BEARING POINT WEALTH PARTNERS
Fiduciary Financial Planners

TRUSTEES OF TRUST FUNDS
INVESTMENT POLICY

Municipality Adopting this Investment Policy

Trustees of Trust Funds (the "Trustees") who are duly elected officials in the **Town of Hooksett**, New Hampshire.

Purpose of the Investment Policy

The *Investment Policy* provides a blueprint for the investment management process by:

1. Establishing the criteria for matching financial objectives to an appropriate investment plan by reviewing the goals, risk tolerance, and various constraints to be applied in investing a particular fund;
2. Providing a framework that will help keep the investment plan focused on long-term objectives, which is especially valuable during periods of market volatility when there may be a temptation to react to short-term factors; and
3. Establishing the criteria against which progress may be measured.

Investment Principles

General Philosophy

Investment portfolios are used to meet financial objectives. Since inflation is an overriding concern to investors, the primary goal of a portfolio is to produce a long-term annual return in excess of inflation. Investment portfolios are also used to generate spendable income in accordance with the purpose of a particular fund.

An investment portfolio's mix of assets must be determined by the specific purpose or use of a fund. In general, stock ownership brings higher risks with potentially higher returns. Over time, however, portfolio volatility can be dampened through ownership of a diversified group of investments.

There is no single investment suitable for every type of trust fund or capital reserve fund, or one that guarantees a return, remains liquid, has no risk and earns enough to keep ahead of inflation. An investment portfolio must be tailored to the fund's objectives, with revisions over time as these objectives change.

Diversification

Diversification is the holding of multiple investments to reduce the impact of any one investment.

Diversification reduces the impact of business and financial risks. However, it does not lower market risk. By owning multiple stocks within several different industries, the impact of any one stock can be reduced.

Mutual funds (including index funds and exchange-traded funds (ETFs)) are the easiest way to diversify a portfolio. A mutual fund is a basket of stocks or bonds. One of the many benefits of this type of investment is that investors can own hundreds of companies with low initial capital outlay. This allows investors to more easily diversify equity holdings by company size (large, mid and small capitalization) and style type (growth and value). For bond holdings, mutual funds enable investors to diversify across government, corporate, and agency bonds as generally held in the Barclays Capital Aggregate Bond Index, as well as foreign and municipal bond markets.

Mutual Funds vs. Individual Securities

Generally, mutual funds and exchange-traded funds are preferred over individual securities in municipal portfolios for the following reasons:

1. Mutual funds provide instant diversification because they own a basket of securities.
2. A mutual fund can represent an asset class in a portfolio based on its strategy, making it easier to build an appropriate asset allocation.
3. No-load mutual funds generally have a lower cost of trading than individual securities.
4. It is more efficient to rebalance a portfolio by trading one or two mutual funds instead of multiple stocks and bonds.
5. Mutual funds are generally more liquid than individual securities.

Safety Requirements

Trustees must evaluate their willingness to accept volatility and, more specifically, negative returns within their portfolio over various periods of time. Funds with longer time horizons typically have lower safety requirements, and, as such, can have heavier allocations to growth-oriented investments. Capital reserve funds, which may be expensed in the near-term, have shorter time horizons and, therefore, higher safety requirements, calling for a heavier allocation to income-producing investments.

A prudent approach to investing attempts to balance demands for income with the need for longer-term portfolio growth.

Capital Reserve Funds Portfolio Benchmark

Performance of the municipal capital reserve fund portfolio shall be measured against a blended benchmark consisting of the following components:

Asset Class	Benchmark Representative	Allocation
Larger Capitalized U.S. Stocks	S&P 500 Index Composite	15%
Bonds	Bloomberg Barclays US Treasury 1-3 Year Index	85%

Performance of the benchmark shall be calculated assuming quarterly rebalancing of the benchmark components.

Investment Plan for the Capital Reserve Funds Portfolio

The municipal capital reserve fund portfolio may invest in US government bonds, corporate bonds, equities and cash. The target asset allocation for the portfolio is as follows:

Portfolio Name	US Gov't Treasuries	US Gov't-Backed Entities	Corporate Bonds	Corporate Stocks
CRF - Diversified	Up to 30%	Up to 30%	Up to 50%	Up to 15%

Investments in corporate bonds shall be limited to those with a rating of investment grade. A mutual fund or exchange-traded fund with an investment objective consistent with holding investment grade bonds may be used.

Corporate equities shall be limited to exchange-listed U. S. issuers with large market capitalizations and included in widely recognized market indexes such as the Dow Jones Industrial Average or Standard & Poor's 500 Index.

To provide for sufficient diversification, investments shall be made through mutual funds and/or exchange-traded funds.

Trust Funds – Income Portfolio

Trust funds are invested on a total-return basis in one or more trust fund common portfolios according to the Prudent Investor Rule (RSA 564-B:9-901-906) as allowed under RSA 31:25-d. Typically, these funds have a long or perpetual time horizon. The portfolio investment objective is to provide a total return (income plus capital appreciation) consistent with the purpose of that fund that exceeds the long-term rate of inflation.

Under the Prudent Investor Rule, the suitability of the overall portfolio, given the fund's objectives, takes precedence over judgments regarding each individual security's quality or risk to principal. For municipal trust funds, an income objective will be applied.

fund selection re-affirmed or changed to maintain consistency with the portfolio investment objective.

Selection of individual issues, mutual funds and exchange-traded funds

Investments shall be selected based on both fundamental and technical factors. Investments are reviewed and evaluated on a monthly basis. Individual investments will be monitored monthly based upon performance and other portfolio characteristics. In general, the selection of individual mutual funds is based upon how the specific investment fits into the overall characteristics of the entire portfolio. Individual investments are not solely judged on past performance.

Unless specifically authorized, no single company will comprise more than 5% of the portfolio at the time of purchase. When a portfolio position has grown to 10% of the target balance, the position will be reduced to prevent if from growing further, unless the Trustees have specifically authorized the continued holding of the position.

Portfolio Rebalancing

The portfolio shall be reviewed annually for consistency with the asset allocation targets. Rebalancing will be recommended when an asset class has moved outside the prescribed asset allocation range, or when it is necessary to replace a particular investment.

ACKNOWLEDGMENT:

This *Investment Policy* has been read. Questions regarding the *Policy* have been answered satisfactorily and understood.

Claire E. Lyons
Trustee Signature

Claire E Lyons
Printed Name

Trustee Signature

Linda G. Kenison
Printed Name

Trustee Signature

Henry L. Boyle
Printed Name

Bearing Point Wealth Partners, Inc.

Printed Name

7/26/18
Date