

**City of Franklin, New Hampshire  
Trustee of the Trust Funds  
July 8, 2013 Meeting Minutes**

Attendees: Katherine Broughton Zink, Chairwoman, Ken Duguay, Treasurer and Steve Spain, Secretary.

Trustees discussed modification of the Investment Policy to reflect that transnationals, here and abroad, operate in a global, totally integrated world. The current language of the Policy limits foreign exposure to 25%. In the past, the investment community differentiated companies in terms of where the company was domiciled, that is, where the company is incorporated and listed. But to quote a recent Investment Insights penned by American Funds "traditional investment approaches that define geographic mandates based on a company's country of domicile are becoming less relevant. Most companies have a combination of customers, suppliers and production lines in multiple countries.....The domicile approach to measuring geographic exposures-one of the primary building blocks of asset allocation-increasingly is disconnected from the fundamentals that drive companies and portfolios.....We believe an alternative way to look at portfolios is to consider economic exposure." Please see attached "The New Geography of Investing." dated April 2013.

It was recommended that as Trustees we note the trend and cite the attached article. Our contacts at various asset management companies advise us to recognize the issue but to wait until regulators, legislators and the investment community release language that can be incorporated in our Investment Policy Statement. In the meantime, it is recommended that we analyze our foreign exposure, using the American Funds Software currently available to us.

Further it was reiterated that we should continue to reduce our bond exposure and redeploy the funds into American Funds Equity Income and Growth and Income alternatives. The strategy is consistent with the approach recommended by American Funds for adapting to a rising interest rate environment.

Next Scheduled Meeting: July 18, 2013 at 4PM. Location: Franklin Savings Bank, Central Street, Franklin, NH 03235

**Steve Spain, Secretary, Trustee of Trust Funds**