



First National
WEALTH MANAGEMENT

RESPONSIBILITY FIRST

**Prepared for
Town of Belgrade**

**Presented by
First National Wealth Management
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Matthew J. Weaver, CTFA
SVP, Chief Investment Officer
P.O. Box 940
Damariscotta, ME 04543
866.563.1900 ext. 5042 Fax 207.563.1910
matthew.weaver@thefirst.com

Nazrin Dixon
VP, Business Development Officer
145 Exchange Str
Bangor, ME 04401
866.563.1900 ext. 4125
Nazrin.Dixon@thefirst.com

Laura A. Comer, CISP
Relationship Manager
P.O. Box 940
Damariscotta, ME 04543
207.563.2870 | fax207.563.1910
laura.comer@thefirst.com

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A. Organizational Summary

First National Wealth Management is the Trust and Investment Management Division of First National Bank and has been in the trust and investment management business for more than one hundred and forty years.

Founded in 1864 and headquartered in Damariscotta, Maine, First National Bank is an independent community bank serving the Midcoast, Downeast and Greater Bangor regions with eighteen offices in Lincoln, Knox, Waldo, Hancock, Washington and Penobscot Counties. Incorporated in Maine, *The First Bancorp Inc.* is the holding company for First National Bank. First National Bank has assets in excess of \$2.5 billion and provides a full range of consumer and commercial banking products and services. First National Bank is the fourth largest banking institution headquartered in Maine.

First National Wealth Management is a wealth management team comprised of 17 professionals providing investment advisory and trust services for \$1.2 billion of client and custody assets from offices in Bangor, Bar Harbor, Ellsworth, Rockland and Damariscotta. First National Wealth Management is the second largest trust department headquartered in Maine and currently manages 38 municipal and 85 non-profit client accounts.

First National Wealth Management is upheld to the highest of standards. We are regulated by the Office of the Comptroller of the Currency (OCC) and considered a fiduciary in our pursuit to continuously place client interests above our own. In addition, FNWM is afforded 5 million dollars of errors and omissions and 5 million dollars of fiduciary liability insurance through Travelers Insurance. FNWM has no past or present litigation or regulatory actions against the firm.

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B. Biographical Information



Matthew Weaver
SVP, Chief Investment Officer

Matt started his career as an Account Representative at the Boston Group LP in 1995. He later worked for First Data Inc. & PFPC fund services as a Senior Mutual Fund Accountant. He joined First National Wealth Management in November of 2000 as Operations Supervisor. In 2007, Matt was promoted to Assistant Investment Officer and assumed responsibility for performance reporting and portfolio management. As the Chief Investment Officer, his responsibilities include serving on the First National Wealth Management Investment Committee and managing the portfolios of individuals, trusts, and non-profit foundations.

Matt earned a Bachelor of Science degree in Finance from the University of Maine. Matt enjoys volunteering his time with several local non-profits and coaching youth sports in the Mid-Coast area. Matt and his family live in Nobleboro.



Nazrin Dixon
VP, Business Development Officer, & FNIS Program Manager

Nazrin Dixon joined First National Wealth Management with the opening of First National Bank's Bangor branch in 2013. Nazrin brought seven years of retail banking experience to her new role. Prior to joining First National Wealth Management, Nazrin worked as a Branch Manager in the Key Bank system, overseeing the Skowhegan, Waterville and Newport locations during her time at Key Bank.

Nazrin has a bachelor's degree from Colorado College and enjoys volunteering in the Greater Bangor community. Nazrin and her family live in Bangor.



Laura Comer
Relationship Manager

Laura joined First National Wealth Management in March of 2012. She has an investment services and banking career that spans over 25 years. She has held numerous positions with wealth management, consumer and commercial areas of finance. Before joining First National Wealth Management, she was with Camden National Bank for over nine years. Prior to this, Laura spent 17 years with Fleet Bank



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both in Maine and New Hampshire. There, she was an Associate Relationship Manager in the Private Clients Group, the bank's investment management, trust and private bank area.

Laura is a 1993 graduate of the University of New Hampshire-Manchester, with an Associates of Science degree in Business Administration. She has attended programs at the Cannon Trust School and the New England School of Banking at Williams College.

Laura participates in Teach Children to Save and Junior Achievement programs. She is the past treasurer of the Damariscotta Region's Salvation Army Unit. Laura and her family reside in Jefferson.

C. Investment Philosophy and Process

Our investment process pays particular attention to risk, and the different ways we manage it for our clients. First, we review risk at the account level. Portfolio management research has demonstrated that the asset allocation decision (how much is held in each asset class of cash, bonds, or stocks) explains over 90% of returns. In other words, success is not primarily about picking the right securities but about being invested in the right markets. Our investment professionals help you establish the proper asset-allocation. This allows you to balance your growth and income needs to meet your goals, as well as to have the discipline to remain on track during those inevitable periods of market volatility.

Next, we manage risk at the asset level. To make sure we are in the right markets, we invest in a variety of assets including managed mutual funds, individual securities and exchange-traded funds (ETFs). This is an efficient and cost-effective way to invest in a broadly diversified portfolio which includes large, mid and small cap, international and emerging market equities, and government, corporate, and inflation-protected bonds. This structure allows for reducing risk while taking advantage of the superior growth potential of these markets.

Many advisors have made the mistake of investing in past winners such as technology in the late 90's, large cap value after the subsequent "tech wreck" of the early 2000's, real estate, emerging markets or commodities in more recent years. First National Wealth Management, however, has a forward looking philosophy of staying diversified in all sectors of domestic and international markets. Investing in these broader markets with a balanced and diversified approach provides a much smoother ride through an uncertain future to help our clients stay on track and meet long-term goals.



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Managing risk does not just mean managing the portfolio during downturns. It also means capturing all of the market returns during rallies. Our experience, along with industry research, has convinced us that it is extremely difficult to consistently time the market. Thus, after setting an asset allocation target, we will generally keep the portfolio fully invested at all times. It doesn't mean we won't make changes. We will systematically rebalance the portfolio, which has a proven track record for lowering risk, but we will not get in and out of the market on a wholesale basis.

In order to restore the original asset allocation and risk tolerance, the allocation mix will be rebalanced on at least an annual basis. This process entails trimming asset classes that have performed well and buying asset classes that are out of favor. The cash allocation will be between 2% and 7% of the total market value of the portfolio and these percentages may vary depending on cash flow needs and as market conditions change. The current yield on the First National Wealth Management Money Market fund is 4.98%.

Recommended Investment Strategy for the Town of Belgrade

The Town of Belgrade's Trust and Reserve funds would be invested using a hybrid strategy of both low-cost Exchange Traded Funds, Mutual Funds, and Individual Equities. It is the belief of First National Wealth Management that Municipal Funds should be well diversified with exposure to all major markets. We will invest in low-cost Exchange Traded Funds and Managed Mutual Funds within the Emerging Markets, Mid-Cap domestic, Small-Cap domestic, and international markets. Fixed Income exposure would be well diversified using short-term low-cost Vanguard funds and individual bonds or CD's. This strategy has provided our clients with above-average returns over the last 1,3, and 5-year periods (see performance data below). In the last five years, our above-average performance and low-risk strategy has made First National Wealth Management the first choice for many municipalities. In fact, the following towns have moved their Trust and Reserve funds to FNWM since 2018:

Town of Warren, Town of Hope, Town of St. George, Town of Orono, Town of Fairfield, Town of Dover-Foxcroft, Town of Rockport, City of Waterville, Town of Hampden, Town of Chelsea, as well as many high-profile non-profit organizations.

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Performance

First National Wealth Management										
Model Performance - YTD, 1 year, 3 year, 5 year, 7 year										
May 31, 2023										
	YTD	Benchmark	1 Year Return	Benchmark	3 Year Return	Benchmark	5 Year Return	Benchmark	7 Year Return	Benchmark
Aggressive	4.92%	5.44%	-1.14%	-0.02%	11.09%	9.58%	7.65%	6.18%	10.37%	8.64%
Long-Term Growth	4.57%	4.84%	-0.83%	-0.02%	8.35%	7.09%	6.32%	5.15%	8.55%	7.05%
Growth-Income	4.18%	4.30%	-0.76%	-0.12%	6.21%	5.07%	5.10%	4.25%	7.02%	5.76%
Balanced	3.81%	3.92%	-0.94%	-0.18%	4.75%	3.94%	4.27%	3.71%	5.87%	4.85%
Income-Growth	3.52%	3.65%	-0.91%	-0.22%	3.55%	2.73%	3.69%	3.23%	5.06%	4.14%
Income	3.18%	3.03%	-0.84%	-0.39%	0.77%	0.34%	2.14%	2.18%	2.95%	2.52%
All Fixed Income	2.76%	2.43%	-0.89%	-0.38%	-1.72%	-1.86%	0.97%	1.33%	1.18%	1.06%

Benchmark is an allocation weighted average of S&P 500, S&P 400 Mid Cap, Russell 2000, MSCI EAFE, MSCI Emerging Markets, Barclays Intermediate G/C, and 90 Day T-bill

**** FNWM model return data is gross of management fees. ****

Our asset allocation for each model:

- Aggressive Allocation: 100% equities
- Long-Term Growth Allocation: 76% equities, 24% fixed income
- Growth with Income Allocation: 60% equities, 40% fixed income
- Balanced Allocation: 50% equities, 50% fixed income
- Income with Growth Allocation: 40% equities, 60% fixed income
- Income Allocation: 20% equities, 80% fixed income
- All-Fixed Income Allocation: 100% fixed income

D. Customer Service Philosophy

First National Wealth Management strives to offer superior integrated wealth management, trust services and financial planning for a reasonable cost to individuals, non-profits and municipalities. At First National Wealth Management, client accounts are serviced by a team of professionals, including both a Portfolio Manager and a Relationship Manager. Your team of Advisors is happy to assist you at any time. The Portfolio Managers are devoted to investment management, oversight of the portfolio, and creating sub-accounting reports. The Relationship Managers are devoted to the administration of the account, client reporting, movement of funds, compliance and oversight. Account officers work as a team to build and maintain portfolios in order to meet client goals. Our team members are happy to attend Board meetings to discuss our services, review account performance, and address any other questions the Board may have. We are also happy to review the Town of Belgrade's Investment Policy and suggest changes and enhancements.



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The First National Wealth Management six-member investment committee meets on a bi-weekly basis to review all accounts, review macro-economic conditions, make tactical adjustments to the portfolios as needed and review performance of the models and accounts. In addition, Portfolio Managers constantly monitor accounts and holdings to ensure account asset allocations remain within their respective tolerance levels. Portfolio Managers also perform account level reviews annually with the Investment Committee in which each account is evaluated to ensure it is compliant with client objectives and our investment philosophy.

E. Communication and Reporting

First National Wealth Management will provide frequent investment performance reviews and meet with your Investment Committee and/or Select Board on a regular basis. The frequency of the meetings is at the Committee's discretion. The agenda for a typical meeting usually includes the following items:

- An overview of current economic conditions and markets
- A review of the portfolio's recent performance and a comparison against benchmarks
- A discussion regarding potential asset allocation changes or a revision of the investment strategy in order to meet changes in client needs or current market conditions.

Statements are available on a monthly or quarterly basis. In addition, clients may request access to their information through WebLink, our online reporting site, at www.thefirst.com/wealth-management/first-national-wealth-management. A sample statement has been included at the end of this proposal. First National Wealth Management can provide sub-accounting reports on a monthly or quarterly basis depending on the needs of the town. A sample sub-accounting report is included in the package.

Client accounts are serviced by two account officers, the Portfolio Manager, and the Relationship Manager. Both are happy to assist clients at any time. The Portfolio Manager is devoted to investment management, oversight of the portfolio and creating sub-accounting reports. The Relationship Manager is devoted to administrative details such as scheduling meetings, client reporting, movement of funds and ensuring compliance. Account officers work as a team to build and maintain portfolios to meet client goals. **Town of Belgrade's accounts will be administered out of our Damariscotta Office with Laura Comer as a Relationship Manager and Matthew Weaver as a Portfolio Manager.**



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F. Fees

Our standard non-profit fee schedule is .75% (75 bps) of assets for actively managed portfolios under \$1 million. However, depending on account size, we may provide fee concessions to ensure competitiveness. We would like to offer a very competitive fee of **.65%** to the Town of Belgrade. We have negotiated a 3 cent per share commission with our custodian partner Fidelity. This fee is passed on to the broker.

The Management fee includes all services, such as full management of the assets, regular consultation, client statements and tax reporting. Custody and safekeeping are also included in our services. Management fees are based on the average daily market value of the account and charged on a pro-rata monthly basis.

Choosing First National Wealth Management

First National Wealth Management, along with First National Bank, differentiates itself from the competition in several ways.

- We are proud of the fact that we have not lost a municipal client in over 13 years.
- We are dedicated and committed to local communities.
- We provide financial support to many community organizations. In 2019 alone, FNB donated over \$600,000 to non-profit organizations in the form of donations or sponsorships. Outside of the organization, employees raised over \$25,000 for several causes.
- Our ability to build and foster long-lasting relationships with clients is unique and unmatched.
- Clients benefit from First National Wealth Management's successful investment process and performance.
- First National Wealth Management's proven format minimizes risk by providing clients with a cost-effective way to maximize the greatest asset potential and invest with confidence.
- With almost 200 years of combined experience, the experience and distinguished credentials of our staff are unrivaled by any Trust Department.



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G. References

Town of Lincolnville

David Kinney, Town Administrator
tadmin@town.lincolnville.me.us
207-763-3555

Town of Fairfield

Michelle Flewelling, Town Manager
mflewelling@fairfieldme.com
207-453-7911 x101

Town of Hampden

Dave Johnson, Deputy Treasurer
david@hampdenmaine.com
207-862-8183