



Investment Policy Statement

The Solebury Township Historical Society

Introduction

The purpose of this Investment Policy Statement (IPS) is to establish clear investment guidelines for investing the long-term funds for The Solebury Township Historical Society (STHS). The Executive Committee (The Committee) will oversee the implementation of the Investment Policy.

The Society has established this fund for several purposes, including to:

- Ensure the longevity of the Society.
- Support future capital improvements to the building & grounds.
- Acquire and/or preserve important historical Solebury Township collections.
- Fund the STHS Endowment Fund. When the year-end balance of the fund exceeds \$100,000, the excess will be transferred to the STHS Endowment Fund.

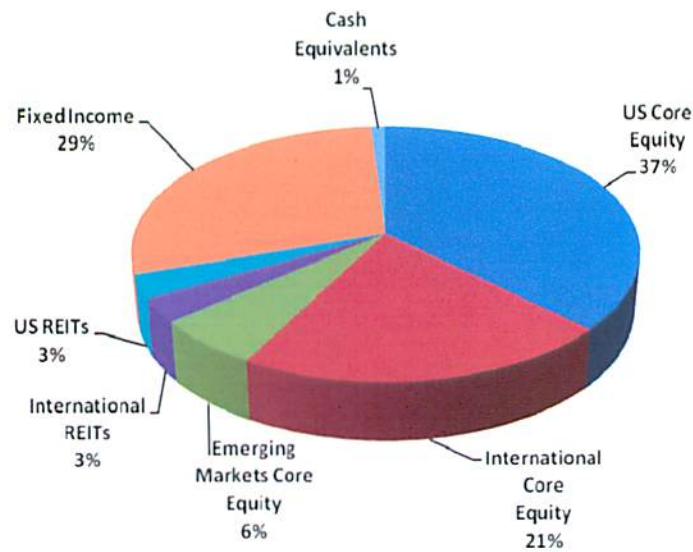
Investment Philosophy

The basic tenets under which this portfolio will be managed include the following:

1. Markets are efficient. It is virtually impossible to anticipate the future direction of the market as a whole or of any individual security. It is, therefore, unlikely that any portfolio will succeed in consistently "beating the market."
2. The design of the portfolio as a whole is more important than the selection of any particular security within the portfolio. The appropriate allocation of capital among asset classes (stocks, bonds, cash, etc.) will have far more influence on long-term portfolio results than the selection of individual securities. Investing for the long-term becomes critical to investment success because it allows the long-term characteristics of the asset class to surface.
3. For a given risk level, an optimal combination of asset classes will maximize returns. Diversification helps reduce investment volatility. The proportional mix of asset classes determines the long-term risk and return characteristics of the portfolio as a whole. Portfolio risk can be decreased by increasing diversification of the portfolio and by lowering the correlation of market behavior among the asset classes selected.
4. Picking individual stocks and timing the purchase or sale of investments in the attempt to "beat the market" are highly unlikely to increase long-term investment returns; they can also significantly increase portfolio operating costs and risk. Such practices are, therefore, to be avoided.
5. Investing globally helps to minimize overall portfolio risk due to the imperfect correlation between economies of the world. Investing globally has been shown historically to enhance portfolio returns, although there is no guarantee that it will do so in the future.
6. Equities (stocks) offer the potential for higher long-term investment returns than cash or fixed income investments. Equities are also more volatile in their performance. Seeking higher rates of return requires an increase the proportion of equities in the portfolio, while at the same time accepting greater variation of short-term results (including occasional declines in value).

Target Asset Allocation

Academic research offers considerable evidence that the asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance. After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risk and rewards of market behavior, the following asset classes were selected to achieve the objectives of the Investor’s Portfolio.



Willingness to Tolerate Volatility

Although STHS prefers to limit volatility, it understands the need to accept occasional declines in order to position their portfolio for outpacing inflationary pressures in the long-term. For this reason, The Committee has constructed a balanced portfolio of globally diverse equities and short-term high quality fixed income vehicles.

Rebalancing Procedures

From time to time, market conditions, deposits, and withdrawals may cause STHS’s investment in various asset classes to vary from the established allocation. To remain consistent with the asset allocation guidelines established by this Investment Policy Statement, every quarter The Committee shall review the portfolio and each asset class in which the portfolio is invested. Though The Committee may rebalance the portfolio at their discretion, if the actual weightings exceed the target weighting by 30% The Committee shall rebalance the portfolio back to the recommended weighting. Additionally if the asset class weighting deviates by greater than 5% of the total portfolio value The Committee shall rebalance the portfolio back to the recommended weighting.

Investment Monitoring

The Solebury Township Historical Society recognizes that all investments go through cycles and therefore there will be periods of time in which the investment objectives are not met or when specific asset classes fail to meet their expectations. The STHS accepts the principle that in the absence of specific circumstances requiring immediate attention, patience and a long-term perspective will be employed when evaluating investment performance.

Specifically The Committee shall:

1. Review each investment option's objectives to make sure they remain consistent with the option's role within The Solebury Township Historical Society's overall investment structure.
2. Compare each investment option's performance against the appropriate benchmark, giving due consideration to investment time horizons so as not to overemphasize short-term results.
3. Assess the risk associated with the portfolio of each investment option, as measured by the variability of quarterly returns (Standard Deviation) and portfolio Beta (i.e., the measure of securities' fluctuations in comparison to the broad market).
4. Note if there has been any significant change in the asset size of an investment option that could hamper the option's ability to meet its investment objectives or adversely impact the option's investment implementation.
5. Review the reasonableness of each investment option's fees and expenses relative to performance when compared to similar alternatives in the marketplace taking into account any portion of fees that may be applied to offset Plan recordkeeping expenses.
6. Consider the financial stability of the fund family groups.

Discretion and Title

1. The Committee shall not take title to any assets.
2. STHS grants The Committee discretionary control for purchases and sales of securities in accordance with this investment policy statement & the Society's By-Laws. No member shall have authority to withdraw funds from the Society's account without full support of The Executive Committee.
3. The Committee will initially use Vanguard Investments as the Custodian of its investments and may be using Vanguard's Index Mutual Funds for the implementation of this Investment Policy.

Adoption

Adopted by the below signed:

Stephanie Geronza, President

R. Lee McLean - Vice President

[Signature], Chair - Finance Committee

The Executive Committee

Date: April 29, 2015