

INVESTMENT POLICY STATEMENT

TOWN OF NEWTOWN OTHER POST-EMPLOYMENT BENEFITS PLAN

**Amended and Restated
April 15, 2021**

**By
Newtown OPEB Committee
For
The Board of Selectmen, Plan Trustees**

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PURPOSE

This Investment Policy Statement (IPS) serves to assist the Town of Newtown Board of Selectmen (Trustees) and the Pension Committee (Committee) with their responsibility to effectively supervise, monitor and evaluate the investments of the Town of Newtown Other Post-Employment Benefits Plan (Trust). The IPS describes the prudent investment guidelines/process the Trustees and the Committee deem appropriate. The IPS outlines the specific responsibilities of the Trustees, Committee, Investment Advisor and Custodian. All responsible parties are expected to discharge their duties with the care, skill, prudence and diligence appropriate to the circumstances then prevailing and in the best interest of Plan participants and designated beneficiaries.

BACKGROUND

The Town of Newtown maintains a plan for other post-employment benefits including retiree medical benefits.

A Trust was established to hold the assets dedicated to funding future retirement benefits for plan participants and their designated beneficiaries. A Custodian was appointed to hold Trust assets and record and report all activity of the Trust.

The Trustees are the sole entity responsible for the overall investment policy governing the management of Trust assets. The Committee serves as an Advisor to the Trustees. The Committee studies and discusses the investment of Trust assets with input from the Investment Advisor and makes recommendations regarding investment of the assets to the Trustees.

Actions by the Trustees and Committee relative to Trust Assets are discharged solely in the long-term interests of Plan participants and their designated beneficiaries.

INVESTMENT POLICY OBJECTIVES

The investment objectives of the Trust have been established in accordance with sound investment practices emphasizing long term investment fundamentals. The Trustees and Committee have taken into account the current and projected financial requirements of the Plans, the time horizon available for investments, the nature of the Plans' cash flows and liabilities along with other factors impacting the Plans' risk tolerance.

The Investment Objectives are:

- To achieve a rate of return to meet the Trust actuarial target interest rate,
- To maintain sufficient liquidity to meet the Plans' benefit and expense obligations, and
- To maintain a prudent level of risk, balancing growth with the need to preserve capital.

RESPONSIBILITIES OF TRUST/PLAN REPRESENTATIVES

BOARD OF SELECTMEN

The Trustees for the Town of Newtown Other Post-Employment Benefits Plan and Trust are the sole entity responsible for administering and investing the Trust assets.

The Trustees' responsibilities are:

- To establish and maintain the IPS, set objectives and portfolio guidelines with respect to asset allocation, risk parameters, return evaluation, selecting the investment vehicles and monitoring the investment performance,
- To establish rules or other resolutions governing the IPS,
- To delegate, in writing, to individual Board Members, the Committee or Agents the authority to act on behalf of the Trust/Plan,
- To determine the selection, retention or discharge of an Investment Advisor, investment managers or investment funds, Custodian and other service providers. The Trustees shall also establish the amount of funding allocated to any investment managers and/or investment funds and determine when Trust assets will be reallocated,
- To meet as needed, with the Committee/Investment Advisor to review the status of the Trust's investment portfolio, and to review any matter raised by the Committee or Investment Advisor.

PENSION COMMITTEE

The Pension Committee oversees the OPEB Trust as well as the Pension assets. The Committee is appointed by the Trustees and serves in an advisory role with respect to the investment oversight and administration of the Trust. The Committee provides guidance and insight into Trust and Plan provisions and monitors and reports to the Trustees on the Trust investment performance.

The Committee's responsibilities are:

- To serve as advisors to the Trustees with respect to IPS interpretation, asset allocation, risk parameters, return evaluation, investment vehicles and Investment Managers,
- To ensure the IPS is properly implemented along with other policy guidance and directives outlined by the Trustees;
- To review regularly, at minimum quarterly, the Trust reports with respect to the status and value of the Trust assets and report any exceptions or major variances to the Trustees;
- To meet regularly with the Investment Advisor to review and discuss Trust performance and report to the Trustees; and
- To meet with the Trustees, not less than annually, to review the status of the Trust's investments, their performance, the IPS, changes that the Committee/Investment Committee, in consultation with the Investment Advisor, might feel appropriate to suggest, and if rebalancing is necessary, provide rebalancing recommendations to Trustees for approval.

INVESTMENT ADVISOR

The Investment Advisor is selected and appointed by the Trustees to assist the Trustees/Committee evaluate Trust investment options. The Investment Advisor will advise and support the Trustees/Committee in the development and periodic review of the IPS along with the Trust asset allocation as directed by the Committee Chairman. The Investment Advisor will also conduct investment

manager and investment fund searches when directed by the Committee. It will monitor the performance of Trust investments, make timely recommendations regarding changes to the investments and the need to rebalance the portfolio. The Investment Advisor will prepare quarterly Trust Performance Reports and communicate on other matters of relevance to the oversight of the Trust investments. The Investment Advisor will assist the Committee in the search for a Custodian as necessary. In general, it is expected that, in addition to its quarterly reports and other interim communications, the Investment Advisor will attend Trustee/Committee meetings upon reasonable request and provide advice related to this Statement.

CUSTODIAN

The Trustees shall retain a bank or trust company to act as Custodian for Trust assets. The Custodian is responsible for safekeeping and custody of assets. The Custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Trust. It will collect deposits, dividends and interest payments on assets held in the Trust. If a Separate Account Manager is used, the Custodian will redeem maturing securities and affect receipt and delivery following purchases and sales.

The Custodian will perform regular accounting of all assets owned, purchased or sold, as well as movement of assets into and out of the Trust accounts. The Custodian shall establish, as directed by the Committee, an investment account(s) and cash account(s) to receive Trust and Plan deposits, to make benefit payments to retirees/beneficiaries as approved by the Trustees and pay related Trust/Plan expenses.

GUIDELINES AND INVESTMENT POLICY

The broad allocation profile of the Trust assets will be as follows:

Sixty-five percent in return-seeking investments representing the long-term growth resource. This target allocation will remain intact regardless of how steep and how long any downturn or any stock market decline may last. (Short-term market movement may result in deviations from this long-term target allocation.)

Thirty-five percent invested in fixed income investments, to serve as a source of stability and liquidity in periods of equity market volatility. (Again, short-term market movement may result in deviations from this long-term target allocation.)

Time Horizon

The IPS is based upon a long-term investment horizon consistent with the liabilities of the Plan, and interim fluctuations should be viewed with appropriate perspective. Similarly, the Trust's strategic asset allocation is based on this long-term perspective. There is a requirement to maintain sufficient liquidity to provide for the payment of the Plan's retirement benefits and expenses.

Risk Tolerances

The Trustees recognize the difficulty of achieving the Trust investment objectives in light of the uncertainties and complexities of contemporary investment markets. The Trustees also recognize that some risk must be assumed to achieve the Trust's long-term investment objectives.

In establishing the risk tolerances of the IPS, the ability to withstand short and intermediate term variability was considered. These factors were:

- The Trust’s strong financial condition enables the Trustees to adopt a long-term investment perspective; and
- The demographic characteristics of Plan participants suggest an average risk tolerance due to the average age of the work force.

Performance Expectations

The Trust’s overall annualized total return, after deducting for advisory, investment/fund management, custodial fees, other Trust and Plan expenses as well as total transaction costs, should perform on par with a **sixty-five (65)/thirty-five (35)** percent asset allocation benchmark referenced in the Section “Investment Objectives”.

ASSET ALLOCATION

The Trustees believe the Trust’s risk and liquidity posture are a function of asset class mix. Considering the long-term performance characteristics of various asset classes, and the need to balance the risks and rewards of market behavior, the Trust assets shall be allocated among the following five major asset classes:

- Domestic Equities
- International Equities
- Fixed Income
- T Bills/Cash Equivalents
- Real Assets

Based on the Trust/ time horizon, risk tolerances, performance expectations and asset class constraints, the Trustees will maintain an optimal portfolio allocation applying the asset allocation targets set forth in Exhibit A. The target percentage allocation to each asset class may vary as much as plus or minus 10% depending upon market conditions.

There is one exception to the 10% allocation variance limitation. In making normal changes to the portfolio, i.e., selling one strategy/fund and replacing it with another strategy/fund, the portfolio allocation of an asset class may temporarily fall below the 10% variance from the target allocation. If the portfolio asset allocation is outside the variation tolerance for a period exceeding ten (10) consecutive business days, the Investment Advisor shall notify the Investment Committee and the Committee Chairman of the variance, the reasons for the variance and recommendations for future investments. The Committee Chairman shall then notify the Trustees within a reasonable amount of time.

REBALANCING

The Trustees, in their discretion, may or may not institute rebalancing. Such adjustments should be executed with consideration to turnover, transaction costs, and realized losses over the long term. The IPS 65/35 stock/bond asset allocation is the best model to avoid the deep losses of the Trust assets over the Trust/Plan time horizon. The Investment Advisor will determine the necessity to rebalance the portfolio and advise the Committee Chairman. A recommendation will be made to the Trustees.

SELECTION CRITERIA FOR INVESTMENT FUNDS & INVESTMENT MANAGERS

Investment funds and investment managers selected for the Trust shall be chosen using various criteria, including but not limited to the following:

- Past results, considered relative to appropriate market indices and other investments having similar investment objectives. Consideration shall be given to both consistency of performance and the level of risk taken to achieve results.
- The investment style and discipline of the investment fund or investment manager.
- How well the investment fund or investment manager's investment style or approach complements other assets in the Trust.
- Level of experience, personnel turnover, financial resources, and staffing levels of the investment management firm or fund.
- Be a bank, insurance company or investment adviser as defined by the Registered Investment Advisers Act of 1940.
- Be operating in good standing with regulators and clients.

The Trust will utilize a multi-manager and investment fund structure of complementary investment styles and asset classes to invest the Trust assets.

Should additional contributions and/or market value growth permit, the Investment Advisor may recommend to the Trustees/Committee additional investment funds or investment managers for Trust assets. Such investments would be expected to diversify the Trust by investment style, asset class, and management structure and thereby enhance the probability of the Trust achieving its long-term investment objectives.

INVESTMENT GUIDELINES

Investment strategies may be accessed via separately managed accounts, mutual funds, and other institutional commingled funds, including, but not limited to, marketable alternatives and exchange traded funds (each referred to hereafter as a "Fund" and collectively as "Funds"). The Trustees/Committee understand the Funds' managers have full responsibility for security selection, diversification, turnover and allocation of holdings among selected securities and industry groups, as particularly detailed in this IPS or in the prospectus or offering documents of the Fund. The Trustees and/or the Committee shall be given the opportunity to review the offering documents of a Fund before an investment decision is made. In the interest of diversification, no more than 20% of Trust assets shall be invested in any one active investment strategy or Fund. Investments in passive strategies/Funds are not subject to this limit.

The following securities and transactions are not authorized:

- Letter stock and other unregistered securities,
- Direct commodities or other commodity contracts, except within Funds,
- Short sales or margin transactions,
Note: Mutual Funds that "SHORT" and Mutual Funds that use leverage (margin) may be used as investment vehicles provided the entire equity portion of the portfolio is NOT net "SHORT."
- Securities Lending, except within Funds, and
- Futures and Options, except within Funds.

Funds

The Committee will consider the following to ensure proper diversification and function for each of the Funds:

- The Fund selected should demonstrate:
 1. A clearly defined investment philosophy,
 2. A consistent investment process,
 3. An experienced and stable organization, and
 4. Cost effectiveness.
- The Fund used will generally have at least a full three-year track record and the individual fund must have at least \$25 million under management at the time of selection, and
- Each Fund will be regularly evaluated for proper diversity by the Investment Advisor and each will provide material information on a timely basis, and
- Fund managers will be expected to manage assets in a prudent manner, in accordance with their prospectus, or separate agreed upon guidelines, as applicable.

T Bills/Cash Equivalents

- Cash equivalent reserves shall consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, Time Deposits and Repurchase Agreements are also acceptable investment vehicles, and
- Any idle cash in the cash account to meet the Plans benefit payments and expenses, shall be invested daily through an automatic sweep managed by the Custodian.

PROXY VOTING

Mutual funds infrequently issue Proxies. If they are issued, the Trustees shall vote Proxies in the best interest of the Trust based on guidance from the Investment Advisor/Committee. If separately managed accounts are utilized, each manager will vote proxies in the best interest of the Trust.

DUTIES AND RESPONSIBILITIES OF SEPARATE ACCOUNT MANAGERS

The duties and responsibilities of each separate account manager (“Investment Manager”) retained by the Trustees include the following:

- Managing the Trust assets under its care, custody and/or control in accordance with the IPS objectives and guidelines set forth herein, and also expressed in separate written agreements when deviation is deemed prudent and desirable by the Trustees and the Committee,
- Exercising investment discretion (including holding cash equivalents as an alternative) within the IPS objectives and guidelines set forth herein,
- Promptly informing the Investment Advisor/Committee/Trustees in writing of all significant and/or material matters and changes pertaining to the investment of Trust assets, including but not limited to:
 1. Changes in investment strategy, portfolio structure, tactical approaches and significant market value of managed assets,
 2. Changes in the ownership, organizational structure, financial condition, and/or professional staff of the Investment Manager, and

3. All material legal, SEC and other regulatory agency proceedings or disciplinary action affecting the Investment Manager entity, its directors, members, officers or employees.
- Promptly voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Trust/Plan set forth herein. Each Investment Manager shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto,
 - Each Investment Manager shall utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like retirement plans with like aims.

INVESTMENT OBJECTIVES

Investment performance will be reviewed by the Investment Advisor and the Committee no less than quarterly to determine the continued feasibility of achieving the investment objectives and the appropriateness of the IPS to achieve those objectives. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets will not require adjustments to the IPS.

Performance reports will be provided by the Investment Advisor on a quarterly basis. Total portfolio performance will be shown compared to a broad benchmark representative of the target investment portfolio. Performance may also be shown against a second comparative benchmark, such as a broad combination of 35% Bloomberg Barclay's US Aggregate Bond Index / 65% MSCI All Country World Index. After receipt of the quarterly report, the Committee Chairman shall forward materials to other appropriate officials for review. The Committee and Investment Advisor will strive to meet with the Trustees not less than annually to review performance.

MONITORING OF FUNDS/STRATEGIES

The Committee and its Investment Advisor will evaluate each investment strategy/Fund, not less than once a year, on the basis of:

- Any notable style drift/change in investment objectives,
- Fund Fees relative to peers,
- Material changes in the Fund's organization, investment philosophy and/or personnel, and
- Comparisons of the Fund's results to appropriate indices, over various times frames 1, 3, 5, 10 years and since inception.

The quarterly performance report provided by the Investment Advisor will include each Manager's performance relative to appropriate benchmarks and managers of like investment style or strategy. Each active Manager is expected to perform in the upper median of the Manager's respective style universe over a full market cycle.

TERMINATION OF INVESTMENT FUND/INVESTMENT MANAGER

An investment/fund manager (the “Manager”) may be terminated at any time, at the will of the Trustees/Committee. While not an exhaustive list, common grounds for termination are when the Trustees/Committee has lost confidence in the Manager’s ability to:

- Achieve performance and risk objectives,
- Comply with investment guidelines,
- Comply with reporting requirements, and
- Maintain a stable organization and retain key investment professionals.

There are no standardized rules for termination of a Manager. However, if the Manager has consistently failed to adhere to one or more of the above conditions, termination shall be considered. A Manager’s failure to remedy the circumstances of unsatisfactory performance within a reasonable timeframe may be grounds for termination.

In addition to the termination criteria noted above, other factors may include, but shall not be limited to, professional or client turnover, litigation or regulatory judgments, agency sanctions, and material changes to investment processes. Every Manager serves at the will of the Trustees/Committee, and may be terminated at any time for any reason: quantitative, qualitative, or otherwise.

The Investment Advisor will provide guidance regarding Manager terminations.

The process for selecting a replacement for a terminated Manager will follow the criteria outlined in the Section of this IPS titled Selection Criteria for Investment Funds and Investment Managers.

COORDINATION WITH TRUST DOCUMENT

Notwithstanding the foregoing, if a term or condition of this IPS conflicts with any term or condition in the Trust, the terms and conditions of the Trust shall control.

POLICY CHANGES

The Trustees reserve the right to amend this Investment Policy Statement at any time as the Trustees deem appropriate and in the interest of the Plan participants, or to comply with changes in applicable law.

WRITTEN RECORD

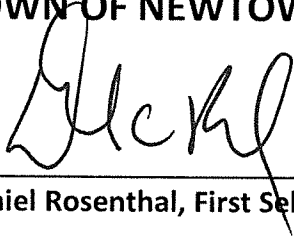
The Committee shall keep minutes of all meetings.

INVESTMENT POLICY STATEMENT APPROVAL

The Trustees and the Committee shall review this Other Post-Employment Benefits Plan IPS not less than annually to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the investment/fund managers.

IN WITNESS WHEREOF, the Trustees have approved and caused this Investment Policy Statement to be executed by its duly authorized representatives this _____ day of _____ 2021.

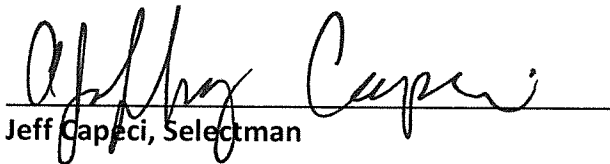
TOWN OF NEWTOWN



Daniel Rosenthal, First Selectman



Maureen Crick Owen, Selectman



Jeff Capeci, Selectman

EXHIBIT A

TARGET ASSET ALLOCATION Other Post-Employment Benefit Plan Effective April 15, 2021

Asset Class	Minimum Weight	Target Weight	Maximum Weight	Benchmark
Domestic Equities	25%	35%	45%	Russell 3000 Index
International Equities	15%	25%	35%	MSCI ACWI ex US Index
Real Assets	0%	5%	15%	Appropriate Blended Benchmark <i>(Subject to Selected Manager)</i>
Fixed Income	25%	35%	45%	Bloomberg Barclays US Aggregate Bond Index
T-Bills / Cash Equivalents	0%	0%	10%	90-Day US Treasury Bill

INVESTMENT POLICY STATEMENT

TOWN OF NEWTOWN DEFINED BENEFIT AND MONEY PURCHASE PENSION PLANS

**Amended and Restated
April 15, 2021**

**By
Newtown Pension Committee
For
The Board of Selectmen, Plan Trustees**

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PURPOSE

This Investment Policy Statement (IPS) serves to assist the Town of Newtown Board of Selectmen (Trustees) and the Pension Committee (Committee) with their responsibility to effectively supervise, monitor and evaluate the investments of the Town of Newtown Pension Trust (Trust). The IPS describes the prudent investment guidelines/process the Trustees and the Committee deem appropriate. The IPS outlines the specific responsibilities of the Trustees, Committee, Investment Advisor and Custodian. All responsible parties are expected to discharge their duties with the care, skill, prudence and diligence appropriate to the circumstances then prevailing and in the best interest of Plan participants and designated beneficiaries.

BACKGROUND

The Town of Newtown maintains three pension plans: a defined benefit pension plan for town employees, a defined benefit pension plan for police officers and a defined contribution money purchase plan for elected officials. Effective July 1, 2019, the defined benefit pension plans for town employees and police officers are closed to new participants.

A Trust was established to hold the assets dedicated to funding future retirement benefits for plan participants and their designated beneficiaries. A Custodian was appointed to hold Trust assets and record and report all activity of the Trust.

The Trustees are the sole entity responsible for the overall investment policy governing the management of Trust assets. The Committee serves as an Advisor to the Trustees. The Committee studies and discusses the investment of Trust assets with input from the Investment Advisor and makes recommendations regarding investment of the assets to the Trustees.

Actions by the Trustees and Committee relative to Trust Assets are discharged solely in the long-term interests of Plan participants and their designated beneficiaries.

INVESTMENT POLICY OBJECTIVES

The investment objectives of the Trust have been established in accordance with sound investment practices emphasizing long term investment fundamentals. The Trustees and Committee have taken into account the current and projected financial requirements of the Plans, the time horizon available for investments, the nature of the Plans' cash flows and liabilities along with other factors impacting the Plans' risk tolerance.

The Investment Objectives are:

- To achieve a rate of return to meet the Trust actuarial target interest rate,
- To maintain sufficient liquidity to meet the Plans' benefit and expense obligations, and
- To maintain a prudent level of risk, balancing growth with the need to preserve capital.

RESPONSIBILITIES OF TRUST/PLAN REPRESENTATIVES

BOARD OF SELECTMEN

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The Trustees' responsibilities are:

- To establish and maintain the IPS, set objectives and portfolio guidelines with respect to asset allocation, risk parameters, return evaluation, selecting the investment vehicles and monitoring the investment performance,
- To establish rules or other resolutions governing the IPS,
- To delegate, in writing, to individual Board Members, the Committee or Agents the authority to act on behalf of the Trust/Plan,
- To determine the selection, retention or discharge of an Investment Advisor, investment managers or investment funds, Custodian and other service providers. The Trustees shall also establish the amount of funding allocated to any investment managers and/or investment funds and determine when Trust assets will be reallocated,
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- To meet with the Trustees, not less than annually, to review the status of the Trust's investments, their performance, the IPS, changes that the Committee/Investment Committee, in consultation with the Investment Advisor, might feel appropriate to suggest, and if rebalancing is necessary, provide rebalancing recommendations to Trustees for approval.

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Note: Mutual Funds that "SHORT" and Mutual Funds that use leverage (margin) may be used as investment vehicles provided the entire equity portion of the portfolio is NOT net "SHORT."
- Securities Lending, except within Funds, and
- Futures and Options, except within Funds.

Funds

The Committee will consider the following to ensure proper diversification and function for each of the Funds:

- The Fund selected should demonstrate:
 1. A clearly defined investment philosophy,
 2. A consistent investment process,
 3. An experienced and stable organization, and
 4. Cost effectiveness.
- The Fund used will generally have at least a full three-year track record and the individual fund must have at least \$25 million under management at the time of selection, and
- Each Fund will be regularly evaluated for proper diversity by the Investment Advisor and each will provide material information on a timely basis, and
- Fund managers will be expected to manage assets in a prudent manner, in accordance with their prospectus, or separate agreed upon guidelines, as applicable.

T Bills/Cash Equivalents

- Cash equivalent reserves shall consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, Time Deposits and Repurchase Agreements are also acceptable investment vehicles, and
- Any idle cash in the cash account to meet the Plans benefit payments and expenses, shall be invested daily through an automatic sweep managed by the Custodian.

PROXY VOTING

Mutual funds infrequently issue Proxies. If they are issued, the Trustees shall vote Proxies in the best interest of the Trust based on guidance from the Investment Advisor/Committee. If separately managed accounts are utilized, each manager will vote proxies in the best interest of the Trust.

DUTIES AND RESPONSIBILITIES OF SEPARATE ACCOUNT MANAGERS

The duties and responsibilities of each separate account manager (“Investment Manager”) retained by the Trustees include the following:

- Managing the Trust assets under its care, custody and/or control in accordance with the IPS objectives and guidelines set forth herein, and also expressed in separate written agreements when deviation is deemed prudent and desirable by the Trustees and the Committee,
- Exercising investment discretion (including holding cash equivalents as an alternative) within the IPS objectives and guidelines set forth herein,
- Promptly informing the Investment Advisor/Committee/Trustees in writing of all significant and/or material matters and changes pertaining to the investment of Trust assets, including but not limited to:
 1. Changes in investment strategy, portfolio structure, tactical approaches and significant market value of managed assets,
 2. Changes in the ownership, organizational structure, financial condition, and/or professional staff of the Investment Manager, and

3. All material legal, SEC and other regulatory agency proceedings or disciplinary action affecting the Investment Manager entity, its directors, members, officers or employees.
- Promptly voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Trust/Plan set forth herein. Each Investment Manager shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto,
 - Each Investment Manager shall utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like retirement plans with like aims.

INVESTMENT OBJECTIVES

Investment performance will be reviewed by the Investment Advisor and the Committee no less than quarterly to determine the continued feasibility of achieving the investment objectives and the appropriateness of the IPS to achieve those objectives. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets will not require adjustments to the IPS.

Performance reports will be provided by the Investment Advisor on a quarterly basis. Total portfolio performance will be shown compared to a broad benchmark representative of the target investment portfolio. Performance may also be shown against a second comparative benchmark, such as a broad combination of 35% Bloomberg Barclay's US Aggregate Bond Index / 65% MSCI All Country World Index. After receipt of the quarterly report, the Committee Chairman shall forward materials to other appropriate officials for review. The Committee and Investment Advisor will strive to meet with the Trustees not less than annually to review performance.

MONITORING OF FUNDS/STRATEGIES

The Committee and its Investment Advisor will evaluate each investment strategy/Fund, not less than once a year, on the basis of:

- Any notable style drift/change in investment objectives,
- Fund Fees relative to peers,
- Material changes in the Fund's organization, investment philosophy and/or personnel, and
- Comparisons of the Fund's results to appropriate indices, over various times frames 1, 3, 5, 10 years and since inception.

The quarterly performance report provided by the Investment Advisor will include each Manager's performance relative to appropriate benchmarks and managers of like investment style or strategy. Each active Manager is expected to perform in the upper median of the Manager's respective style universe over a full market cycle.

TERMINATION OF INVESTMENT FUND/INVESTMENT MANAGER

An investment/fund manager (the “Manager”) may be terminated at any time, at the will of the Trustees/Committee. While not an exhaustive list, common grounds for termination are when the Trustees/Committee has lost confidence in the Manager’s ability to:

- Achieve performance and risk objectives,
- Comply with investment guidelines,
- Comply with reporting requirements, and
- Maintain a stable organization and retain key investment professionals.

There are no standardized rules for termination of a Manager. However, if the Manager has consistently failed to adhere to one or more of the above conditions, termination shall be considered. A Manager’s failure to remedy the circumstances of unsatisfactory performance within a reasonable timeframe may be grounds for termination.

In addition to the termination criteria noted above, other factors may include, but shall not be limited to, professional or client turnover, litigation or regulatory judgments, agency sanctions, and material changes to investment processes. Every Manager serves at the will of the Trustees/Committee, and may be terminated at any time for any reason: quantitative, qualitative, or otherwise.

The Investment Advisor will provide guidance regarding Manager terminations.

The process for selecting a replacement for a terminated Manager will follow the criteria outlined in the Section of this IPS titled Selection Criteria for Investment Funds and Investment Managers.

COORDINATION WITH TRUST DOCUMENT

Notwithstanding the foregoing, if a term or condition of this IPS conflicts with any term or condition in the Trust, the terms and conditions of the Trust shall control.

POLICY CHANGES

The Trustees reserve the right to amend this Investment Policy Statement at any time as the Trustees deem appropriate and in the interest of the Plan participants, or to comply with changes in applicable law.

WRITTEN RECORD

The Committee shall keep minutes of all meetings.

INVESTMENT POLICY STATEMENT APPROVAL

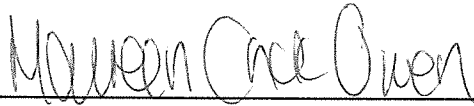
The Trustees and the Committee shall review this Defined Benefit and Money Purchase Pension Plans IPS not less than annually to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the investment/fund managers.

IN WITNESS WHEREOF, the Trustees have approved and caused this Investment Policy Statement to be executed by its duly authorized representatives this 17th day of May 2021.

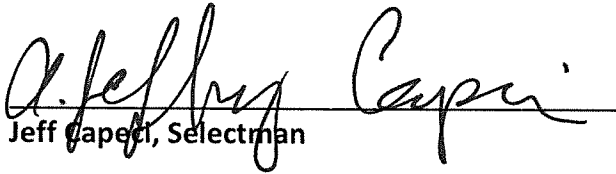
TOWN OF NEWTOWN



Daniel Rosenthal, First Selectman



Maureen Crick Owen, Selectman



Jeff Capri, Selectman

EXHIBIT A

TARGET ASSET ALLOCATION Defined Benefit and Money Purchase Pension Plans Trust Effective April 15, 2021

Asset Class	Minimum Weight	Target Weight	Maximum Weight	Benchmark
Domestic Equities	25%	35%	45%	Russell 3000 Index
International Equities	15%	25%	35%	MSCI ACWI ex US Index
Real Assets	0%	5%	15%	Appropriate Blended Benchmark <i>(Subject to Selected Manager)</i>
Fixed Income	25%	35%	45%	Bloomberg Barclays US Aggregate Bond Index
T-Bills / Cash Equivalents	0%	0%	10%	90-Day US Treasury Bill

INVESTMENT POLICY STATEMENT

TOWN OF NEWTOWN DEFINED BENEFIT AND MONEY PURCHASE PENSION PLANS

**Amended and Restated
April 15, 2021**

**By
Newtown Pension Committee
For
The Board of Selectmen, Plan Trustees**

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PURPOSE

This Investment Policy Statement (IPS) serves to assist the Town of Newtown Board of Selectmen (Trustees) and the Pension Committee (Committee) with their responsibility to effectively supervise, monitor and evaluate the investments of the Town of Newtown Pension Trust (Trust). The IPS describes the prudent investment guidelines/process the Trustees and the Committee deem appropriate. The IPS outlines the specific responsibilities of the Trustees, Committee, Investment Advisor and Custodian. All responsible parties are expected to discharge their duties with the care, skill, prudence and diligence appropriate to the circumstances then prevailing and in the best interest of Plan participants and designated beneficiaries.

BACKGROUND

The Town of Newtown maintains three pension plans: a defined benefit pension plan for town employees, a defined benefit pension plan for police officers and a defined contribution money purchase plan for elected officials. Effective July 1, 2019, the defined benefit pension plans for town employees and police officers are closed to new participants.

A Trust was established to hold the assets dedicated to funding future retirement benefits for plan participants and their designated beneficiaries. A Custodian was appointed to hold Trust assets and record and report all activity of the Trust.

The Trustees are the sole entity responsible for the overall investment policy governing the management of Trust assets. The Committee serves as an Advisor to the Trustees. The Committee studies and discusses the investment of Trust assets with input from the Investment Advisor and makes recommendations regarding investment of the assets to the Trustees.

Actions by the Trustees and Committee relative to Trust Assets are discharged solely in the long-term interests of Plan participants and their designated beneficiaries.

INVESTMENT POLICY OBJECTIVES

The investment objectives of the Trust have been established in accordance with sound investment practices emphasizing long term investment fundamentals. The Trustees and Committee have taken into account the current and projected financial requirements of the Plans, the time horizon available for investments, the nature of the Plans' cash flows and liabilities along with other factors impacting the Plans' risk tolerance.

The Investment Objectives are:

- To achieve a rate of return to meet the Trust actuarial target interest rate,
- To maintain sufficient liquidity to meet the Plans' benefit and expense obligations, and
- To maintain a prudent level of risk, balancing growth with the need to preserve capital.

RESPONSIBILITIES OF TRUST/PLAN REPRESENTATIVES

BOARD OF SELECTMEN

The Trustees for the Town of Newtown Pension Plans and Trust are the sole entity responsible for administering and investing the Trust assets.

The Trustees' responsibilities are:

- To establish and maintain the IPS, set objectives and portfolio guidelines with respect to asset allocation, risk parameters, return evaluation, selecting the investment vehicles and monitoring the investment performance,
- To establish rules or other resolutions governing the IPS,
- To delegate, in writing, to individual Board Members, the Committee or Agents the authority to act on behalf of the Trust/Plan,
- To determine the selection, retention or discharge of an Investment Advisor, investment managers or investment funds, Custodian and other service providers. The Trustees shall also establish the amount of funding allocated to any investment managers and/or investment funds and determine when Trust assets will be reallocated,
- To meet as needed, with the Committee/Investment Advisor to review the status of the Trust's investment portfolio, and to review any matter raised by the Committee or Investment Advisor.

PENSION COMMITTEE

The Committee is appointed by the Trustees and serves in an advisory role with respect to the investment oversight and administration of the Trust. The Committee provides guidance and insight into Trust and Plan provisions and monitors and reports to the Trustees on the Trust investment performance.

The Committee's responsibilities are:

- To serve as advisors to the Trustees with respect to IPS interpretation, asset allocation, risk parameters, return evaluation, investment vehicles and Investment Managers,
- To ensure the IPS is properly implemented along with other policy guidance and directives outlined by the Trustees;
- To review regularly, at minimum quarterly, the Trust reports with respect to the status and value of the Trust assets and report any exceptions or major variances to the Trustees;
- To meet regularly with the Investment Advisor to review and discuss Trust performance and report to the Trustees; and
- To meet with the Trustees, not less than annually, to review the status of the Trust's investments, their performance, the IPS, changes that the Committee/Investment Committee, in consultation with the Investment Advisor, might feel appropriate to suggest, and if rebalancing is necessary, provide rebalancing recommendations to Trustees for approval.

INVESTMENT ADVISOR

The Investment Advisor is selected and appointed by the Trustees to assist the Trustees/Committee evaluate Trust investment options. The Investment Advisor will advise and support the Trustees/Committee in the development and periodic review of the IPS along with the Trust asset allocation as directed by the Committee Chairman. The Investment Advisor will also conduct investment manager and investment fund searches when directed by the Committee. It will monitor the performance of Trust investments, make timely recommendations regarding changes to the investments and the need to rebalance the portfolio. The Investment Advisor will prepare quarterly Trust Performance Reports and

communicate on other matters of relevance to the oversight of the Trust investments. The Investment Advisor will assist the Committee in the search for a Custodian as necessary. In general, it is expected that, in addition to its quarterly reports and other interim communications, the Investment Advisor will attend Trustee/Committee meetings upon reasonable request and provide advice related to this Statement.

CUSTODIAN

The Trustees shall retain a bank or trust company to act as Custodian for Trust assets. The Custodian is responsible for safekeeping and custody of assets. The Custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Trust. It will collect deposits, dividends and interest payments on assets held in the Trust. If a Separate Account Manager is used, the Custodian will redeem maturing securities and affect receipt and delivery following purchases and sales.

The Custodian will perform regular accounting of all assets owned, purchased or sold, as well as movement of assets into and out of the Trust accounts. The Custodian shall establish, as directed by the Committee, an investment account(s) and cash account(s) to receive Trust and Plan deposits, to make benefit payments to retirees/beneficiaries as approved by the Trustees and pay related Trust/Plan expenses.

GUIDELINES AND INVESTMENT POLICY

The broad allocation profile of the Trust assets will be as follows:

Sixty-five percent in return-seeking investments representing the long-term growth resource. This target allocation will remain intact regardless of how steep and how long any downturn or any stock market decline may last. (Short-term market movement may result in deviations from this long-term target allocation.)

Thirty-five percent invested in fixed income investments, to serve as a source of stability and liquidity in periods of equity market volatility. (Again, short-term market movement may result in deviations from this long-term target allocation.)

Time Horizon

The IPS is based upon a long-term investment horizon consistent with the liabilities of the Plan, and interim fluctuations should be viewed with appropriate perspective. Similarly, the Trust's strategic asset allocation is based on this long-term perspective. There is a requirement to maintain sufficient liquidity to provide for the payment of the Plan's retirement benefits and expenses.

Risk Tolerances

The Trustees recognize the difficulty of achieving the Trust investment objectives in light of the uncertainties and complexities of contemporary investment markets. The Trustees also recognize that some risk must be assumed to achieve the Trust's long-term investment objectives.

In establishing the risk tolerances of the IPS, the ability to withstand short and intermediate term variability was considered. These factors were:

- The Trust's strong financial condition enables the Trustees to adopt a long-term investment perspective; and

- The demographic characteristics of Plan participants suggest an average risk tolerance due to the average age of the work force.

Performance Expectations

The Trust's overall annualized total return, after deducting for advisory, investment/fund management, custodial fees, other Trust and Plan expenses as well as total transaction costs, should perform on par with a **sixty-five (65)/thirty-five (35)** percent asset allocation benchmark referenced in the Section "Investment Objectives".

ASSET ALLOCATION

The Trustees believe the Trust's risk and liquidity posture are a function of asset class mix. Considering the long-term performance characteristics of various asset classes, and the need to balance the risks and rewards of market behavior, the Trust assets shall be allocated among the following five major asset classes:

- Domestic Equities
- International Equities
- Fixed Income
- T Bills/Cash Equivalents
- Real Assets

Based on the Trust/Plan time horizon, risk tolerances, performance expectations and asset class constraints, the Trustees will maintain an optimal portfolio allocation applying the asset allocation targets set forth in Exhibit A. The target percentage allocation to each asset class may vary as much as plus or minus 10% depending upon market conditions.

There is one exception to the 10% allocation variance limitation. In making normal changes to the portfolio, i.e., selling one strategy/fund and replacing it with another strategy/fund, the portfolio allocation of an asset class may temporarily fall below the 10% variance from the target allocation. If the portfolio asset allocation is outside the variation tolerance for a period exceeding ten (10) consecutive business days, the Investment Advisor shall notify the Investment Committee and the Committee Chairman of the variance, the reasons for the variance and recommendations for future investments. The Committee Chairman shall then notify the Trustees within a reasonable amount of time.

REBALANCING

The Trustees, in their discretion, may or may not institute rebalancing. Such adjustments should be executed with consideration to turnover, transaction costs, and realized losses over the long term. The IPS 65/35 stock/bond asset allocation is the best model to avoid the deep losses of the Trust assets over the Trust/Plan time horizon. The Investment Advisor will determine the necessity to rebalance the portfolio and advise the Committee Chairman. A recommendation will be made to the Trustees.

SELECTION CRITERIA FOR INVESTMENT FUNDS & INVESTMENT MANAGERS

Investment funds and investment managers selected for the Trust shall be chosen using various criteria, including but not limited to the following:

- Past results, considered relative to appropriate market indices and other investments having similar investment objectives. Consideration shall be given to both consistency of performance and the level of risk taken to achieve results.
- The investment style and discipline of the investment fund or investment manager.
- How well the investment fund or investment manager's investment style or approach complements other assets in the Trust.
- Level of experience, personnel turnover, financial resources, and staffing levels of the investment management firm or fund.
- Be a bank, insurance company or investment adviser as defined by the Registered Investment Advisers Act of 1940.
- Be operating in good standing with regulators and clients.

The Trust will utilize a multi-manager and investment fund structure of complementary investment styles and asset classes to invest the Trust assets.

Should additional contributions and/or market value growth permit, the Investment Advisor may recommend to the Trustees/Committee additional investment funds or investment managers for Trust assets. Such investments would be expected to diversify the Trust by investment style, asset class, and management structure and thereby enhance the probability of the Trust achieving its long-term investment objectives.

INVESTMENT GUIDELINES

Investment strategies may be accessed via separately managed accounts, mutual funds, and other institutional commingled funds, including, but not limited to, marketable alternatives and exchange traded funds (each referred to hereafter as a "Fund" and collectively as "Funds"). The Trustees/Committee understand the Funds' managers have full responsibility for security selection, diversification, turnover and allocation of holdings among selected securities and industry groups, as particularly detailed in this IPS or in the prospectus or offering documents of the Fund. The Trustees and/or the Committee shall be given the opportunity to review the offering documents of a Fund before an investment decision is made. In the interest of diversification, no more than 20% of Trust assets shall be invested in any one active investment strategy or Fund. Investments in passive strategies/Funds are not subject to this limit.

The following securities and transactions are not authorized:

- Letter stock and other unregistered securities,
- Direct commodities or other commodity contracts, except within Funds,
- Short sales or margin transactions,
Note: Mutual Funds that "SHORT" and Mutual Funds that use leverage (margin) may be used as investment vehicles provided the entire equity portion of the portfolio is NOT net "SHORT."
- Securities Lending, except within Funds, and
- Futures and Options, except within Funds.

Funds

The Committee will consider the following to ensure proper diversification and function for each of the Funds:

- The Fund selected should demonstrate:
 1. A clearly defined investment philosophy,
 2. A consistent investment process,
 3. An experienced and stable organization, and
 4. Cost effectiveness.
- The Fund used will generally have at least a full three-year track record and the individual fund must have at least \$25 million under management at the time of selection, and
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 1. Changes in investment strategy, portfolio structure, tactical approaches and significant market value of managed assets,
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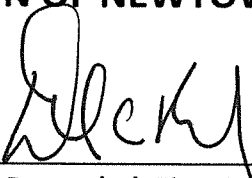
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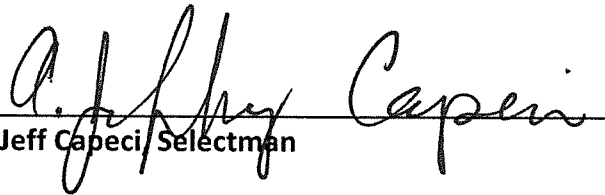
TOWN OF NEWTOWN



Daniel Rosenthal, First Selectman



Maureen Crick Owen, Selectman



Jeff Capeci, Selectman

EXHIBIT A

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Fixed Income	25%	35%	45%	Bloomberg Barclays US Aggregate Bond Index
T-Bills / Cash Equivalents	0%	0%	10%	90-Day US Treasury Bill

**Comerica
Custodial Services Fee Schedule
Newtown Pension and OPEB Plans**

The following fee schedule will be guaranteed for three years from the change in the investment structure of the relationship.

Responsibility Fees

Includes transaction activity, holdings, monthly Statement of Account and annual accountings.

Market Value Fee

Domestic market value of assets 3.0 basis points (.0003)

Special Assets

Mutual/commingled funds will be excluded from the market value calculation and assessed a separate holding charge.

N/A

Account Fee

For all separately managed accounts, commingled/mutual fund accounts and cash accounts

\$500 per account annually

Minimum Annual Responsibility Fee of \$10,000

Note: The minimum fee of \$10,000 applies to the Pension Plan and the OPEB together and not individually.

Activity Fees

Wire Transfer Out	\$17 per wire
Disbursements (non-wire)*	\$20 per disbursement (plus postage)
Disbursements (ACH only)*	\$7 per disbursement
Plan Accounting	\$2,000 annually

Cash Sweep Fee

For automated, same-day investment of cash balances resulting from income or trade settlement. A cash sweep charge is netted to the earnings of the cash investment fund. Comerica may receive a servicing fee for non-proprietary money market funds.

25 basis points (.0025)

Other Services

- Online services are available at no additional charge.
- Lump sum checks or periodic pension payments will be charged under Comerica's benefit payment fee schedule.
- Foreign securities with non-U.S. settlement will be charged under Comerica's global custody fee schedule.
- Comerica utilizes a third party vendor to pursue foreign tax reclaims. Accounts that wish to have Comerica's vendor reclaim eligible amounts withheld will be charged based on the vendor's current fee schedule. The vendor's fee is deducted from the account. Comerica does not charge any additional fees.
- Other extraordinary services, including tax reporting, may be quoted separately based on the scope and costs of the activity.

ACCEPTANCE

Comerica

Digitally signed by Daniel A. Berd
DN: CN = Daniel A. Berd email = daber@comerica.com C = AD
Date: 2021.05.09 09:12:29 -0400

Signature: _____

Name: Daniel A. Berd

Title: Vice President

Date: June 9, 2021

Town of Newtown

Signature: _____

Name: DANIEL C. RUCENTHAL

Title: FULL SELECTMAN

Date: 5-11-21

- * Comerica uses a general disbursement checking account to process disbursements it makes via check. This is a non-interest bearing account from which Comerica may receive float. Float is earned at the Fed Funds rate, as published in the Wall Street Journal or on the Federal Reserve's Web Site. Comerica may begin earning float once the funds are transferred from your trust account to the general disbursement checking account. Comerica continues to receive float on such funds until such time as the check is presented for payment or the funds are disposed of pursuant to an unclaimed funds procedure. Disbursements via wire or ACH do not generate float and provide improved funds availability for recipients. Generally Comerica does not receive float on funds received pending investment instructions. Exceptions to the above described procedures may apply.