

Reading Public Library Investment Policy Statement

I. Introduction

The Reading Public Library Finance Committee (hereafter referred to as the “Committee”) was created to assist with, oversee, and manage the investments of the Reading Public Library. The purpose of this policy is to establish guidelines for the Library’s investment portfolio (the “Portfolio”).

II. Role of the Finance Committee

The Committee is acting in a fiduciary capacity with respect to the portfolio and is accountable to the Reading Public Library and the Library’s Trustees for overseeing the investment of all assets contained in the Portfolio.

- A. This investment policy statement sets forth the investment objectives, distribution policies and investment guidelines that govern the activities of the Committee and any other parties to whom the Committee has delegated investment management responsibility for portfolio assets.
- B. Policies contained in this statement are intended to provide guidelines, where necessary, for ensuring that the Portfolio’s investments are management consistent with the short-term and long-term financial goals of the Library.
- C. The Committee will review this investment policy statement at least once per year. Changes to this investment policy statement can be made only by affirmation of a majority of the Committee.

Written confirmation of the changes of the portfolio will be provided to all Committee members and to any other parties hired in relation to the Portfolio as soon as thereafter as is practical.

- D. The Committee may appoint a corporate fiduciary (e.g. Janney, Montgomery, Scott LLC, Vanguard Funds, Morgan Stanley, etc.) as its agent/agents. If, appointed the agent shall have custody of the property for which it is acting as agent and shall make investment decisions in keeping with policies specified by the Committee. The Committee may remove its agent and appoint a successor at any time without cause.

III. Investment objective and spending policy

- A. The investments are to be invested with the objective of preserving the long-term, real purchasing power of the assets while providing a relatively predictable and growing stream of annual distributions in support of the Reading Public Library.
- B. For the purpose of making annual distributions, the Committee shall make use of a total-return-based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments.
- C. The portion of the Investments that shall be available for annual use shall be the three-year average of the total-return, in the range of 5% to 8% of the value of the investments. Until the investments has a three-year history, income will be defined as returns from interest and income only. Exceptions to the above percentages may be made with the concurrence of the Board of the Trustees, provided that any and all exceptions are determined to be consistent with the long-term preservation of assets and the operation of the Library.
- D. The distribution of the investments will be permitted to the extent that such distributions do not exceed a level that would erode the

Investment's over time. The Committee will review its spending assumptions annually for the purpose of deciding whether any changes therein necessitate amending the investments spending policy, its target assets allocation, or both.

IV. Portfolio Investment Policies

- A. The committee expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to the Investments' allocations, it expects to do so only in the event of material changes to the investments, to the assumptions underlying investments spending policies, and/or to the capital markets and investment classes in which the Portfolio invests.
- B. Investment assets will be composed of two major components: an equity portion and a fixed income portion. The expected role of the equity investments will be to maximize the long term growth of the Portfolio assets, while the role of the fixed assets investments will be as of fixed income investments that generate current income, provide for more stable periodic returns, and offer some protection against a prolonged decline in the market value of equity investments.
- C. Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings and will be used for investment liquidity purposes.
- D. The Committee expects that investments classified as High-Risk/Alternative investments (a investment strategies such as leveraging, trading in futures, etc.) or investment products that do not trade on stock exchanges will be reviewed with the corporate fiduciary and approved by the Board of Trustees. Also investments products considered high risk investment (such as crypto assets, hedge funds, crowdfunding, inverse and leveraged ETFs, etc.) that puts the onus on the Committee will also be reviewed with the Corporate Fiduciary and approved by the Board of Trustees.

E. Outlined below are the long-term strategic asset allocation guidelines determined by the Committee to be the most appropriate, given the Investments' long-term objectives and short-term constraints. Portfolio assets will, under normal circumstances, be allocated across broad assets and sub-asset classes in accordance with the following guidelines:

<u>Asset Class</u>	<u>Sub-Asset Class</u>	<u>Target Allocation</u>
Equity	U.S.	
	Non-U.S.	50% - 90%
Fixed Income	Investment Grade	5% - 40%
<u>Cash</u>		<u>0 - 5%</u>

