DRAFT Public Record

Investment Committee

Friday June 8, 2018

Present: Norm Nicholson (Chair), Skip Sullivan, Stan Cohen, Ted Gibbons, Tim Creem

Also: Bob Peabody (Town Manager), Charisse Keach (Finance Officer) and (by phone) representing Norway Asset Management Kurt Garascia & Mary Leavitt

The meeting was called to order at 9:05 AM. The Committee first reviewed the material provided by Norway Asset Management on a Quarterly basis and prior to regular meetings. For Quarterly material it was agreed that performance data would be helpful in addition to the financial reports. For meetings the latest asset reports together with performance data are E-Mailed to the Committee 3 or 4 business days prior to the meeting. This works well. Other information that would be helpful, in addition to the sector diversification, which is currently provided, is a summary of purchases and sales since the last meeting. It was also requested that date of purchase information be provided.

Kurt Garascia and May Leavitt then joined the meeting by phone. Kurt reviewed the portfolios. The equity allocation has been increased since year end in both the Bridgton Trust Funds (from 56.8% to 62.1%) and the Moose Pond Land Fund (from 59.7% to 66..1%). The Park Forest Fund which is more aggressively managed due to no expectations of withdrawals in the foreseeable future, held its equity commitment at about 67.5%. Norway remains constructive on the market. They see no problems with the economy. Kurt did indicate that the increase in equity ratios was primarily because of more comfort in purchasing some individual names (Google and Allergan as examples) not that they had become more bullish on the market since the December meeting.

Sector diversification vs the S & P 500 was reviewed. Energy, Financial and Health Care are overweighted with underweights in Consumer Discretionary, Consumer Staples and Industrials. Technology at 26.6% remains the largest sector in line with the S & P 500 (25.9%). Kurt commented that if Norway became concerned with the economic outlook, they would look to reduce Financials and Technology, while leaving Health Care at an overweight.

Performance of the portfolios was then reviewed. For the Fiscal year to date (6/30/17-4/30/18) the Accounts underperformed their Benchmarks (Moose Pond +3.56% vs composite index 5.97%; Bridgton Trust Funds 3.81% vs 5.66%; and Park Forest Fund 5.20% vs 6.85%). Over the longer term (6/30/15-4/30/18) performance was closer to Benchmarks (Moose Pond 5.40% vs 7.09%; Bridgton Trust Funds 5.55% vs 6.95% ; Park Forest Fund 6.44% vs 7.89%). Kurt commented that given their investment approach, portfolios would tend to underperform in strong markets and outperform in weak markets. We have been in a bull market since Norway assumed management of the portfolios.

The Committee reviewed with Kurt and Mary the earlier discussion on the information the Committee would like to see from Norway.

Charisse then reported on the withdrawals from the two Funds that will be recommended at the Town meeting next Wednesday: Bridgton Trust Funds $46,598 and Moose Pond Land Fund $62,075. These amounts will be drawn from the Funds in early July. The Committee then thanked Kurt and Mary for their presentation and they left the Meeting.

There was then a brief discussion on the withdrawal rate and whether a recommendation should be made to the Selectmen to reduce the current 4% rate. This will be on the Agenda for discussion at the next meeting scheduled for late September.

There being no further business, the meeting was adjourned at 10:35 A M.

Recorder: Norman Nicholson