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Camden NATIONAL WEALTH MANAGEMENT

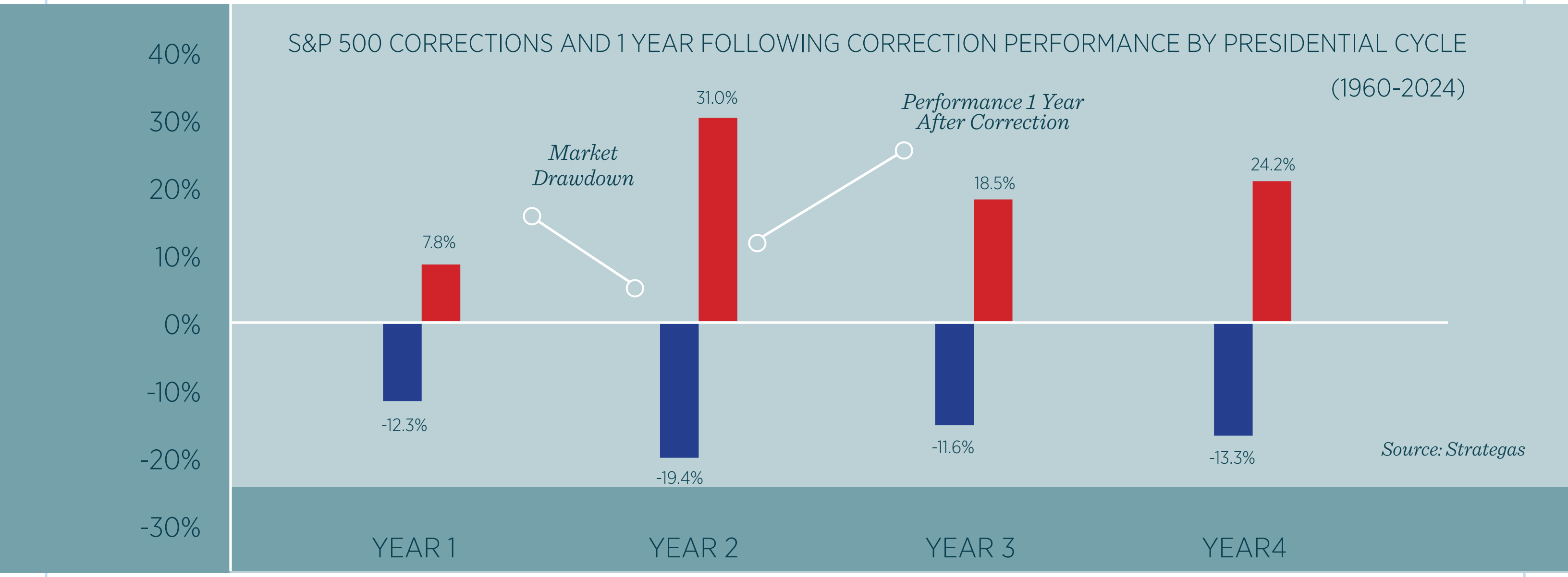
MIDTERM ELECTIONS AND MARKETS

Stefan K. Iris, CFA, Senior Vice President, Chief Investment Officer

Discussing politics can be an emotionally charged and sensitive subject. While we consistently remind our audience that political factors and speculation on unknown outcomes do not drive our investment decisions, we do not ignore the real-world impact as it relates to successfully navigating capital markets. We believe there is a meaningful distinction to be made between speculation and making informed decisions and weighing probabilities when future outcomes are uncertain, the latter of which we practice. Many of the same factors we watched in 2025 will continue to drive markets in 2026, and we'll direct our focus here on a political input that, despite one's personal views and ideologies, attempts to frame things objectively (to the extent that is ever possible).

U.S. midterm elections are taking place in November 2026, and campaigning leading up to those elections has already begun. In the realm of geopolitics, it is a real-world reality that looming elections and speculation regarding outcomes increase anxiety levels and market volatility. This applies to midterm election years, which we believe will be front and center in the news cycle throughout 2026.

Markets have experienced material intra-year downturns before finishing the year in positive territory in thirty-five of the past forty-six years. When isolating midterm election years, the volatility and intra-year drawdowns, on average, increase, as do subsequent positive returns.



The chart above illustrates average intra-year market corrections and subsequent 1-year returns in each year of a presidential cycle looking back to 1960. While intra-year market downturns average -14.2%, the average correction increases to -19.4% (blues bars) when isolating midterm election years – the second year in a 4-year presidential cycle. And while volatility to the downside increases during midterm election years, so too does the subsequent average 1-year positive return of 31% (red bars).

The takeaway is that elevated volatility is not only typical, but to be expected during midterm election years. This serves as yet another reminder to not succumb to short-term emotionally charged decision making. Rather, maintain an objective long-term view and focus on economic fundamental strength and quality.

We continue to be mindful of maintaining appropriate diversification and favoring those companies and investment vehicles with strong fundamentals and attractive risk-reward profiles. As always, please do not hesitate to reach out to a member of the Camden National Wealth Management team if you would like to discuss this or anything else in more detail – we are here for you.

UNDERSTANDING LONG-TERM CARE INSURANCE

Lauren Epstein, JD, CFP, Senior Vice President

Even though you may never need long-term care, it is important to be prepared in case you do. Medicaid may cover some of the costs of long-term care but has strict financial eligibility requirements, and HMOs, Medicare, and Medigap don't pay for most long-term care expenses. One option you have to cover the cost of this care is to purchase a Long-Term Care Insurance (LTCI) policy.

How Does LTCI Work?

Most policies provide that certain physical and/or mental impairments trigger benefits. The most common method for determining when benefits are payable is based on your inability to perform certain activities of daily living (ADLs), such as eating, bathing, dressing, etc.

Some policies begin paying benefits only if a doctor certifies that the care is medically necessary. Others include benefits for cognitive impairments, assessed through standarized evaluations.

Comparing LTCI Policies

Before you buy LTCI, it's important to shop around and compare policies. Read the Outline of Coverage portion of each policy carefully, and make sure you understand all of the benefits, exclusions, and provisions, as well as the financial strength of the insurance company offering the policy.

When comparing policies, you'll want to pay close attention to common provisions such as:

- Elimination period: The period of time before the insurance policy will begin paying benefits (typical options range from 20 to 100 days). Also known as the waiting period.
- Duration of benefits: The limitations placed on the total benefits you can receive.
- Daily benefit: The amount of coverage you select as your daily maximum benefit.
- Optional inflation rider: Protection against inflation.
- Pre-existing conditions: The waiting period (e.g., six months) imposed before coverage will go into effect regarding treatment for pre-existing conditions.
- Guaranteed renewability.

What's It Going To Cost?

The cost of LTCI depends on many factors, including the type of policy that you purchase. Premium cost is also based in large part on your age at the time you purchase the policy. The younger you are when you purchase a policy, the lower your premiums typically will be.

There are risks associated with LTCI policies. For example, long-term care insurance carriers have the discretion to raise their rates and remove their products from the marketplace. Additionally, a long-term care policy may not cover all of the expenses associated with a person's long-term care needs.

Reach out to a member of the Camden National Wealth Management team to help evaluate your options for covering long-term care expenses.

About Camden National Wealth Management

Camden National Wealth Management provides investment management, goals-based financial planning, and trust and estate services to individual and institutional clients in Maine and throughout the United States. Our team of highly-credentialed professionals include: Chartered Financial Analyst (CFA), CERTIFIED FINANCIAL PLANNER (CFP®), JD, CAIA, CTFA, ChFC®, AWMA®, and CRPC®. Together, we bring a customized investment and planning approach to meet each client's unique financial needs.