Public Record

Investment Committee

Monday, December 18, 2017

Present: Norm Nicholson (Chair), Stan Cohen, Ted Gibbons, Tim Creem (by phone)

Also: Bob McHatton (Selectman), and Kurt Garascia & Mary Leavitt representing Norway Asset Management.

The meeting was called to order at 4:00 PM.

Kurt reviewed the portfolios. Performance has been good in the current Fiscal Year with all three accounts showing gains above their composite index returns. It was a period of strong equity gains partially offset by negligible returns in the bond market. Total account performance for the period were 4.77% (Bridgton Trust Funds), 4.80% (Moose Pond Trust Fund) and 6.07% (Park Forest Trust Fund). The Park Forest Trust did particularly well due primarily to a higher equity ratio. With no near term need for withdrawals this Trust is run a little more aggressively than the other two.

Kurt is comfortable with the 60%/40% target diversification. We should expect some additions in international equity in 2018, principally in the emerging markets.

It was suggested that in future presentations , a summary of purchases and sales since the last meeting would be helpful.

There followed a brief discussion on the returns anticipated from the accounts over the longer term and the appropriateness of the current withdrawal rate of 4%. When the Committee discussed this question in September 2016, it looked at a Morgan Stanley forecast which projected a return of about 4% from a 60% Equity, 40% Fixed income portfolio and a Norway Asset Management projection which forecast a 4.8% long term return. Since that time the stock market has been very strong, up over 20%, largely due to higher valuations. The withdrawal rate, designed to equal the long term portfolio return less the rate of inflation, would seem high at 4%. It was pointed out that there would only be a modest decline in available funds if a lowering in the rate was made in a period of a strong stock market such as the present. In other words the timing of such an action might never be better. There was no vote taken since only three members of the Committee were present. A short meeting in January on this topic will be considered.

There being no further business the meeting was adjourned at 5:22 PM

Recorder: Norman Nicholson