

**Investment Policy Statement and Guidelines for
The Town of Killingworth Pension Plan
for the Killingworth Volunteer Fire Company
and the Killingworth Ambulance Association**

Adopted: August 24, 2015
Last Modified: August 19, 2021
Renewed: July 24, 2025

I. Overview

This document has been created by the Board of Trustees of the Town of Killingworth Pension Plan for the Killingworth Volunteer Fire Company and the Killingworth Ambulance Association (PPF&A) to establish investment policies, strategies, and guidelines for use in conjunction with its investments in financial securities. The document provides the framework for an investment strategy focused on the needs of the organization. It is designed to provide clear guidance to PPF&A Trustees in its investment process in order to ensure that the organization's objectives are achieved. The financial securities of PPF&A are invested in the PPF&A Portfolio (the Portfolio).

II. Fiduciary Standards

As Trustees of the PPF&A, we recognize our fiduciary responsibilities with respect to the Portfolio.

1. We, as Trustees, must comply with the duty of loyalty; must manage and invest funds in good faith with the care an ordinarily prudent person in a like position would exercise under similar circumstances;
2. We should incur only costs that are appropriate and reasonable in relation to the assets, purposes of the Portfolio, and skills available to PPF&A. We must make a reasonable effort to verify facts relevant to the management and investment of the Portfolio;
3. We, as Trustees, must consider:
 - I. General economic conditions
 - II. The possible effects of inflation or deflation
 - III. The role of each investment within the context of the overall portfolio
 - IV. The expected total return from income and appreciation
 - V. Other resources of PPF&A
 - VI. The need to make pension benefit disbursements
 - VII. Current funding levels relative to actuarial determinations.

4. We, as Trustees, must diversify investments absent a reasonable determination that the Portfolio is better served without diversification;
5. We, as Trustees, should retain, dispose of, and rebalance assets to bring the Portfolio into compliance with the purposes, terms, and distribution requirements of this Investment Policy Statement; and
6. We must recognize that a person, or institution, selected in reliance on a representation of special skills or expertise, has a duty to use those skills or that expertise in managing or investing the Portfolio.

III. Conflicts of Interest

A strong conflict of interest policy is important to ensure that the purpose of PPF&A is not compromised. Pursuant to IRS requirements, the conflict of interest policy statement will be made available to anyone requesting it. Furthermore, we, as Directors, will provide:

- A clear record of any proceedings concerning individuals who have either disclosed a conflict of interest or who were found to have one;
- A periodic review of existing conflict of interest policies to ensure that it is relevant and reflects The Portfolio's specific needs and unique situation.

IV. Delegation of Authority

Subject to any specific limitation by law we, as PPF&A Trustees, may delegate to an external agent the management and investment of the Portfolio. In doing so we shall act in good faith with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. We, as the Trustees of PPF&A, shall establish the scope and terms of the delegation to be consistent with the purposes of PPF&A and the Portfolio; we must establish a policy for the periodic review of the agent's actions to monitor performance and compliance with the scope and terms of the delegation. So long as we comply with the above requirements we are not liable for the actions of an agent to which the function was delegated.

V. Overall Investment Objective

The basic philosophy governing the investments of PPF&A will be prudent growth of principal, with the understanding that the Portfolio's values will fluctuate with the capital markets over shorter-term time periods. Within this philosophical framework, this policy seeks to provide a competitive total return consistent with historical capital market conditions and subject to risk tolerances, liquidity requirements, and investment guidelines established throughout the remainder of this policy.

VI. Disbursements

Funds will be withdrawn from the Portfolio to fulfill the town's pension obligations at the direction of the First Selectman.

VII. Fund Description

The Portfolio is a fund consisting of money appropriated by the town for pensions for retired employees who qualify for the Pension Plan established on September 20, 2003.

The remainder of this Policy addresses the individual requirements of the Portfolio.

VIII. Investment Authority and Discretion

The guidelines will be implemented through the use of professional external advisors (Managers). It is PPF&A's intention to allow the Managers full discretion within the scope of this mutually agreed-upon Investment Policy Statement and Guidelines (Guidelines). The guidelines will be implemented by the Managers using mutual funds and separately managed portfolios.

IX. Risk Tolerances and Control

Risk shall be evaluated in terms of the total portfolio, not each individual investment. To minimize risk, the portfolio should be well diversified across asset classes, economic sectors, industry groups, and individual securities as allowed by the target asset allocation of the portfolio.

Within the risk framework established above this policy contemplates that the Manager will construct a portfolio that:

- Will be widely diversified by security type;
- Includes a commitment to both investment-grade and high-yield fixed income;
- May include commitment to international securities;
- May include real estate and natural resources;
- Includes other securities as deemed necessary for added diversification and enhanced return potential.

X. Liquidity

The target asset allocation and asset allocation rebalancing policies have been established to ensure funding for foreseeable liquidity events.

XI. Target Asset Allocation

The time horizon of the portfolio is between eight and ten years.

The long-term strategic asset allocation of the Portfolio is listed below, along with the minimum and maximum weightings for each asset class. The Trustees determine the overall strategic asset allocation of the Portfolio through a quarterly review. Any trustee may call a meeting following review of a quarterly report. Exposure to each asset class will be measured on market value and is subject to the rebalancing guidelines described in Section XII.

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Cash	2.5%	5%	7.5%
Equities	55%	60%	65%
Fixed Income	30%	35%	40%

XII. Asset Allocation Rebalancing

The key objective of the portfolio rebalancing process is to minimize the loss of efficiency resulting when the Portfolio's actual asset allocation deviates from the target asset allocation. Rebalancing can also be used to enhance the risk-adjusted return of a portfolio by the purchase/sale of asset classes at relative low/high valuations.

The Portfolio will be rebalanced coincident with material cash inflows or outflows. In addition, the Manager will consider rebalancing whenever a single asset class's allocation exceeds the maximum weighting and/or is less than the minimum weighting as outlined in the previous section. Rebalancing is ultimately at the discretion of the Manager.

XIII. Performance Evaluation and Reporting

Investment return is measured according to the Global Investment Performance Standards (GIPS). Investment returns are reported quarterly. This report will examine the Portfolio's total return as well as that of the separate asset classes or funds that comprise the Portfolio. To aid in the evaluation of Portfolio trends, quarter, year-to-date, one-year, and three-year returns, as well as returns since inception, will be reported.

All asset classes will be compared to their relevant benchmarks, and the benchmarks should remain consistent from reporting period to reporting period.

XIV. Specific Prohibitions on Investments

The Portfolio may not at any time:

- Acquire any security subject to any restriction on the sale thereof, or subject to any investment representation.
- Acquire or sell any commodity or commodity contract.
- Acquire any security on margin, or otherwise utilize borrowed funds for the acquisition of any security including but not limited to the use of reverse repurchase agreements.
- Make any investment for the purpose of exercising control of any corporation.

XV. Policy Modification and Exceptions

Any changes to this Investment Policy Statement deemed necessary by the Managers will be fully discussed and agreed upon by both the Managers and the Trustees before taking effect, and such changes will be incorporated in writing into the guidelines. The Trustees may, from time to time, make written exceptions to this policy. Written notice of a policy exception shall contain the date the exception is effective, the specific exception to be allowed, and the date the exception's effectiveness will terminate. Any changes deemed necessary by the Trustees will be incorporated in writing into the guidelines.



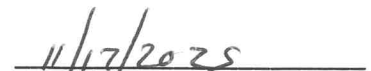
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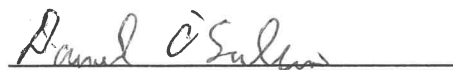
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