap companies. The equity portion of the portfolio needs to be broadly diversified. At the highest level, the maximum exposure to any one industry sector should not exceed 25%, unless that sector's market weighting also exceeds 25%. At the security level, an initial purchase of a single security should not exceed 5% of the equity portion of the portfolio. The maximum exposure to any one name, because of price appreciation should not exceed ten percent of the 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. Equity 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 review comparing portfolio performance to relative indices.

