



# Town of Warner

*Investment Review*

*Meeting Date: December 8, 2025*

***Presented by***

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## Economic Environment

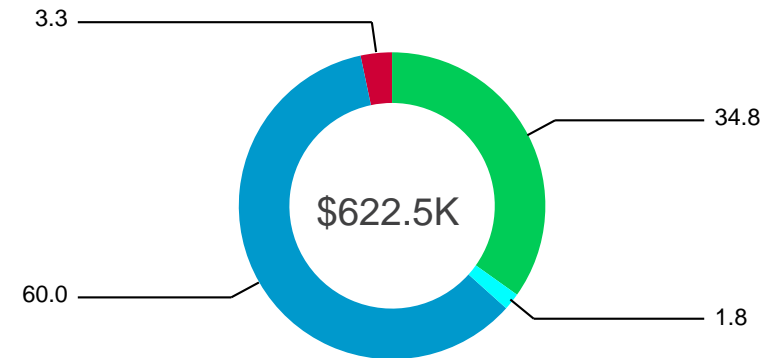
- **US economy is showing signs of slowing**
  - Nonfarm payrolls have increased 119k in September after turning slightly negative in August. Weekly initial jobless claims running at around 220k to 240k. The unemployment rate in September ticked up from 4.4% vs 4.3% in August.
  - Existing home sales rose +1.7% y-y in October compared to a -1.5% increase in September. NAR median home prices rose +2.1% y-y in September, the 28<sup>th</sup> consecutive month of y-y price increases.
  - The ISM Manufacturing PMI for November was 48.2 versus 48.7 the previous month. The ISM Services PMI was 52.6 versus 52.4 in October. GDP grew +3.3% seq in 2Q25 versus a -0.5% in 1Q25.
- **US inflation has started to move towards Fed target**
  - Eurozone GDP growth expanded +3.0% seq in the 2Q25 versus -0.5% in 1Q25. Eurozone inflation increased +2.0% in June vs +1.9% in May.
  - The US CPI rose +3.0% in September vs +2.9% the previous month. The Core CPI was +3.0%, down from 3.1%. The PCE index for September was +2.8% y-y versus +2.7% in August while the core PCE index rose +2.8% vs +2.9% the previous month.

## Market Conditions

- **US stock market concerns**
  - Stock valuations currently reflect a forward PE of approximately 22.9x, above the 10 year average of 18.1x.
  - The Federal Reserve cut the Fed Funds rate 25bp in October to a range of 3.75% -4.00%. This is the 2nd reduction this cycle. Chairman Powell indicated further reductions are not a certainty.
  - Earnings growth in 2025 is expected to be approximately +9.3%.
- **The shape of the yield curve is a “swoosh”**
  - Short-Term rates declining, however, longer term rates increasing.
  - The market is expecting the Federal Reserve to cut interest rates 75-100 basis points by year-end 2026.
  - The Fed’s ability/willingness to lower interest rates might be influenced by the inflationary effects of tariffs.
  - Corporate bond yield spreads have widened somewhat, but systemic risk is viewed as manageable.
- **US dollar has weakened due to tariff concerns**
  - The administration’s pressure on the Federal Reserve has driven the dollar down to \$1.16 per Euro. The Euro was at \$1.04 at the start of the 2025.

## Asset Allocation

		Market Value	% of Mkt Val
Domestic Equity	\$	216,662	34.8%
Intl Equity	\$	11,298	1.8%
Fixed Income	\$	373,788	60.0%
Short Term Cash	\$	20,730	3.3%
<b>Total</b>	<b>\$</b>	<b>622,478</b>	<b>100.0%</b>



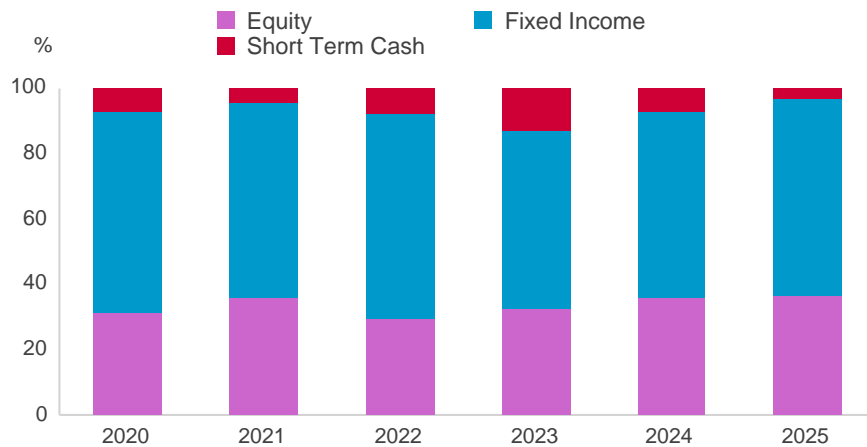
## Largest Holdings Detail

	Classification	Unit Cost	Total Cost	Price	Market Value	Accrual	% of Mkt Val	Unrealized Gain/Loss
Vanguard 500 Index Fund	LC Core	173.94	54,704.85	633.240	199,160.31	.00	32.1	144,455.46
iShares Core U.S. Aggregate Bond ETF	Int Term Bond Funds	105.95	79,353.93	100.820	75,514.18	.00	12.2	-3,839.75
Bar Harbor Bank & Trust Inst Money Market	Money Market Funds	1.00	20,661.77	1.000	20,661.77	68.05	3.3	.00
Apple Inc 3.25% 23 Feb 2026	Corporate Bonds	100.29	20,057.72	99.841	19,968.20	176.94	3.2	-89.52
Archer-Daniels-Midland Co 2.5% 11 Aug 2026	Corporate Bonds	100.14	15,020.25	99.020	14,853.03	114.58	2.4	-167.22
UnitedHealth Group Inc 2.95% 15 Oct 2027	Corporate Bonds	101.09	15,163.48	98.387	14,758.09	56.54	2.4	-405.39
iShares iBoxx USD Investment Grade Corporate Bond	Int Term Bond Funds	128.02	16,002.88	111.860	13,982.50	.00	2.3	-2,020.38
iShares Core S&P Mid-Cap ETF	MC Core	54.53	9,815.86	66.340	11,941.20	.00	1.9	2,125.34
iShares 1-5 Year Inv Grade Corp Bond ETF	Short Term Bond Fund	50.74	11,111.18	53.110	11,631.09	.00	1.9	519.91
Honeywell International Inc 4.95% 01 Sep 2031	Corporate Bonds	100.00	9,999.90	104.164	10,416.40	123.75	1.7	416.50
Cummins Inc 5.15% 20 Feb 2034	Corporate Bonds	100.34	10,033.55	104.062	10,406.18	144.49	1.7	372.63
All Others			213,245.26		216,540.46	1,959.87	34.9	3,295.20
<b>Total</b>			<b>475,170.63</b>		<b>619,833.41</b>	<b>2,644.22</b>	<b>100.0</b>	<b>144,662.78</b>

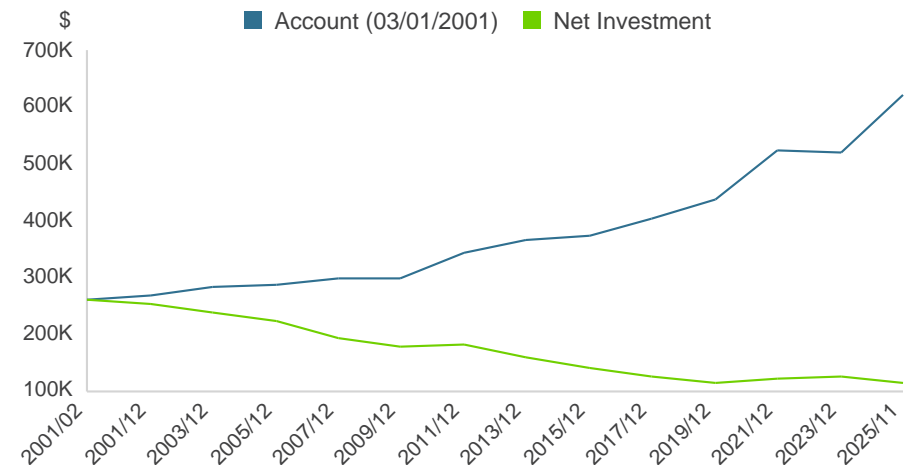
## Annual Portfolio Values

	Consolidated	Jan 2020- Dec 2020	Jan 2021- Dec 2021	Jan 2022- Dec 2022	Jan 2023- Dec 2023	Jan 2024- Dec 2024	Jan 2025- Nov 2025
Beginning Account Value	436,598.22	436,598.22	476,345.41	523,472.31	465,319.06	520,632.68	572,171.45
Contributions	51,551.61	3,401.91	17,881.47	4,429.42	9,118.38	15,222.55	1,497.88
Withdrawals	-51,388.19	-5,455.46	-7,125.82	-5,858.49	-6,526.54	-18,125.96	-8,295.92
Income Earned	81,121.73	12,751.13	11,372.74	11,779.64	13,741.16	16,270.61	15,206.45
Gain - Loss	104,594.26	29,049.61	24,998.51	-68,503.82	38,980.62	38,171.57	41,897.77
Ending Account Value	622,477.63	476,345.41	523,472.31	465,319.06	520,632.68	572,171.45	622,477.63
Total Return	6.16	9.61	7.61	-10.86	11.33	10.52	10.07

## Annual Allocation Graph



## History of Assets Growth Graph



### Summary Investment Performance: 11 Month Period

<b>Beginning Market Value</b>	<b>569,474.55</b>
<b>Beginning Accrued Income</b>	<b>2,696.90</b>
<b>Beginning Account Value</b>	<b>572,171.45</b>
Contributions	1,497.88
Withdrawals	-8,295.92
Income Earned	15,206.45
Gain - Loss	41,897.77
<b>Ending Market Value</b>	<b>619,833.41</b>
<b>Ending Accrued Income</b>	<b>2,644.22</b>
<b>Ending Account Value</b>	<b>622,477.63</b>
<b>Total Earnings</b>	<b>57,104.22</b>

#### Performance

Total Fund	10.07
Domestic Equity	16.89
Intl Equity	29.19
Equity	17.42
S&P 500 Index (Gross) (USD)	17.81
MSCI EAFE Index (Gross) (USD)	28.03
Fixed Income	6.09
BB US Aggregate Bond Index (USD)	7.46

### Top 10 Performers

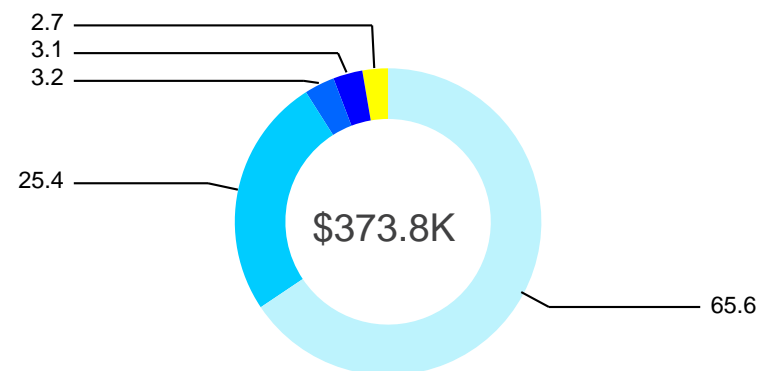
	<b>Market Value</b>	<b>% of Mkt Val</b>	<b>Return</b>
Vanguard FTSE Developed Markets ETF	8,312	1.3	30.99
Vanguard FTSE Emerging Markets ETF	2,987	.5	24.41
Vanguard 500 Index Fund	199,160	32.0	17.80
iShares 5-10 Year Investment Grade Cor	5,439	.9	9.75
United Parcel Service Inc 4.875% 03 Ma	10,486	1.7	9.34
Cummins Inc 5.15% 20 Feb 2034	10,551	1.7	8.82
Honeywell International Inc 4.95% 01 S	10,540	1.7	8.72
iShares iBoxx USD Investment Grade Cor	13,983	2.3	8.69
Amazon.com Inc 4.7% 01 Dec 2032	10,544	1.7	8.12
MetLife Inc 4.55% 23 Mar 2030	10,301	1.7	7.87

### Bottom 10 Performers

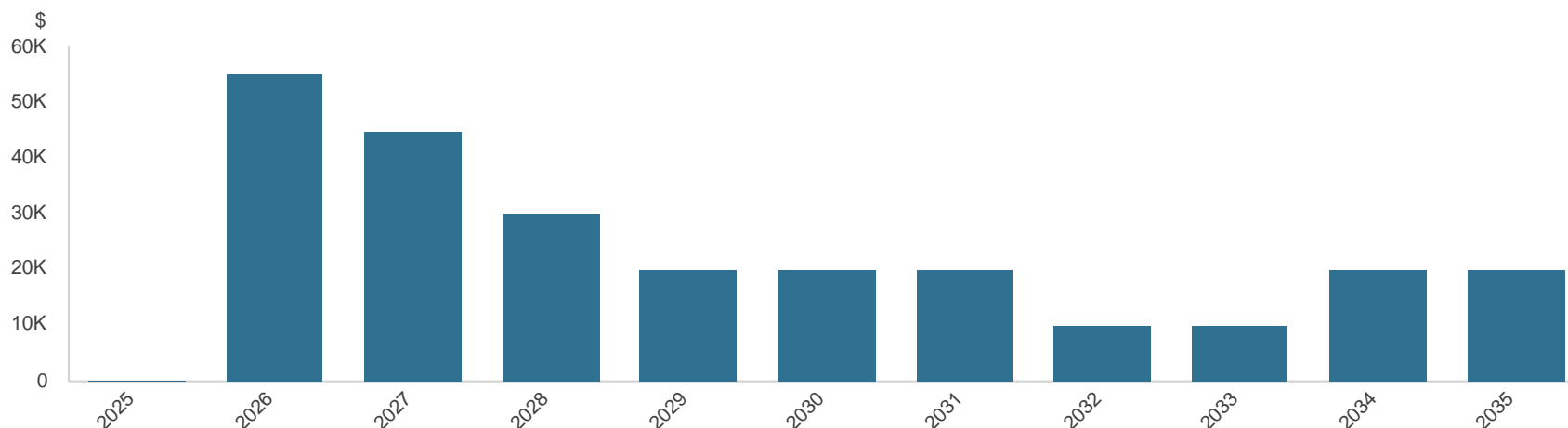
	<b>Market Value</b>	<b>% of Mkt Val</b>	<b>Return</b>
Bank of America Corp Floating 4.63008%	3,836	.6	-13.12
US Bancorp Floating 4.76615%	3,674	.6	-12.64
MetLife Inc Floating 5.29942%	4,517	.7	-5.63
Bank of New York Mellon Corp/The 3% 24	0	.0	.68
Rockwell Automation Inc 2.875% 01 Mar	0	.0	.84
Bar Harbor Bank & Trust Inst Money Mar	20,730	3.3	3.92
Apple Inc 3.25% 23 Feb 2026	20,145	3.2	4.10
Caterpillar Financial Services Corp 4.	10,229	1.6	4.28
Air Products and Chemicals Inc 4.75% 0	10,422	1.7	4.60
Toronto-Dominion Bank/The 1.2% 03 Jun	9,916	1.6	4.67

## Fixed Income by Asset Class

	Market Value	% of Mkt Val
Corporate Bonds	\$ 245,278	65.6%
Int Term Bond Funds	\$ 94,936	25.4%
Preferred Stock	\$ 12,027	3.2%
Short Term Bond Fund	\$ 11,631	3.1%
Intl Corporate Bond	\$ 9,916	2.7%
<b>Total</b>	<b>\$ 373,788</b>	<b>100.0%</b>



## Fixed Income Maturity Report



**Portfolio Holdings**

	<b>Ticker</b>	<b>Units</b>	<b>Price</b>	<b>Market Value</b>	<b>Unrealized Gain/Loss</b>	<b>Annual Income</b>	<b>Current Yield</b>	<b>% of Mkt Val</b>
<b>Equity</b>								
<b>LC Core</b>								
Vanguard 500 Index Fund	VFIAX	314.510	633.240	199,160.31	144,455.46	2,211.95	1.111	32.1
Total: LC Core				199,160.31	144,455.46	2,211.95	1.111	32.1
<b>MC Core</b>								
iShares Core S&P Mid-Cap ETF	IJH	180.000	66.340	11,941.20	2,125.34	149.76	1.254	1.9
Total: MC Core				11,941.20	2,125.34	149.76	1.254	1.9
<b>SC Core</b>								
iShares Core S&P Small-Cap ETF	IJR	46.000	120.870	5,560.02	491.39	105.48	1.897	.9
Total: SC Core				5,560.02	491.39	105.48	1.897	.9
<b>International Equity Fds</b>								
Vanguard FTSE Developed Markets ETF	VEA	135.000	61.570	8,311.95	1,648.36	227.07	2.732	1.3
Vanguard FTSE Emerging Markets ETF	VWO	55.000	54.300	2,986.50	102.57	84.15	2.818	.5
Total: International Equity Fds				11,298.45	1,750.93	311.22	2.755	1.8
<b>Total: Equity</b>				<b>227,959.98</b>	<b>148,823.12</b>	<b>2,778.41</b>	<b>1.219</b>	<b>36.7</b>
<b>Fixed Income</b>								
<b>Corporate Bonds</b>								
Air Products and Chemicals Inc 4.75% 08 Feb 2031		10,000.000	102.733	10,273.26	223.67	475.00	4.624	1.7
Amazon.com Inc 4.7% 01 Dec 2032		10,000.000	103.094	10,309.40	378.00	470.00	4.559	1.7
Amphenol Corp 5.05% 05 Apr 2027		10,000.000	101.447	10,144.70	144.49	505.00	4.978	1.6
Apple Inc 3.25% 23 Feb 2026		20,000.000	99.841	19,968.20	-89.52	650.00	3.255	3.2
Archer-Daniels-Midland Co 2.5% 11 Aug 2026		15,000.000	99.020	14,853.03	-167.22	375.00	2.525	2.4
Bristol-Myers Squibb Co 4.9% 22 Feb 2029		10,000.000	102.833	10,283.26	275.77	490.00	4.765	1.7
Caterpillar Financial Services Corp 4.4% 03 Mar 20		10,000.000	101.212	10,121.16	119.97	440.00	4.347	1.6
Cisco Systems Inc 5.05% 26 Feb 2034		10,000.000	103.778	10,377.80	343.52	505.00	4.866	1.7
Cummins Inc 5.15% 20 Feb 2034		10,000.000	104.062	10,406.18	372.63	515.00	4.949	1.7
Emerson Electric Co 1.8% 15 Oct 2027		10,000.000	96.461	9,646.06	-411.98	180.00	1.866	1.6
Honeywell International Inc 4.95% 01 Sep 2031		10,000.000	104.164	10,416.40	416.50	495.00	4.752	1.7
Hormel Foods Corp 1.7% 03 Jun 2028		10,000.000	94.761	9,476.14	-553.27	170.00	1.794	1.5
JPMorgan Chase & Co 1.35% 03/11/2027		10,000.000	96.796	9,679.60	-316.50	135.00	1.395	1.6
McDonald's Corp 4.8% 14 Aug 2028		10,000.000	102.071	10,207.11	216.51	480.00	4.703	1.6

## Portfolio Holdings

	Ticker	Units	Price	Market Value	Unrealized Gain/Loss	Annual Income	Current Yield	% of Mkt Val
MetLife Inc 4.55% 23 Mar 2030		10,000.000	102.153	10,215.28	189.11	455.00	4.454	1.6
PPG Industries Inc 1.2% 15 Mar 2026		10,000.000	99.149	9,914.92	-32.08	120.00	1.210	1.6
Texas Instruments Inc 5.1% 23 May 2035		10,000.000	103.601	10,360.10	351.36	510.00	4.923	1.7
Thermo Fisher Scientific Inc 4.977% 10 Aug 2030		10,000.000	103.766	10,376.58	374.81	497.70	4.796	1.7
Union Pacific Corp 5.1% 20 Feb 2035		10,000.000	103.933	10,393.27	340.45	510.00	4.907	1.7
United Parcel Service Inc 4.875% 03 Mar 2033		10,000.000	103.672	10,367.21	391.01	487.50	4.702	1.7
UnitedHealth Group Inc 2.95% 15 Oct 2027		15,000.000	98.387	14,758.09	-405.39	442.50	2.998	2.4
Waste Management Inc 4.875% 15 Feb 2029		10,000.000	102.803	10,280.34	267.19	487.50	4.742	1.7
Total: Corporate Bonds				242,828.09	2,429.03	9,395.20	3.869	39.4
<b>Int Term Bond Funds</b>								
iShares 5-10 Year Investment Grade Corporate Bond	IGIB	100.000	54.390	5,439.00	-31.50	226.10	4.157	.9
iShares Core U.S. Aggregate Bond ETF	AGG	749.000	100.820	75,514.18	-3,839.75	2,901.63	3.842	12.2
iShares iBoxx USD Investment Grade Corporate Bond	LQD	125.000	111.860	13,982.50	-2,020.38	613.75	4.389	2.3
Total: Int Term Bond Funds				94,935.68	-5,891.63	3,741.48	3.941	15.4
<b>Intl Corporate Bonds</b>								
Toronto-Dominion Bank/The 1.2% 03 Jun 2026		10,000.000	98.568	9,856.80	-151.43	120.00	1.217	1.6
Total: Intl Corporate Bonds				9,856.80	-151.43	120.00	1.217	1.6
<b>Preferred Stock</b>								
Bank of America Corp Floating 4.63008%	BMLPL	200.000	19.180	3,836.00	-500.22	259.00	6.752	.6
MetLife Inc Floating 5.29942%	MET/PA	200.000	22.250	4,450.00	-227.20	278.80	6.265	.7
US Bancorp Floating 4.76615%	USBPH	200.000	18.370	3,674.00	-338.80	266.00	7.240	.6
Total: Preferred Stock				11,960.00	-1,066.22	803.80	6.721	1.9
<b>Short Term Bond Funds</b>								
iShares 1-5 Year Inv Grade Corp Bond ETF	IGSB	219.000	53.110	11,631.09	519.91	470.63	4.046	1.9
Total: Short Term Bond Funds				11,631.09	519.91	470.63	4.046	1.9
<b>Total: Fixed Income</b>				<b>371,211.66</b>	<b>-4,160.34</b>	<b>14,531.11</b>	<b>3.915</b>	<b>60.2</b>
<b>Cash &amp; Equivalents</b>								
<b>Money Market Funds</b>								
Bar Harbor Bank & Trust Inst Money Market		20,661.770	1.000	20,661.77	.00	783.08	3.790	3.3
Total: Money Market Funds				20,661.77	.00	783.08	3.790	3.3

Portfolio Holdings

	Ticker	Units	Price	Market Value	Unrealized Gain/Loss	Annual Income	Current Yield	% of Mkt Val
Total: Cash & Equivalents				20,661.77	.00	783.08	3.790	3.3
Total				619,833.41	144,662.78	18,092.59	2.919	100.0





Town of Warner, NH  
Trustees of the Trust Funds  
Investment Policy Statement

This Investment Policy Statement applies to all Capital Reserve Funds, Trust Funds, and Cemetery Trust Funds held by the Trustees of the Trust Funds in accordance with the New Hampshire RSA 35.9 and RSA 31.25.

The overall investment Portfolio shall be invested and managed in accordance with the **Prudent Investor Rule**. The definition of this rule is based on RSA 564-B:9-901 – RSA 564-B:0-906 as follows: “A Trustee shall invest and manage trust assets as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances of the trust. In satisfying this standard, the Trustee shall exercise reasonable care, skill, and caution. A Trustee’s investment and management decisions respecting individual assets must be evaluated not in isolation but in the context of the trust portfolio as a whole and as a part of an overall investment strategy having risk and return objectives reasonably suited to the trust.”

**Investment Objective- Capital Reserve Funds:**

The Investment Objective is to preserve the principal of each Capital Reserve Fund, to earn current income, and maintain sufficient liquidity to meet each Fund’s obligations.

**Investment Objective – Trust Funds and Cemetery Trust Funds:**

The investment Objective is to conserve or grow the inflation adjusted value of each trust fund, and cemetery trust fund, over the long-term, and to maintain sufficient liquidity to pay expenditures from income to carry out the objectives designated by such trusts.

**Asset Allocation:**

The Asset Allocation decision is an extremely important factor in determining the performance of the portfolios overseen by the Trustees. The Asset Allocation guideline shall be reviewed by the Trustees at least annually.

**Current Asset Allocation guidelines for Capital Reserve Funds:**

- Fixed income securities that are direct US Government obligations or Federal Agency Obligations with maturities that are consistent with the liquidity requirements of the Capital Reserve Funds.

- Checking and savings accounts and certificates of deposit of FDIC Insured Banks licensed to conduct business in the State of New Hampshire.
- Participation Units of the New Hampshire Public Deposit Investment Pool.

**Current Asset Allocation guidelines for Trust Funds and Cemetery Funds:**

- Equities 20% - 40%
- Fixed Income 60% - 80%
- Cash and Cash Alternatives 0% - 20%

**Approved Investment Types:**

- **Fixed Income Securities** should be Investment Grade, which means they should be at least “BBB” Rated by either Moody’s Investor Services or Standard and Poors Corporation. They may also be Direct Us Government obligations or Federal Agency obligations. Obligations may be held directly or may be in the form of securities of Registered Investment Companies investing in such obligations. Trustees may also purchase shares of Registered Investment Companies which invest in Debt Securities of at least Investment Grade. Concentrations in any one issuer shall not exceed ten percent (10%) except in obligations of the US Government or Federal Agency obligations. Trustees may also invest in deposits of FDIC Insured Banks authorized to engage in a banking business in New Hampshire.
- **Equity Investments** should be either in securities of companies with a proven record of earnings growth, strong fundamentals, and reasonable valuations or, in shares of Registered Investment Companies with a proven record of successful investing and broad diversification of their holdings. Investment in an individual Equity Security should not exceed twenty percent (20%) of the Trustees Equity Investments because of price appreciation.
- **Public Deposit Investment Pool:** Participation Units of the Public Deposit Investment Pool established pursuant to New Hampshire RSA 383.22.

**Meeting to Review the Portfolio:**

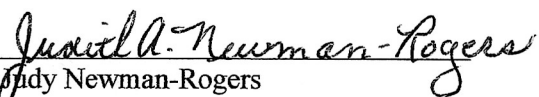
Trustees shall meet at least semi-annually to review the Investment Portfolio. At least one of those meetings shall include representatives of any outside Portfolio Manager who is managing a portion of the portfolio. New Hampshire Law requires that the Trustees review the Investment Policy at least annually and, if necessary, make appropriate changes. Trustees should discuss Investment Objectives, Asset Allocation, Performance,

Diversification, and general compliance with Guidelines in the Investment Policy. Performance results should also be reviewed at the meeting comparing the performance of the portfolio against applicable indices such as the Bloomberg Aggregate Bond Index and Standard and Poors 500 Index.

This Investment Policy was renewed on September 25, 2024 by the **Warner, NH Trustees of the Trust Funds:**

  
Robert Blake

  
Daniel Watts

  
Judy Newman-Rogers