

Public Record
Investment Committee
Wednesday, October 16, 2019

Present: Norm Nicholson (Chair), Skip Sullivan, Ted Gibbons, Tom Chandel: representing Norway Asset Management, Kurt Garascia, Mary Leavitt.

The Meeting was called to order at 9:02AM

Thanks were first expressed to Stan Cohen, who has retired from the Investment Committee after many years of dedicated service and wise counsel. We will miss him.

The five year performance results under the management of Norway were then reviewed. In the minutes of October, 2013, the year Norway Asset Management was retained, it was stated that "the overall goal for performance would be to meet or exceed the consumer price index (CPI) plus the 4% withdrawal rate over a mid to long term time horizon". Over the last five years the CPI has averaged gains of approximately 1.7%. Total return performance (net of fees) over the 5 year period to September 30, 2019 has been 6.36% (Park Forest Fund), 5.92% (Moose Pond) and 5.96% Town of Bridgton Trusts). Thus, while performance has lagged the Benchmark over this period (7.5%) it has met the overall goal.

Kurt Garascia and Mary Leavitt then joined the meeting. Kurt reviewed the portfolios. The weighting of foreign equities (9% of total portfolio) continues to be about 50% over the benchmark but still less than many money managers. These stocks look attractive on a valuation basis. There were also questions on the overweighting of the energy sector.

There was considerable discussion on the outlook for interest rates. What are the implications on the equity markets of further rate declines (another cut by the Fed appears probable) and more importantly the possibility of a protracted period of low interest rates? This latter scenario is one they are looking at. As an example, Norway is considering addition of a utility equity, a sector they have not favored in the past. These stocks offer above average and relatively secure dividends.

Lastly there was comment on performance in the first quarter of the new fiscal year. This was in line with the Benchmark. There being no further questions, Kurt and Mary were thanked and left the meeting.

Several items were then discussed. While no change in managers is contemplated at the current time, the Committee would like to have a better understanding of the State of Maine requirements for both management and custody of Municipal Trust Funds. Ted agreed to draft a letter to Town Counsel to clarify questions we might have. Lastly, with Stan Cohen's resignation, there is need for additional members. All should be alert for good candidates.

There being no further business the meeting was adjourned at 10:40 AM.

Recorder: Norman Nicholson