

March 7, 2025

BAXTER STATE PARK AUTHORITY

ENDOWMENT REVIEW

Presented by:

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Prepared For:

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Commissioner of Inland Fisheries and Wildlife

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Chair of BSP Authority

Director, Maine Forest Service

Aaron Frey

Maine Attorney General

Relationship Overview

CLIENT OVERVIEW



Baxter State Park (IMA / Percival Baxter Trust)



The primary mission in the management of the Park is to protect the natural resources of the Park for their intrinsic value and for the enjoyment of present and future generations.



The Baxter State Park Authority is the sole governing body of the Park, consisting of the Director of the Maine Forest Service, the Commissioner of Inland fisheries and Wildlife and the Maine Attorney General. The Percival Baxter Trust is a 509(a) Type III supporting organization.



Boston Safe Deposit & Trust was appointed sole trustee for the Percival Baxter Trust on July 6, 1927. BNY Mellon has served as investment manager for the Endowment since 1990.

NOTEWORTHY ITEMS

- Fugio XIII VC/PE sub docs completed (\$750K PE / \$250K VC)
- BNY ISC December recommendation to move equity from neutral to overweight, offsetting reduction in private eq.
- “Policy Developments to Watch” webcast 2/27 4pm ET (Sinead Colton Grant w/ Dan Clifton from Strategas).

INVESTMENT POLICY

Objectives:

- To provide as much spendable income as possible for the Park now and in the future, with neither period favored at the expense of the other
- To have the spendable income be somewhat predictable in the near term, and to have the spendable income not decline significantly at any time
- To maintain the market value of the endowment assets whole, after inflation

Risk:

- Mismatch between the natural cash flows out of the endowment and the cash flows coming in
- Possibility that the assets in the funds do not do what we or the investment manager expects them to
- Reacting inappropriately at an emotional period, most likely after a severe market decline

Time Horizon: The investment objectives are based on a perpetual time horizon; interim fluctuations should be viewed with appropriate perspective.

Distributions: Determined by Park staff with the advice of the BSP Investment Committee, and shall be subject to approval by the Baxter Park Authority

Policy Allocation: (Accounts managed as consolidation of Trust & IMA in order to achieve allocation targets); Equity 50-70%; Fixed 15-35%; Special Ops 0-25%. Per Committee decision in 2014 no liquid alternatives.

Stewardship Index

Year-Ending	Market Value	Total Return Consolidated ⁽¹⁾	Distributions \$ Value	% of MV	Inflation CPI	Inflation Core CPI ⁽²⁾	The Stewardship "Index" ⁽³⁾	The Stewardship "Index" ^(3,4)
12/31/01	\$51,709,678	-2.8%	\$1,284,800	2.5%	1.6%	2.7%	-6.9%	-8.0%
12/31/02	\$45,106,324	-10.3%	\$1,382,000	3.1%	2.4%	1.9%	-15.7%	-15.2%
12/31/03	\$53,110,536	21.3%	\$1,615,000	3.0%	1.9%	1.1%	16.4%	17.2%
12/31/04	\$56,655,724	9.9%	\$1,660,000	2.9%	3.3%	2.2%	3.7%	4.8%
12/31/05	\$58,511,512	6.7%	\$1,821,800	3.1%	3.4%	2.2%	0.2%	1.4%
12/31/06	\$63,077,391	10.7%	\$1,555,000	2.5%	2.5%	2.5%	5.7%	5.7%
12/31/07	\$67,762,152	10.3%	\$1,725,000	2.5%	4.1%	2.3%	3.7%	5.5%
12/31/08	\$47,006,778	-28.1%	\$1,935,000	4.1%	0.1%	2.3%	-32.3%	-34.5%
12/31/09	\$55,711,926	23.3%	\$1,965,000	3.5%	2.7%	1.7%	17.1%	18.1%
12/31/10	\$61,442,234	14.1%	\$2,050,000	3.3%	1.5%	1.0%	9.2%	9.7%
12/31/11	\$56,268,986	-4.7%	\$2,090,000	3.7%	3.0%	1.7%	-11.4%	-10.1%
12/31/12	\$61,727,964	13.3%	\$1,920,000	3.1%	1.7%	2.1%	8.5%	8.1%
12/31/13	\$70,460,064	17.4%	\$1,845,000	2.6%	1.6%	1.8%	13.2%	12.9%
12/31/14	\$72,919,068	6.6%	\$1,890,000	2.6%	0.8%	1.7%	3.2%	2.3%
12/31/15	\$70,402,050	-0.6%	\$2,120,700	3.0%	0.7%	2.1%	-4.3%	-5.7%
12/31/16	\$73,715,143	7.8%	\$2,023,000	2.7%	2.1%	2.2%	3.0%	2.9%
12/31/17	\$84,004,182	17.1%	\$2,200,188	2.6%	2.1%	1.8%	12.4%	12.7%
12/31/18	\$77,800,029	-5.0%	\$2,155,000	2.8%	1.9%	2.2%	-9.6%	-9.9%
12/31/19	\$91,751,652	21.4%	\$2,500,000	2.7%	2.3%	2.3%	16.4%	16.4%
12/31/20	\$101,806,117	14.3%	\$2,769,471	2.7%	1.4%	1.6%	10.2%	10.0%
12/31/21	\$119,426,401	19.4%	\$1,980,208	1.7%	7.0%	5.5%	10.7%	12.2%
12/31/22	\$99,475,549	-14.6%	\$2,586,811	2.6%	6.5%	5.7%	-23.7%	-22.9%
12/31/23	\$110,261,453	14.2%	\$3,024,519	2.7%	3.4%	3.9%	8.0%	7.5%
12/31/24	\$119,271,883	12.3%	\$4,251,113	3.6%	2.9%	3.2%	5.8%	5.5%
24 Year Average:	\$73,724,366.52	6.4%	\$2,097,900	2.8%	2.5%	2.4%	1.1%	1.2%

⁽¹⁾ Long-term average return presented is geometric mean return

⁽²⁾ Data retrieved from the Bureau of Labor Statistics

⁽³⁾ Total return less distribution rate, adjusted for inflation.

⁽⁴⁾ Stewardship Index calculated using Core CPI

Historical Returns: As of January 31, 2025

Asset Class	Index	Annualized Returns (%)					
		Jan.	1 Yr.	3 Yr.	5 Yr.	10 Yr.	10 Yr. Stdev.
US Large Cap Equity	S&P 500 TR USD	2.8	26.4	11.9	15.2	13.8	15.3
US Mid Equity	S&P MidCap 400 TR	3.8	20.4	8.9	11.8	10.2	18.6
US Small Cap Equity	Russell 2000 TR USD	2.6	19.1	5.6	8.7	8.4	20.7
International Equity	MSCI EAFE NR USD	5.3	8.7	5.1	6.3	5.7	15.3
Emerging Mkt Equity	MSCI EM GR USD	1.8	15.3	-0.3	3.5	4.2	17.1
T-bills	ICE BofA 0-3 M US Trsy Bill TR USD	0.4	5.2	4.1	2.5	1.8	0.6
Tax-exempt bonds	S&P Muni Bond Interm. TR	0.6	2.0	0.9	0.9	2.1	4.5
Taxable Bonds	Bloomberg US Agg Bond TR USD	0.5	2.1	-1.5	-0.6	1.2	5.0
High Yield	ICE BofA US HY Constnd TR USD	1.4	9.7	4.4	4.3	5.1	7.6
International Bonds	Bloomberg Gbl Agg Ex USD TR USD	0.6	-1.4	-5.5	-3.4	-0.7	8.1
EM Debt - USD	JPM EMBI Global Diversified TR USD	1.4	9.2	0.5	0.1	3.2	9.0
Hedge Funds	HFRX Global Hedge Fund USD	1.0	6.0	2.1	2.9	2.1	4.2
Real Estate	FTSE EPRA Nareit Developed TR USD	1.8	8.1	-2.6	0.1	2.9	16.9
Commodities	S&P GSCI TR USD	3.3	8.0	6.8	10.3	2.4	21.6

Asset Class Positioning

Investment Strategy Committee Recommendations

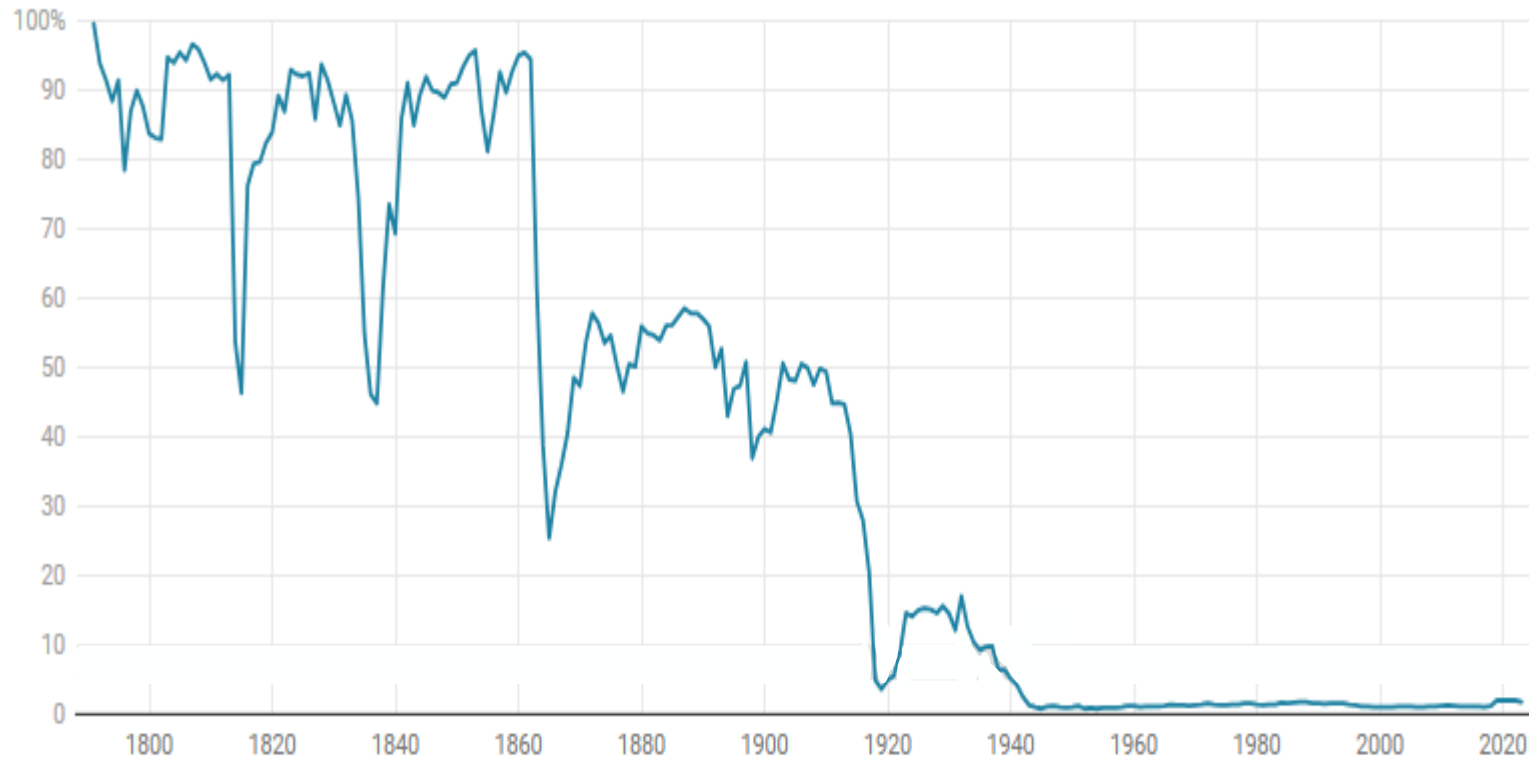
	Underweight	Small Underweight	Neutral	Small Overweight	Overweight
Equity				◆	
Large Cap					◆
Mid Cap			◆		
Small Cap			◆		
International Developed	◆				
Emerging Markets	◆				
Fixed Income			◆		
Treasuries			◆		
Investment-grade Corporate			◆		
Tax-exempt			◆		
High Yield			◆		
Emerging Market Debt	◆				
Diversifiers			◆		
Alternative Growth			◆		
Absolute Return			◆		
Real Assets			◆		
Private Equity			◆		

Reflects portfolio positioning within the Fully Diversified Balanced Model for taxable clients. As of 1/31/2025.

Tariffs are Coming

- China tariffs raised by 10% and could go higher; administration wants to strategically de-couple from China, plus it adds revenue.
- 10-15% universal tariff likely; 10% would raise \$1.8T over 10 years; excluding free-trade areas they raise \$1T over 10 years.
- Tariffs negative for growth, but inflation impact depends on iterations and retaliations.
- Believe administration and Republicans are all-in on tariffs; revenue needed to balance other policy priorities for deficit reduction.

% of federal revenue from tariffs



*Source: Yale Budget Lab and the Historical Statistics of the United States.

BNY Current Thinking

- U.S. economic and equity dominance continues driven by tech.
- Job market and consumer strong enough.
- Bond volatility picks up driven by tariff, debt, and inflation risk.
- Volatility in bonds spills into equities but earnings remain strong.
- Constructive on AI for higher productivity and higher margins.
- Idiosyncratic policy uncertainty offset by deregulation and sentiment benefits.
- Trump administration focused on de-coupling from China and bringing down 10-year yields via lower energy costs and deficit reduction.
- U.S. GDP grows 1.5%-2.5%, earnings expand 10%-15%, 6600 year-end S&P 500 price target with risk to upside and more volatility.

Portfolio Positioning: Baxter State Park Consolidated

Fund Type	Actual Allocation	Target Allocation	Over / Under (vs Target)	Market Value
Cash				
Cash and Cash Equivalents	1.0%	0.5%	0.5%	\$1,191,295
Total Cash	1.0%	0.5%	0.5%	\$1,191,295
Equities				
U.S. Large Cap	39.0%	39.0%	0.0%	\$47,356,971
U.S. Mid Cap	7.2%	7.0%	0.2%	\$8,704,476
U.S. Small Cap	3.0%	3.0%	0.0%	\$3,606,498
Developed International	9.3%	9.5%	-0.2%	\$11,262,518
Emerging Markets - Large Cap	3.7%	3.5%	0.2%	\$4,487,473
Total Equities	62.1%	62.0%	0.2%	\$75,417,937
Fixed Income				
Taxable Fixed Income	20.7%	21.0%	-0.3%	\$25,163,934
High Yield	2.0%	2.0%	0.0%	\$2,414,361
Emerging Mkts - Fixed Income	1.0%	1.0%	0.0%	\$1,224,920
Total Fixed Income	23.7%	24.0%	-0.3%	\$28,803,215
Alternative Investments				
Private Equity	13.2%	13.5%	-0.3%	\$16,028,037
Total Alternative Investments	13.2%	13.5%	-0.3%	\$16,028,037
TOTAL	100%	100%		\$121,440,484

IPS Ranges

Equity: 50%-70% (Policy Target 60%)

Bonds: 15%-35% (Policy Target 25%)

Alternatives: 0%-25% (Policy Target 15%)

Note: Private Equity line item includes Fugio PE/VC Funds, Commonfund PE Funds, Fortress Lending Fund III, and Ares Strategic Income Fund

Performance

AS OF 1/31/2025

Annualized Returns	Annualized					
	YTD	One Year	Three Years	Five Years	Ten Years	Fifteen Years
Total Portfolio						
Baxter Trust (Net)	2.2%	15.9%	6.2%	8.5%	8.1%	8.4%
Investment Fund (Net)	1.4%	10.2%	2.5%	9.9%	9.1%	9.2%
Consolidated (Net)	2.0%	14.2%	5.1%	8.9%	8.4%	8.7%
1) <i>BNY Mellon Global Reference Benchmark</i>	2.4%	15.0%	6.2%	8.5%	8.2%	8.8%
2) <i>Blended Benchmark (70 ACWI / 5 SO / 25 Agg)</i>	2.6%	15.5%	6.0%	8.1%	7.6%	7.9%
3) <i>Consumer Price Index + 3%</i>	0.7%	6.1%	7.3%	7.4%	6.3%	5.7%

Benchmark Summary

- 1) 46% S&P 1500 (US Equities), 24% MSCI ACWI Ex US (Non-US Equities), 25% Barclays Agg Bond Index (Bonds), 5% CPI + 3% (Special Opportunities)
- 2) Blended benchmark using global (est. 65% US / 35% Non-US) equity index, Special Ops (50% ACWI / 50% Tbill + 3%)
- 3) Benchmark tracking purchasing power of assets after distributions

Administration

OPERATIONAL SUMMARY: BSP INVESTMENT FUND

Investment Authority

BNY Mellon has full investment authority within the guidelines set out by the Investment Policy Statement.

Statements

Income and principal summary, with asset lists, are mailed quarterly to Brian Noyes and Rupert White. Baxter State Park Authority receives monthly and annual statements. Kevin Adam receives monthly statements. The State Treasurer receives annual statements. The Attorney General of Maine receives quarterly statements.

Payments

Upon receipt of authorized instruction.

Fees

On the 24th of each month, one twelfth (1/12) of the annual fee is charged to income based on the following fee schedule:

Advisory Fee Based on Market Value *

.40% on the first \$25,000,000

.25% on the next \$25,000,000

.20% on the next \$100,000,000

* 15% discount to be applied to advisory fee tiers

Administration

OPERATIONAL SUMMARY: BAXTER TRUST

Investment Authority

Boston Safe (BNY Mellon) is sole Trustee for the Percival Baxter Trust.

Statements

Consolidated and individual income and principal summary, with asset lists, are mailed quarterly to Brian Noyes and Rupert White for both Trust accounts. Kevin Adam receives monthly statements for both Trust accounts. Baxter State Park Authority receives monthly and annual (calendar year end) statements for the two Trust accounts. The Maine State Treasurer receives annual statements for the Park's fiscal year-end (June) for both Trust accounts. The Maine State Attorney General receives quarterly statements for both accounts.

Payments

At the end of each month, net income is transferred to the Baxter State Park Authority Investment Fund (a/c # 10600421xxx).

Fees

At the end of each month fees are charged 50% to income and 50% to principal based on the following schedule: 5% of Income, in accordance with Amendment to Trust dated May 18, 1966.

Performance Review: Disclosure

Performance shown is total return, expressed as a percentage, including income and gains (realized and unrealized) in the portfolio. For periods of greater than one year, performance is shown as an average annual rate of return. Periods of less than one year are not annualized.

Portfolio Net of Fee returns reflects the deduction of management fees or other fees payable by the account.

In valuing the assets in portfolios, we use data and information supplied by the third party vendors. Although we exercise great care in the selection of such vendors; we do not guarantee the accuracy of the information provided.

Past performance is not necessarily indicative of future results

Information appearing in the "Since Inception" column on your report represents the performance data since the time we began to calculate performance returns for the specific asset classes or subclasses held in your account(s). In some instances, the calculations for portfolio information may pre-date the detail information appearing on your report. Additionally, where the Inception Date for your account(s) is not the first day of the month, there will be a timing mismatch with the underlying benchmarks as benchmark performance is calculated from the first day of the month, regardless of your account(s) Inception Date. Also, it always takes time to align a new account with our agreed upon investment strategy. For example, if an account consists of all cash or legacy securities on Inception Date, the account will need to be fully transitioned before comparison with the underlying benchmark is appropriate.

Actual valuation and performance for the Mellon Optima L/S Strategy Fund as of the month-end indicated on the report may not be available until after the production of this report. In such cases, BNY Mellon Wealth Management may use an estimated valuation calculated using available information.

Benchmarks: Benchmarks used for performance comparison are noted on the report. The Intermediate Municipal Bond Index represents returns of the Constant 5.5 year Duration Blend of the Merrill Lynch Intermediate (U0T0) Municipal Bond Index and the Merrill Lynch 12-22 Year (U4A0) Municipal Bond Index for periods prior to January 2010 and the returns of the S&P Municipal Bond Intermediate Index from January 2010 forward.

For additional performance information, or for any matter pertaining to your account relationship, please contact your Wealth Manager.