

Trustees of the Trust Funds

January 31, 2020

In attendance: Cindy Neily, Stella Butterfield, Steve Ward, Al Posnanski (Selectman); Debra Ford (MRVSD Business Manager); Bryan Sanford, Chief Investment Officer and Lynne Ford, VP Wealth Management, Charter Trust Company

Canaan's Trust Funds Investment Policy, last revised in June, 2017, was reviewed once again. It was determined that our asset allocation and maturities are in compliance with the existing policy and that no changes are required.

Bryan reviewed the annual performance of Canaan's three investment funds. The **Common Fund** valued at \$964,000 as of December 31, gained almost 12% in 2019 due principally to its 36% allocation to equity securities. Its five-year return is 4.1% per annum. Charter has sold a number of foreign stocks that were difficult to monitor and several poorly performing domestic stocks. They will continue to emphasize higher yielding equities to enhance income since most of the perpetual care trusts in the fund require that principal be preserved.

The **Capital Reserve Funds**, almost \$1.8 million at year end, gained 3.1% in 2019 and 1.3% p.a. over the last five years. Its asset allocation is presently 40% fixed income, all U.S. Treasuries, and 60% short term money market funds due to the fact that Charter has failed to reinvest matured Treasuries on a timely basis. Bryan concurred that the fixed income allocation should be returned to about 70% immediately and recommended that the five annual tranches be broken down into quarterly maturities upon reinvestment for improved liquidity. The Trustees also agreed that in this continuing low interest rate environment fixed income holdings should be diversified by allocating up to 50% to U.S. government agencies guaranteed by the federal government when the incremental yield is material.

Lastly, the \$49,000 **Expendable & Scholarship Fund** was discussed. Its returns were 2.3% and 1% p.a. for 2019 and the previous five years respectively. This fund suffered from the same shortcomings described for the Capital Reserve Funds (above) and will be rectified accordingly.

After the departure of the Charter Trust personnel, the minutes from the meeting of June 3, 2019 were read and approved.

Cindy informed the Trustees that the Town allocated \$20,331 to cemetery maintenance in 2019. Income in 2019 available in the Common Fund cemetery trusts to offset such expense was \$12,342. Principal must remain intact, and surplus income in one trust cannot finance expenditures at another cemetery.

There being no further business, the meeting was adjourned. A date has not been set for the next meeting.