

Public Record
Investment Committee Meeting
Wednesday May 18, 2022

Present: Norm Nicholson (Chair), Ted Gibbons, Tom Chandel, Roseana Richards, Tim Creem, Bridgette Fuller; Also: Holly Heyman (Finance Director, Town of Bridgton), and Kurt Garascia & Mary Leavitt, Norway Asset Management.

The Meeting was called to order at 9:10 AM

Kurt Garascia reviewed the outlook and the Town of Bridgton portfolios. This has been an interesting and challenging year. Norway looks at the World in terms of three pillars. Europe, which is currently impacted by the Ukraine war, China where a virtual shut-down due to Covid is causing significant problems and the United States which is probably in the best position of the three. Their base case anticipates resolutions to Covid (China) and Ukraine (Europe). International equity exposure is currently at 6% in line with the Benchmark.

A major question in this country is the success of the Federal Reserve in lowering inflation through interest rate increases and balance sheet reduction. Norway believes the Fed will ease up on their program once they see inflation in a declining trend if the impact on the economy is too severe. There could well be a technical recession but Norway does not expect it to be a long or deep one. They have modestly reduced equities but believe they should continue to be overweighted vs the 60% Benchmark. Equities are currently at 69% in the Moose Pond (Market Value (5/17/22) \$1,847,522) and Bridgton Trusts (\$1,434,636) and 73% in Park Forest (\$110,705).

Kurt reviewed the equity holdings in the Bridgton and Moose Pond portfolios. Energy, overweighted vs the S & P (10.3% vs 4.5%), has been the best performing sector by far over the past year. Norway feels it is still an attractive area on a near term basis. Information Technology is the largest sector with a 31% weighting vs the S & P 26.7%. They continue to favor this area.

In fixed income, Norway has emphasized individual corporate names with relatively short maturities. The ETF's, primarily the Vanguard Intermediate term, were modestly reduced in March and May.

The Moose Pond and Bridgton portfolios underperformed their Benchmark over the past year (-3.3% vs +1.7%) primarily due to the equity overweighting in comparison with the Benchmark.

The distributions from the two Accounts for FY 2023, to be taken in July, are Moose Pond \$53,637 and Bridgton Trusts \$41,551.

Following some further discussion of the portfolios and the appropriateness of the target 60/40 equity, fixed income mix, Kurt and Mary left the meeting with the thanks of the Committee.

Discussion on the Investment Policy and the benchmark continued. A suggestion was made to eliminate the following from the Policy under Asset Allocations-“ The long term target allocation for the overall portfolio in each specific Trust Fund shall be 60% equities: 40% fixed income”. Some felt that this limited the flexibility of the investment manager. While there is a need to focus on the Investment Policy and in

turn the Benchmark, the Committee agreed that with many near term uncertainties (inflation, future level of interest rates, Ukraine, Global trade to mention a few) this would be a difficult time to formulate a new long term policy. On motion of Tom Chandel and second by Ted Gibbons it was agreed to take no action at this time.

The next meeting is scheduled for Wednesday, September 21, 2022 at 9:00 AM

There being no further business, the meeting was adjourned at 11:06 AM

Recorder: Norman Nicholson