

FREEDOM PUBLIC LIBRARY INVESTMENT POLICY

GENERAL

The overall portfolio should be managed in accordance with the Prudent man or Prudent Person rule. The definition of prudence is based on RSA 31:25-b as follows:

“A prudent investment is one which a prudent man would purchase for his own investment having primarily in view the preservation of the principal and the amount and regularity of the income to be derived there from.”

The investment guidelines that follow provide direction as to our risk tolerance and general preferences. This Investment Policy will be reviewed at least annually as required by New Hampshire laws.

THE INVESTMENT OBJECTIVE

The investment objective for the Freedom Library’s Funds is “Income Only”. The objective is consistent with our emphasis on current income and our desire to protect the principal. The objective dictates an asset allocation strategy using predominantly cash equivalents.

ASSET ALLOCATION

The asset allocation decision is the single most important factor in determining the performance of the total portfolio. The current asset allocation guideline is as follows:

Cash and Cash equivalents: 100%

The Trustees believe that these fund amounts are too small to invest in fixed income bonds or common stocks with sufficient diversification to provide the protection required by the prudent man rule.

PERFORMANCE MANAGEMENT

Because we hold these funds in certificates of deposit, typically having maturities of less than twelve months, we will review the performance results as they approach maturity.

MEETINGS

The trustees will review the portfolio on a semi-annual basis- March, September, and December of each year. During the meeting, the trustees should review the Investment Policy and make changes where appropriate. As part of the review the trustees should discuss the investment objective, asset allocation, performance, diversification, and general compliance with guidelines. In addition the information presented should consider “where we were”, “where we are now”, and “where we are going.”