



Investment Policy

Scope of This Investment Policy

This statement of investment policy reflects the investment policy, objectives, and constraints of the Investment Account of Maxwell Memorial Library (the Library).

Purpose of This Investment Policy Statement

This statement of investment policy is set forth by the Board of Trustees (the Board) of the Library in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives of Plan assets.
3. Offer guidance and limitations to all Investment Managers regarding the investment of Plan assets.
4. Establish a basis for evaluating investment results.
5. Manage Plan assets according to prudent standards.
6. Establish the relevant investment horizon for which the Plan assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of Plan assets towards the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

The timeframe of the investment account is indefinite, however, the "Investment Horizon" which is the time period over which the investment objectives are evaluated, is ten years.

Delegation of Authority

The Board of the Library is a fiduciary and is responsible for directing and monitoring the investment management of Plan assets. As such, the Board is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. Investment Management Consultant. A consultant may assist the Board in establishing investment policy, objectives and guidelines, selecting investment managers, reviewing such managers over time, measuring and evaluating investment performance, and other tasks as deemed appropriate.
2. Investment Manager. The Investment Manager requires approval from the Board's Finance Committee to purchase, sell, or hold the specific securities that

will be used to meet the Plan's investment objectives. The Investment Manager shall be a fiduciary.

3. Custodian. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Plan, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Plan accounts.
4. Additional specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by the Board of Trustees to assist in meetings its responsibilities and obligations to administer plan assets prudently.

Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate. All expenses for such experts must be customary and reasonable and will be borne by the Plan as deemed appropriate and necessary.

Assignment of Responsibility

Each Investment Manager will make recommendations to the Board's Finance Committee regarding investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager include:

1. Reporting, on a timely basis, quarterly investment performance results.
2. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Plan's investment management.
3. Informing the Board regarding any qualitative change to investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
4. The Board shall empower the Finance Committee to carry out all investment decisions for the assets placed under its jurisdiction.

The Board shall empower the President, Vice President and Treasurer as authorized persons to sign for any bank account or investment account established by the Board on behalf of the Library.

General Investment Principles

1. Investments shall be made solely in the interest of the beneficiaries of the Plan.
2. The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent individual acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
3. Investment of the Fund shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

4. The Board may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.
6. The Library is a tax-exempt 501(c)(3) organization and tax-deferred investments are inappropriate.

Investment Management Policy

1. Preservation of Capital – consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion – Understanding that risk is present in all types of securities and investment styles, the Board recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Plan's objectives. However, the investment managers are to make reasonable efforts to control risk and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment styles and objectives.
3. Adherence to Investment Discipline – Investment Managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

Investment Objectives

In order to meet its needs, the investment strategy of the Library is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Specifically, the primary objective in the investment management for Plan assets shall be Preservation of Purchasing Power After Spending – to achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve power of Plan assets. Risk control is an important element in the investment of Plan assets. The secondary objective in the investment management of Plan assets shall be Income and Growth – to achieve a balanced return of current income and modest growth of principal.

Specific Investment Goals

Over the investment horizon established in this statement, it is the goal of the aggregate Plan assets to exceed a rate of return of 6%. The investment goals above are the objectives of the aggregate plan and are not meant to be imposed on each investment account (if more than one account is used). The goal of each Investment Manager, over the investment horizon, shall be to:

1. Meet or exceed the market index, or blended market index, selected and agreed upon by the Board that most closely corresponds to the style of investment management.
2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns. Specific investment goals and constraints for each Investment Manager, if any, shall be incorporated as part of this state of investment policy. Each Manager shall receive a written statement outlining their

specific goals and constraints as they differ from those objectives of the entire Plan.

3. It is understood that markets fluctuate, and Managers may not be able to achieve positive returns during “Bear Markets” when markets are experiencing a general downturn.

Spending Plan

The Board will attempt to balance its goal to provide for capital preservation and income generation, and therefore design a spending policy which is flexible. Since expected investment returns are not consistent and predictable, the Board feels that shorter-term spending in dollar terms must be flexible enough to endure periods of underperformance without excessive deterioration of real principle. Therefore, this Investment Account may tend towards a more “aggressive” investment strategy, seeking higher long-term investment returns than would be the case if spending from year to year was less flexible.

The Board will set spending based on the annual budget and the Plan’s performance. In years when market conditions deteriorate the Plan’s value below agreed upon levels, it is expected that there will be no withdrawals from the Plan unless and until the Plan’s value appreciates.

The Library’s fiscal year begins October 1 and ends September 30.

Marketability of Assets

The Board requires that all of Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plan.

Investment Guidelines

Allowable Assets

1. Cash Equivalents
2. Fixed Income Securities
3. Equity Securities
4. Mutual Funds and ETFs

Prohibited Assets

Prohibited investments include, but are not limited to, the following:

1. Derivatives
2. Commodities and Future Contracts
3. Private Placements
4. Options
5. Limited Partnerships
6. Venture Capital Investments
7. Real Estate Properties

Prohibited Transactions

Prohibited transactions include, but are not limited to, the following:

1. Short Selling
2. Margin Transactions

Asset Allocations Guidelines

Investment management of the assets of the Library are recommended to be in accordance with the following asset allocation guidelines. Note: this is a guide and specific guidelines may be agreed upon by the Board with the Manager and are subject to periodic review and change.

1. Aggregate Plan Assessment Guidelines

Asset Class	Minimum	Maximum	Preferred
Equities	25%	75%	60%
Fixed Income	15%	75%	30%
Cash and Equivalents	0%	50%	10%

2. The Board may employ Investment Managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate Plan, such disciplines should fit within the overall asset allocation guidelines established in this statement. Such Investment Managers will receive written direction from the Board regarding specific objectives and guidelines.
3. In the event the Investment Manager is outside the above asset allocation guidelines for reasons including, but not limited to, market price fluctuations, the Board will instruct the Investment Manager to bring the portfolio into compliance with the guidelines as promptly and prudently as possible.
4. Diversification for Investment Managers – the Board does not believe it is necessary or desirable that securities held in the Plan represent a cross section of the economy. However, in order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 30% of the total fund, and no more than 30% of the total fund should be invested in any one industry. Individual treasury securities may represent 75% of the total fund, while the total allocation to treasury bonds and notes may represent up to 100% of the Plan’s aggregate bond position.

Investment Manager Performance Review and Evaluation

The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board intends to evaluate the portfolio over at least a three-year period, but reserves the right to terminate a manager for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.

2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization. Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

Investment Policy Review

To assure continued relevance of the guidelines, objectives, financial status, and capital markets expectations as established in this statement of investment policy, the Board plans to review the investment policy at least annually.

Approved and adopted by the Board of Trustees on September 18, 2023.