

**Town of Jaffrey  
Trustees of Trust Funds  
10 Goodnow Street  
Jaffrey, NH 03452**

Minutes to the Meeting of October 18, 2012

Present: Gary P. Arceci, Trustee  
Frank Mieso, Trustee  
Rob Stephenson, Trustee  
Jack Griffiths, Charter Trust (Portfolio Review only)  
Kim Franklin, Charter Trust (Portfolio Review only)

Location: Charter Trust (Peterborough)

The meeting began with Mr. Mieso moving the minutes of the August 16<sup>th</sup> meeting be approved as written. Mr. Stephenson seconded the motion. The minutes were approved as written.

Mr. Griffiths presented a review of news and activity in the financial markets since the past meeting. Among the comments made were that fixed income investors are reaching for yield, and that the risk of a bond market shock is increasing. Bond market shocks usually result from increases in interest rates or declines in credit quality. As usual, the presentation contained a number of charts and graphs of economic indicators such as the Unemployment Rate, Consumer Confidence Indices, 30 Year Mortgage Rates & Fannie Mae Bond Yields and GDP Growth Rate.

Mr. Griffiths then presented the investment program for the Trustees to consider. The investment program was discussed and unanimously approved with one change recommended by Mr. Griffiths. Mr. Griffiths recommended that the sale of 200 shares of Kraft Foods, Inc. be deleted from the program. Mr. Griffiths explained that effective October 1, Kraft Foods, Inc. changed its name to Mondelez International, Inc.; and spun off the North American grocery business as the Kraft Foods Group. Holders of Kraft Foods, Inc. stock prior to October 1 would become holders of both companies, Mondelez International and Kraft Foods Group. Mr. Griffiths requested the sale be deleted and no further action be taken while performs a thorough analysis of both companies.

Following the approval of the investment program, Mr. Griffiths then discussed the upcoming maturity of the Boeing Company 1.875% bond. Whereas the scheduled maturity date of November 20, falls prior to our next regularly scheduled meeting in January, Mr. Griffiths recommended that the proceeds of the maturity be used to purchase shares in the Vanguard I-T Bond Fund #571. Mr. Arceci moved seconded by Mr. Stephenson that the principal from the Boeing maturity be used to purchase shares in the Vanguard I-T Investment Grade Bond Fund #571. The motion was carried unanimously.

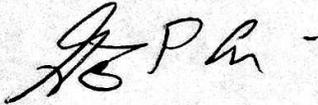
Following the approval of the investment of the proceeds from the Boeing bond maturity, Mr. Griffiths led a discussion of the strategy of investing approximately 10% (currently \$151,000) of Principal Portfolio's Taxable Fixed Income Funds into a series of high yield fixed income

mutual funds. Such funds offer higher yields than investment grade funds however there is increased credit risk. Upon considering the risk/rewards of investing in high yield bond funds, the Trustees unanimously approved the continuation of maintaining an investment grade fixed income portfolio.

Following the discussion of high yield funds, the trustees reviewed and discussed a letter from Susan Leach, the repair of cemetery headstones and the purchase of a shed for the Conant cemetery.

The next meeting is scheduled for 4:00pm on January 23, 2013 at the Peterborough office of Charter Trust.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'G P Arceci', with a horizontal line extending from the end of the signature.

Gary P. Arceci,  
Secretary

CHARTER TRUST COMPANY  
Investment Program  
0910910 - Town Of Jaffrey Inv. Adv.  
Manager ID: JACKG

Investment Goal: 00022 growth preferr Manager Investment Goal: 22  
Taxable: YES Discretionary: YES Tactical Weighting: 22 - Growth Preferred  
10/2/2012

APPROVED: *[Signature]*  
*[Signature]*  
*[Signature]*

DATE: 10-18-12

Order ID	Units	Symbol	Description	Units Remaining	Price	Approx. Cost Including AI	Approx. Income	Approx. Yield	Status
57601	25	apl	APPLE INC	250.00	\$639.3900	\$16,484.75	\$263.00	1.61	Unapp.
57609	125	d	DOMINION RESOURCES INC	1,100.00	\$52.8100	\$6,601.25	\$263.75	4.00	Unapp.
57589	1,300	dis	DISNEY WALT CO NEW	1,300.00	\$52.0700	\$67,691.00	\$780.00	1.15	Unapp.
57602	500	intc	INTEL CORP	3,750.00	\$22.7550	\$11,377.50	\$450.00	3.96	Unapp.
57591	200	low	LOWES COS INC	2,200.00	\$30.3100	\$6,668.20	\$128.00	2.11	Unapp.
57600	100	low	MCKESSON CORPORATION	800.00	\$85.9100	\$8,591.00	\$80.00	0.93	Unapp.
57610	25	next	NEXTERA ENERGY INC	825.00	\$70.1500	\$1,753.75	\$60.00	3.42	Unapp.
57611	125	so	SOUTHERN COMPANY	1,250.00	\$45.6700	\$5,708.75	\$245.00	4.29	Unapp.
57607	75	t	AT & T INC	1,700.00	\$37.7500	\$2,811.25	\$132.00	4.66	Unapp.
57588	5,000,000	vfidx	VANGUARD I - T INVEST GRADE ADM #571	15,759.28	\$10.4700	\$52,350.00	\$2,020.00	3.86	Unapp.
57608	50	vz	VERIZON COMMUNICATIONS	1,400.00	\$45.8100	\$2,290.50	\$103.00	4.50	Unapp.
57599	1,000	xlf	SPDR - FINANCIAL SECTOR	5,800.00	\$15.6600	\$15,660.00	\$264.00	1.69	Unapp.

Total Pending Purchases(System Currency): \$197,401.75 \$4,790.75

Order ID	Units	Symbol	Description	Units Remaining	Price	Approx. Proceeds Including AI	Approx. Income	Approx. Yield	Approx. Cost Basis	Approx. Short Term Gain/Loss	Approx. Long Term Gain/Loss	Approx. Total Gain	Status
57603	300	emr	ISHARES MSCI EMERGING MKTS INDEX FUND	1,100.00	\$41.7400	\$12,522.00	\$244.50	1.93	\$14,822.94	\$0.00	\$-2,300.94	\$-2,300.94	Unapp.
57604	300	emr	ISHARES MSCI EMERGING MKTS INDEX FUND	900.00	\$53.4300	\$16,029.00	\$515.40	3.22	\$17,634.64	\$0.00	\$-1,605.64	\$-1,605.64	Unapp.
57606	300	emr	ISHARES MSCI EMERGING MKTS INDEX FUND	1,000.00	\$45.0003	\$13,500.09	\$555.00	4.11	\$14,666.82	\$0.00	\$-1,166.73	\$-1,166.73	Unapp.
57603	200	emr	ISHARES MSCI EMERGING MKTS INDEX FUND	1,300.00	\$34.9400	\$10,482.00	\$279.00	2.66	\$13,655.94	\$0.00	\$-3,173.94	\$-3,173.94	Unapp.
57593	100	emr	GENERAL MILS INC	1,200.00	\$39.9700	\$3,997.00	\$132.00	3.30	\$3,644.96	\$0.00	\$352.04	\$352.04	Unapp.
57590	2,000	emr	JOHNSON CONTROLS INC	0.00	\$27.6500	\$5,300.00	\$1,440.00	2.60	\$65,279.80	\$-9,979.80	\$0.00	\$-9,979.80	Unapp.
57593	200	emr	HERSHEY FOODS INC	1,165.00	\$42.5200	\$49,164.00	\$255.00	2.73	\$7,999.96	\$0.00	\$1,404.04	\$1,404.04	Unapp.
57594	125	emr	KIMBERLY CLARK CORP	550.00	\$86.4300	\$10,803.75	\$370.00	3.42	\$7,135.59	\$0.00	\$3,668.16	\$3,668.16	Unapp.
57594	83	emr	PEPSICO INC	675.00	\$70.6500	\$6,403.25	\$182.75	3.04	\$5,402.58	\$0.00	\$602.67	\$602.67	Unapp.
57597	65	emr	PROCTER & GAMBLE CO	685.00	\$69.4500	\$4,314.25	\$146.12	3.24	\$4,005.94	\$0.00	\$508.31	\$508.31	Unapp.
57592	150	emr	TARGET CORP	1,050.00	\$62.9900	\$9,448.50	\$216.00	2.29	\$8,210.60	\$0.00	\$1,237.90	\$1,237.90	Unapp.
57598	150	emr	WAL-MART STORES INC.	635.00	\$74.0500	\$14,069.50	\$302.10	2.15	\$10,199.91	\$0.00	\$3,909.59	\$3,909.59	Unapp.

Total Pending Sales(System Currency): \$165,175.34 \$4,614.87  
Net Change(System Currency): \$-32,226.41 \$175.88

Fiscal Year-To-Date Gain/Loss Summary (System Currency):	Short Term	Long Term	Total
Program Gain/Loss Proposed:	\$-9,979.80	\$3,435.46	\$-6,544.34
Current Fiscal YTD Gain/Loss:	\$3,316.92	\$136,151.73	\$139,468.65
Net YTD Gain/Loss:	\$-6,662.88	\$139,587.19	\$132,924.31

**Town of Jaffrey  
Trustees of Trust Funds  
Investment Review**

**October 18, 2012**

**Jack Griffiths**

**Kim Franklin**

Reinvest \$50k Baerling <sup>1.875%  
Bond</sup> #120112 with Raymond F 1-T Bond Fund # 571  
at maturity.

Dea L. Leland

St. A.  
Whitely, Jr.

10-18-12

10/16/12

10/18/12