

**Peck Estate Fund**  
**Investment Policy Statement**  
4 June 2020

### **1.0 Purpose**

The purpose of this Investment Policy Statement (“IPS”) is to assist the Trustees of the Peck Estate Fund (“Fund”) in effectively overseeing, monitoring and evaluating the investments of the Fund.

### **2.0 Investment Objective**

The investment objectives of the Fund are:

- a. To maximize the annual income distribution to the Hinesburg Community School (HCS) while seeking long-term growth of the fund, which will remain invested in perpetuity, subject to the spending policy described in Section 15.0
- b. To limit risk through prudent diversification
- c. To limit the cost of administering and managing the investments

### **3.0 Return Objective**

The Fund shall seek to achieve long-term returns (net of fees) competitive with those offered by respective market indices.

### **4.0 Decision Making Criteria**

The following criteria will apply to investment decision-making and will guide the Trustees in determining the annual distribution to the Hinesburg Community School:

- a. Duration and preservation of the Fund;
- b. The purpose of the Fund;
- c. General economic conditions;
- d. Effect of inflation or deflation;
- e. The expected total return from income and the appreciation of investments;
- f. Other resources, if any; and
- g. The investment policy

### **5.0 Delegation of Investment Management**

The trustees of the Fund have agreed to delegate management of the Fund’s investments to an investment advisory firm.

The investment manager will have the authority to buy and sell securities for the Fund and will have discretion to manage invested assets according to their professional judgement and fiduciary obligations, subject to the constraints outlined herein.

**Peck Estate Fund**  
**Investment Policy Statement**  
4 June 2020

## **6.0 Asset Allocation and Rebalancing**

Asset Class	Target Asset Mix	Asset Allocation Ranges	
		Minimum	Maximum
Cash	0%	0%	10%
Fixed Income	50%	40%	60%
Equity	50%	40%	60%

The portfolio will be re-balanced within a reasonable time period once a minimum and/or maximum range is exceeded and at the discretion of the manager.

The manager is/are granted full discretion to change the asset mix within the ranges outlined in this document.

## **7.0 General Guidelines**

Diversification of assets will be employed to ensure that the results from one security or security class will not have an unduly detrimental effect on the entire portfolio.

No single security (excluding cash, mutual funds, and exchange traded funds) shall exceed 5% of the portfolio. This concentration limit does not apply to securities issued by the U.S. government, its agencies, or FDIC-insured certificates of deposit.

## **8.0 Equity Allocation**

- a. Holdings may include common stock, convertible bonds, convertible preferred stock, mutual funds, and exchange traded funds.
- b. If individual securities are used, no industry or economic sector weight shall exceed more than 30% of the equity portion of the portfolio.
- c. Representation in the international equity markets is to be primarily achieved through the use of mutual funds, exchange traded funds or foreign American Depositary Receipts (ADRs). Investments in both developed and emerging international markets may not exceed a combined 50% of the equity portion of the portfolio. The maximum exposure for emerging markets shall be 15% of the equity portion of the portfolio.

## **9.0 Fixed Income Allocation**

- a. Holdings may include individual issues, certificates of deposit, convertible bonds, exchange traded funds and mutual funds.
- b. If individual issues are used, no funds are to be invested in bonds rated below investment grade by Standard & Poors and/or Moody's at the time of purchase. The investment manager is granted discretion as to the method to monitor bond holdings when, after purchase, they are reclassified below an investment grade level.

**Peck Estate Fund**  
**Investment Policy Statement**  
4 June 2020

- c. If individual issues are used, no one industry shall exceed 50% of the total market value of the bond portion of the portfolio. This concentration limit does not apply to securities issued by the U.S. government, its agencies, or FDIC-insured certificates of deposit.
- d. International fixed income exposure shall be permitted through the use of exchange traded funds or mutual funds. International bonds shall make up no more than 35% of the fixed income allocation.

**10.0 Cash Allocation**

- a. Cash equivalent reserves may consist of individual cash instruments having a blended quality rating of A-1, P-1 or higher, and/or money market funds.
- b. Any idle cash not invested by the manager shall be invested daily through an automatic interest-bearing sweep vehicle managed by the custodian.

**11.0 Socially Responsibility Guidelines**

Fund assets invested in individual securities shall not be invested in companies whose main business function is the production of tobacco products.

Fund assets invested in broad-based mutual and exchange traded funds shall be exempted from this requirement.

**12.0 Restricted Transactions**

The following are prohibited:

- a. Derivatives
- b. Physical real estate (Real Estate Investment Trusts (REITs) or mutual funds are permitted)
- c. Short sales
- d. Margin purchases
- e. Physical commodities/metals (commodity Exchange Traded Funds (ETF) or mutual funds are permitted)
- f. Initial Public Offerings (IPOs) and letter stock (private equity)

**13.0 Investment Benchmark**

The long-term goal of the Fund shall be to provide returns competitive with market indices. The Trustees and the manager shall agree on appropriate benchmarks for comparison.

**Peck Estate Fund**  
**Investment Policy Statement**  
4 June 2020

**14.0 Proxy Voting**

The Trustees of the Fund delegate to the manager the voting of routine proxy solicitation matters. The investment manager will vote all proxies according to its internal proxy voting policies unless otherwise dictated by the Trustees.

**15.0 Spending Policy**


The Trustees will endeavor to decide by June 1<sup>st</sup> of each year the amount to be withdrawn and distributed to the Hinesburg Community School by June 30<sup>th</sup> of that year. The spending rate shall be no more than 5% of the Fund, applied to the average of the past three calendar year end market values. The intent is to maintain a steady or improving income stream to the HCS by using a total return (investment income and net appreciation) approach for annual withdrawals and a spending rate that will achieve this objective while allowing for the preservation and long-term growth of the Fund.

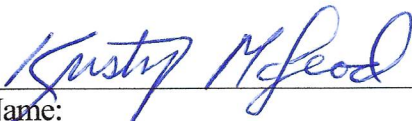
**16.0 Trustee Review**


The Trustees will review quarterly reports from the investment advisor and meet with the advisor annually to review the portfolio and the current and future investment strategy. The advisor will provide the trustees with appropriate comparative data to assist in evaluating the investment results of the Fund.

If this policy is amended at any time by the Trustees, then an updated copy of this document shall be provided to the investment advisor.

**Approved by:**

  
Name: \_\_\_\_\_ Date: 8/10/2020  
Gill Coates

  
Name: \_\_\_\_\_ Date: 8/18/2020  
Kristy McLeod

  
Name: \_\_\_\_\_ Date: 8/18/2020  
Frank Twarog