



Investment Review

AS OF DECEMBER 31, 2017

PREPARED FOR

Town of Kennebunkport

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Daniel M. Lay, Esq.
PORTFOLIO MANAGER

Molly C. Reinfried, CFP®
RELATIONSHIP MANAGER

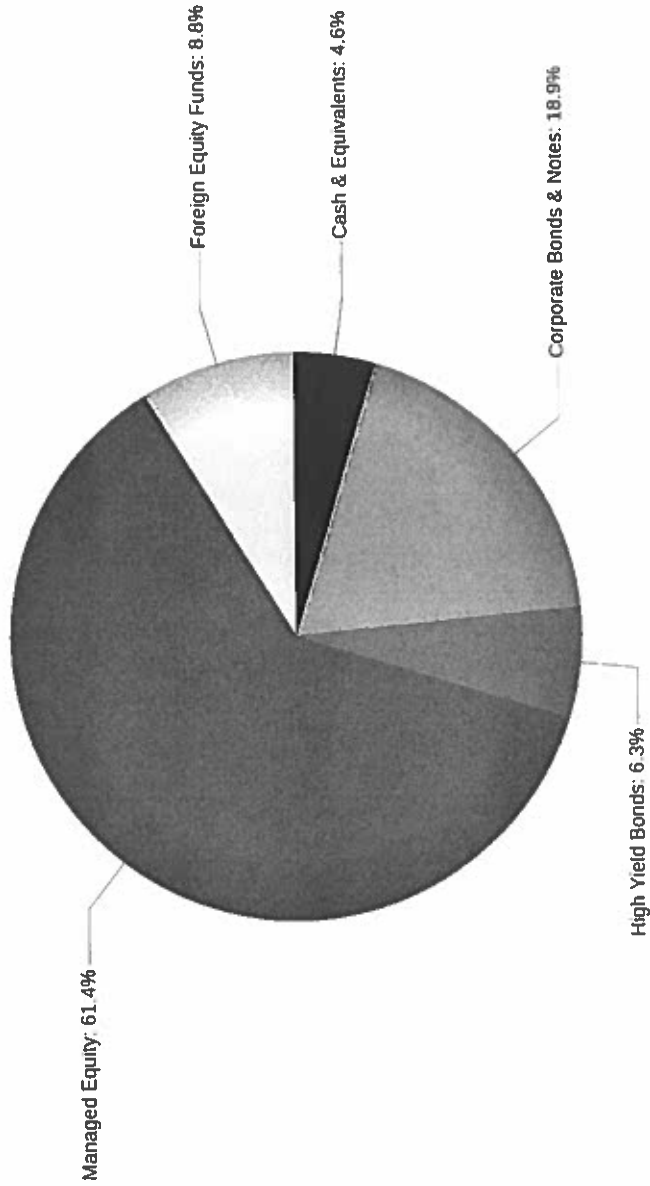
Jenny Lynd Robinson
INVESTMENT ASSISTANT

Town of Kennebunkport Portfolio Composition

Trust	Market Value 12/31/2017	Beneficiaries
Kittredge Trust	\$786,296.54	Vehicles for fire companies (per trust %)
Macomber Trust	\$0.00	Support public health nurse
Picavet Trust	\$529,007.39	½ Police Department equipment ½ Equipment and supplies for Public Health and Nursing Service

Asset Allocation by Account

TOWN OF KENNEBUNKPORT



Style Class	
Cash & Equivalents	
Corporate Bonds & Notes	
High Yield Bonds	
Managed Equity	
Foreign Equity Funds	
Total	

Current Value	Current Percent
\$60,193	4.6%
\$248,640	18.9%
\$82,680	6.3%
\$807,745	61.4%
\$116,100	8.8%
\$1,315,358	100.0%

As of December 31, 2017

Account Activity Summary

Fiscal YTD beginning 7/1
\$1,220,165

Start Value	
Dividend Income	\$15,057
Interest Income	\$0
Net Contribution	\$0
Management Fees	(\$4,637)
Other Expenses	(\$29)
Change in Value of Securities Held	\$84,254
Change in Value of Securities Sold	\$548
Ending Value	\$1,315,358

As of December 31, 2017

Individual Account Gross Performance

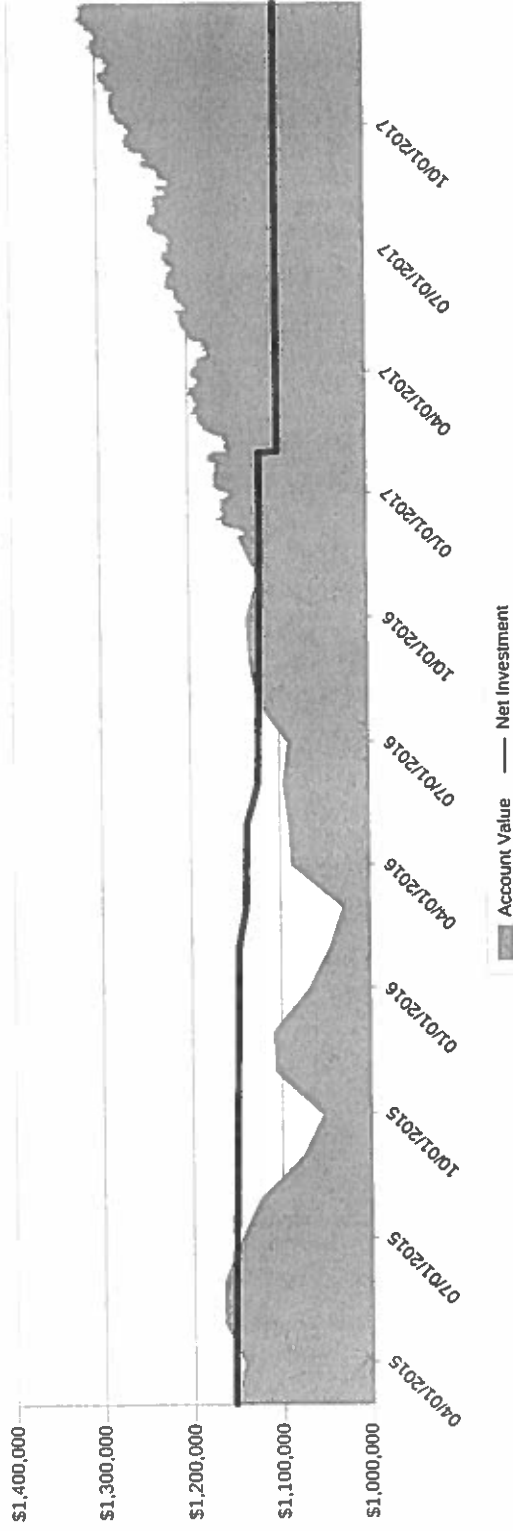
TOWN OF KENNEBUNKPORT

	Value	Weight	Fiscal YTD beginning 7/1 Gross Return	Previous 12 Months Gross Return	Inception to Date (02/28/2015) Gross Return
Cash & Equiv	\$60,193	4.6%	0.7%	1.0%	0.4%
Fixed Income	\$331,320	25.2%	0.7%	2.5%	* 1.9%
Equity	\$923,845	70.2%	11.8%	24.2%	9.7%
75% S&P 500, 25% ACWI ex-US			11.4%	23.2%	10.0%
Total	\$1,315,358	100.0%	8.2%	16.8%	6.9%

* Partial period return
Returns for periods exceeding 12 months are annualized

As of December 31, 2017

Account Value vs. Net Investment



Inception to Date
(02/28/2015)

	\$1,154,444
	(\$54,670)
	\$215,583
	\$1,315,358

Fiscal YTD beginning 7/1

	\$1,220,165
	\$0
	\$95,193
	\$1,315,358

Start Value	
Net Contribution	
Investment Gain/Loss	
Ending Value	

Town of Kennebunkport Income Review as of 12/31/2017

	2015		2016		2017	Since Inception through 9/30/17	
Kittredge Trust	\$	12,021.77	\$	16,483.10	\$16,381.87	\$	44,886.74
Macomber Trust	\$	100.18	\$	137.80	\$8.10	\$	246.08
Picavet Trust	\$	7,914.33	\$	10,886.23	\$11,005.34	\$	29,805.91
TOTAL	\$	20,036.29	\$	27,507.13	\$27,395.31	\$	74,938.73

TOWN OF KENNEBUNKPORT (5990438786, Endowment)

Holdings as of: December 29, 2017

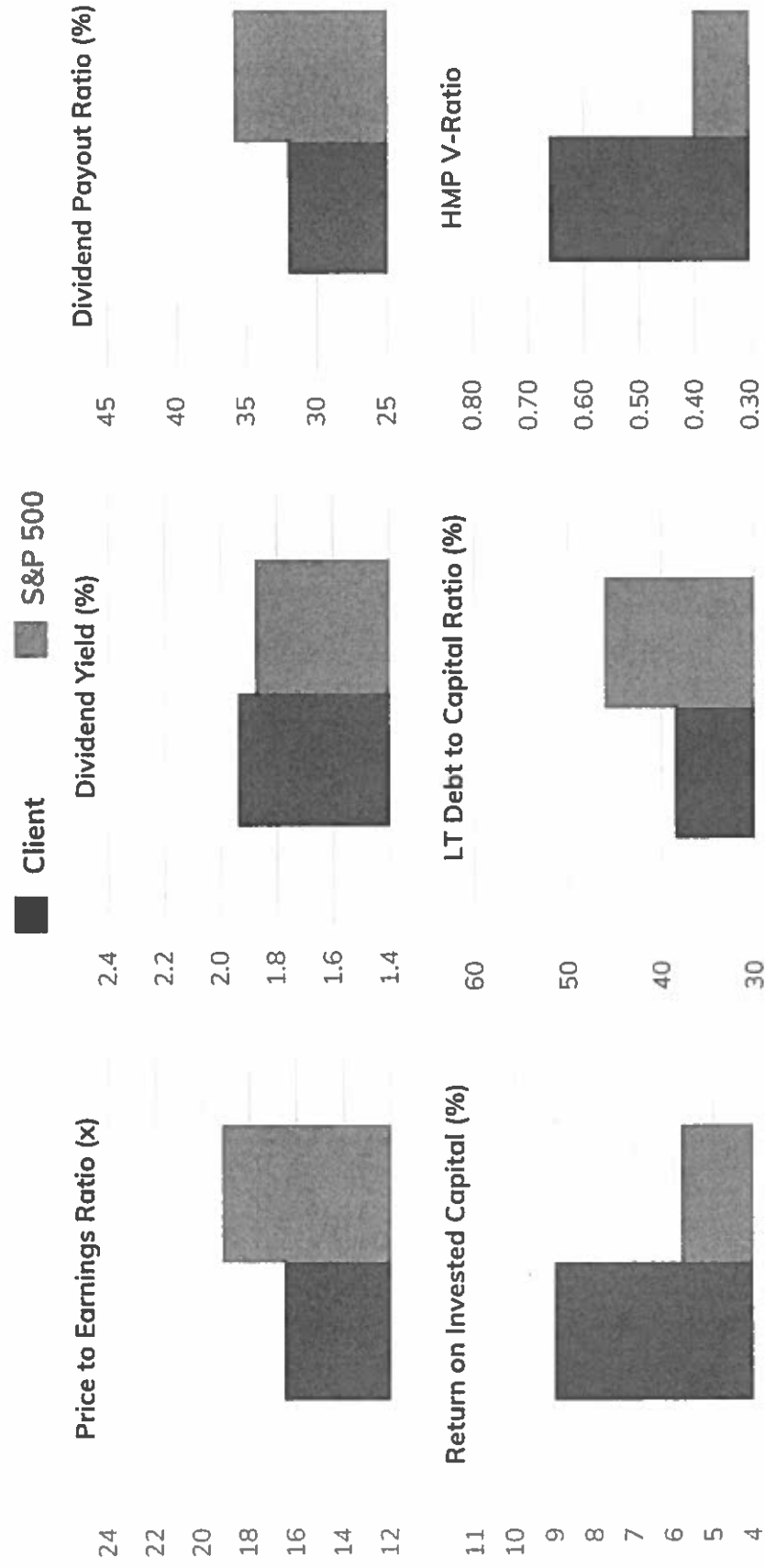
$$V\text{-Ratio} = \frac{ROIC + \text{Dividend Yield}}{\text{Price-to-Earnings Ratio}}$$

Characteristics Summary	Client	S&P 500
Price to Earnings (x)	16.5	19.1
Dividend Yield (%)	1.9	1.9
Payout Ratio (%)	32	36
Return on Invested Capital (%)	9.0	5.8
Long term Debt to Capital (%)	39	46
V-Ratio	0.66	0.40

$$ROIC = \frac{\text{Earnings} - \text{Dividends}}{\text{Total Capital}}$$

Consistently profitable companies with shareholder-friendly capital allocation tend to outperform over time. We believe that portfolios constructed around these characteristics, combined with a disciplined approach toward valuation, offer enhanced potential long-term returns. HM Payson's V-Ratio captures these features by weighing an approximation of quality against a measure of price.

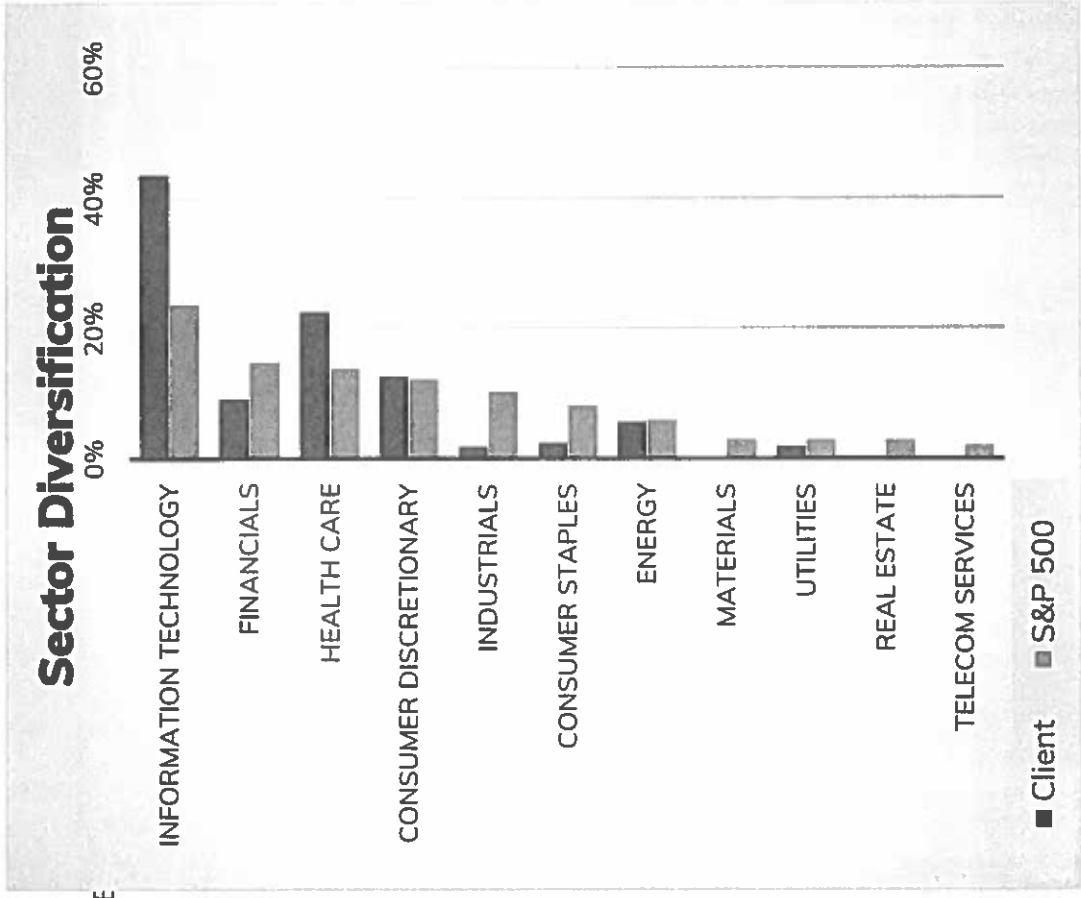
Excluded securities: Delphi Technologies Plc Shs



TOWN OF KENNEBUNKPORT (5990438786, Endowment)

Holdings as of: December 29, 2017

Excluded securities: Delphi Technologies Plc Shs



Sector	Client	S&P 500	+/-
Information Technology	43.6%	23.8%	+19.9%
Financials	9.2%	14.8%	-5.6%
Health Care	22.5%	13.8%	+8.7%
Consumer Discretionary	12.6%	12.2%	+0.4%
Industrials	1.9%	10.3%	-8.4%
Consumer Staples	2.5%	8.2%	-5.7%
Energy	5.7%	6.1%	-0.4%
Materials	0.0%	3.0%	-3.0%
Utilities	1.9%	2.9%	-1.0%
Real Estate	0.0%	2.9%	-2.9%
Telecom Services	0.0%	2.1%	-2.1%

TOWN OF KENNEBUNKPORT (5990438786, Endowment)

Holdings as of: December 29, 2017

Stock Characteristics - 10 Largest Holdings

Company	Sector	Weight	Yield	Payout	5 Yr Div Growth	5 Yr EPS Growth	P/E	ROIC	LT Debt to Capital
Phillips 66 Com	Energy	5.7%	2.8%	50.5%	NM	-17.0%	18.2	4.4%	29.7%
QUALCOMM Inc	Information Technology	5.4%	3.6%	62.9%	18.8%	-10.2%	17.7	4.0%	38.7%
Apple Inc	Information Technology	5.0%	1.5%	21.5%	44.7%	7.9%	14.4	20.7%	42.0%
Berkshire Hathaway	Financials	4.9%	0.0%	0.0%	NM	18.7%	26.4	4.5%	24.4%
Cisco Systems Inc	Information Technology	4.8%	3.0%	45.9%	31.5%	5.0%	15.2	7.5%	28.2%
Pfizer Inc	Health Care	4.7%	3.5%	47.9%	8.3%	1.1%	13.5	8.8%	36.2%
Amgen Inc	Health Care	4.3%	3.0%	41.5%	48.2%	20.4%	13.7	8.3%	51.2%
Intel Corp	Information Technology	4.0%	2.4%	33.6%	5.9%	-2.4%	14.2	10.5%	27.7%
Mastercard Incorporated	Information Technology	4.0%	0.7%	20.1%	67.5%	19.9%	30.5	35.8%	45.6%
Johnson & Johnson	Health Care	3.9%	2.4%	44.4%	7.0%	11.2%	18.4	11.5%	26.5%
Top 10 Stocks		46.7%	2.3%	39.3%	17.6%	2.1%	17.0	7.8%	33.2%
Total Stock Portfolio			1.9%	32.0%	13.3%	6.1%	16.5	9.0%	38.5%
S&P 500 Index			1.9%	35.9%	9.8%	3.7%	19.1	5.8%	46.1%

Holdings by Account

TOWN OF KENNEBUNKPORT

Description	Quantity	Cost Basis	Value	Weight	Annual Income	Current Yield
Cash & Equivalents		\$60,193	\$60,193	4.6%	\$674	1.1%
Cash		\$60,193	\$60,193	4.6%	\$674	1.1%
Income Cash		\$22,143	\$22,143	1.7%	\$248	1.1%
Principal Cash		\$38,050	\$38,050	2.9%	\$426	1.1%
Corporate Bonds & Notes		\$250,853	\$248,640	18.9%	\$4,295	1.7%
Investment Grade Corporates		\$250,853	\$248,640	18.9%	\$4,295	1.7%
iShares 1-3 Year Credit Bond ETF	1,870	\$197,753	\$195,490	14.9%	\$3,202	1.6%
Vanguard Short-Term Investment-Grade Adm	5,000.000	\$53,100	\$53,150	4.0%	\$1,093	2.1%
High Yield Bonds		\$85,149	\$82,680	6.3%	\$4,706	5.7%
High Yield Bonds		\$85,149	\$82,680	6.3%	\$4,706	5.7%
SPDR® Barclays Short Term Hi Yld Bd ETF	3,000	\$85,149	\$82,680	6.3%	\$4,706	5.7%
Managed Equity		\$640,652	\$807,745	61.4%	\$15,551	1.9%
Consumer Discretionary		\$84,988	\$106,610	8.1%	\$598	0.6%
Adient Plc Ord Shs	300	\$21,273	\$23,610	1.8%	\$330	1.4%
Amazon.com Inc	25	\$19,594	\$29,237	2.2%	\$0	0.0%
Aptiv Plc	305	\$17,445	\$25,873	2.0%	\$268	1.0%
Delphi Technologies Plc Shs	101	\$3,409	\$5,299	0.4%	\$0	0.0%
Priceline Group Inc (The)	13	\$23,266	\$22,591	1.7%	\$0	0.0%
Consumer Staples		\$14,308	\$20,199	1.5%	\$563	2.8%
Unilever Plc Sponsored Adr	365	\$14,308	\$20,199	1.5%	\$563	2.8%
Energy		\$51,537	\$61,162	4.6%	\$2,095	3.4%
Enbridge Inc Com	400	\$16,322	\$15,644	1.2%	\$835	5.3%
Phillips 66 Com	450	\$35,216	\$45,518	3.5%	\$1,260	2.8%

As of December 31, 2017

Holdings by Account

TOWN OF KENNEBUNKPORT

Description	Quantity	Cost Basis	Value	Weight	Annual Income	Current Yield
Managed Equity		\$640,652	\$807,745	61.4%	\$15,551	1.9%
Financials		\$48,865	\$73,680	5.6%	\$705	1.0%
Aflac Inc	205	\$12,378	\$17,995	1.4%	\$369	2.1%
Berkshire Hathaway	200	\$27,802	\$39,644	3.0%	\$0	0.0%
JPMorgan Chase & Co	150	\$8,684	\$16,041	1.2%	\$336	2.1%
Health Care		\$169,376	\$180,844	13.7%	\$4,370	2.4%
Amgen Inc	200	\$33,179	\$34,780	2.6%	\$1,056	3.0%
Celgene Corp	250	\$28,908	\$26,090	2.0%	\$0	0.0%
Danaher Corp	160	\$10,364	\$14,851	1.1%	\$90	0.6%
Gilead Sciences Inc	250	\$24,545	\$17,910	1.4%	\$520	2.9%
Johnson & Johnson	225	\$21,173	\$31,437	2.4%	\$756	2.4%
Merck & Co Inc	325	\$17,431	\$18,288	1.4%	\$624	3.4%
Pfizer Inc	1,035	\$33,775	\$37,488	2.9%	\$1,325	3.5%
Industrials		\$17,718	\$15,244	1.2%	\$416	2.7%
Johnson Controls International PLC	400	\$17,718	\$15,244	1.2%	\$416	2.7%
Information Tech		\$253,861	\$350,007	26.6%	\$6,803	1.9%
Accenture Plc Ireland Shs Cl A	150	\$18,178	\$22,964	1.7%	\$399	1.7%
Alphabet Inc Class A Common Stock	10	\$7,556	\$10,534	0.8%	\$0	0.0%
Alphabet Inc Class C Capital Stock	25	\$18,462	\$26,160	2.0%	\$0	0.0%
Apple Inc	235	\$26,625	\$39,769	3.0%	\$592	1.5%
Applied Materials Inc	265	\$12,460	\$13,547	1.0%	\$106	0.8%
Cisco Systems Inc	1,000	\$27,549	\$38,300	2.9%	\$1,160	3.0%
Intel Corp	700	\$21,182	\$32,312	2.5%	\$763	2.4%
International Business Machines Corp	195	\$29,535	\$29,917	2.3%	\$1,170	3.9%
Mastercard Incorporated	210	\$19,681	\$31,786	2.4%	\$210	0.7%

As of December 31, 2017

Holdings by Account

TOWN OF KENNEBUNKPORT

Description	Quantity	Cost Basis	Value	Weight	Annual Income	Current Yield
Managed Equity		\$640,652	\$807,745	61.4%	\$15,551	1.9%
Information Tech		\$253,861	\$350,007	26.6%	\$6,803	1.9%
Microsoft Corp	290	\$12,319	\$24,807	1.9%	\$487	2.0%
QUALCOMM Inc	680	\$35,757	\$43,534	3.3%	\$1,550	3.6%
Skyworks Solutions Inc	185	\$12,497	\$17,566	1.3%	\$237	1.3%
Visa Inc Cl A Common Stock	165	\$12,061	\$18,813	1.4%	\$129	0.7%
Foreign Equity Funds		\$99,804	\$116,100	8.8%	\$2,225	1.9%
International Emerging Market Equity		\$99,804	\$116,100	8.8%	\$2,225	1.9%
DFA Emerging Markets Core Equity I	5,000.000	\$99,804	\$116,100	8.8%	\$2,225	1.9%
Total		\$1,136,651	\$1,315,358	100.0%	\$27,451	2.1%

As of December 31, 2017