

Regional School Unit #34  
INVESTMENT POLICY STATEMENT

PURPOSE

The purpose of this policy is to provide a clear understanding of the investment objectives and policies of the invested funds (the Total Fund). It is also intended to state the expectations and parameters that will guide Superintendent and School Board actions while providing flexibility to accommodate changing economic conditions and investment markets.

OBJECTIVES

The investment objective is to generate funds to serve the mission and goals of Regional School Unit #34, the instructions specific to each fund, and to enhance the principal value of the Total Fund after adjusting for inflation. The objective is to be accomplished within the stated guidelines and without incurring excess financial, liquidity or market risk.

The target asset allocations are outlined below. The Fund has the specific objective that its total return meet or exceed, over a three-year moving time period, the return of the Consumer Price Index. The Superintendent, in consultation with the Finance Committee Chair and portfolio manager, will alter the asset allocation as necessary to adapt to changes in budgeted cash requirements as such changes occur.

ASSET ALLOCATION

The fund shall be normally invested such that 50% of the assets are in equities and 45% in fixed income securities. This is the "target asset allocation". Variances from these norms are acceptable with the following scale:

<u>Asset Class</u>	<u>Target %</u>	<u>Minimum %</u>	<u>Maximum %</u>	<u>Benchmark</u>
Equities	50	40	60	S & P500
Fixed Income	45	40	55	Barclay's Gov't./Corp
Cash	5	0	20	90-day T-Bill

\*Any deviation from this target asset allocation will be documented for the Superintendent along with an explanation, i.e. bond maturities or equity appreciation. Allocation exceptions will be documented on a quarterly basis.

PORTFOLIO GUIDELINES

A. Cash and Equivalents: The Fund may invest in investment grade short term investments or money market funds.

B. Common Stock and Convertible Securities: There are no qualitative guidelines suggested with regard to equity ratings, rankings, etc., except that prudent standards should be developed and maintained by the investment managers.

In addition, other allowable security investments can include equity type mutual funds, Exchange Traded Funds (ETF's) and the use of independent investment advisors.

The equity section should be diversified in an attempt to minimize the impact of a substantial loss in any specific industry or issue. Therefore, no more than 30% of the equity section may be invested in any one sector. In addition, no more than 5% of the equity section may be invested in any one company at the time of purchase, valued at market. (Any deviation must be documented by the portfolio manager to the Superintendent on a quarterly basis)

C. Fixed Income Securities: No more than 5% of a fixed income portfolio may be invested in the securities of any one issuer or issue, with the exception of U.S. Government or U. S. Government Agency obligations, without the specific written approval of the Superintendent.

D. Other Investments: All other forms of investments will require specific written approval of the Superintendent and Finance Committee Chair.

E. Foreign Securities: Up to twenty-five percent (25%) of the equity portion of the fund may be invested in foreign securities. Upside deviation must be disclosed to the Superintendent or Board.

F. Investments are prohibited in unregistered securities, private placements, non-publically traded partnerships and commodities, options and in foreign securities (except through American Depository Receipts or mutual funds and ETFs). Securities may not be purchased on margin or sold short.

G. Investments not specifically addressed by this Policy are forbidden without written consent of the Superintendent and Finance Committee Chair.

#### SPENDING POLICY

Except by official action of the RSU #34 School Board , no more than 5% of the trailing market value of the Fund over the previous 12 quarters shall be taken as a distribution from the Fund in any one year.

#### COMMUNICATION

The RSU #34 School Board requires continual awareness of investment activity and the portfolio's position, both absolute and relative. To accomplish this, reports shall be provided as follows:

A. Quarterly Performance measurement and/or valuation reports will be supplied to the Superintendent of Schools in order to provide current statistics on total rate of return and the investment outlook. Reports shall present quarterly, year-to-date and since-inception rates of return (if available), as well as benchmark returns, i.e., Standard and Poor's 500 and Barclay's Intermediate Government Corporate Bond Index for the respective periods. Quarterly reports shall be on file in the Superintendent's office and available for review by Board members.

B. Other: When in the opinion of the Superintendent of Schools, a material change in the status of the portfolio (in terms of this investment policy or otherwise) is anticipated, or required, the Superintendent shall communicate such information to the School Board with an appropriate recommendation, if any, for action.

Written and/or oral reports shall be supplied by the Superintendent of Schools in sufficient detail and commentary so the Board of Directors is apprised of portfolio status annually.

If any waiver or exemption to the guidelines is requested, such request should be made to the School Board at a regular stated Board meeting and action taken recorded in the minutes of said meeting.

Should any of these directives, objectives, or guidelines be changed by the Board, these changes will be communicated in writing to the portfolio manager.

Adopted: March 21, 2012

Revised: July 19, 2023