

**ABINGTON TOWNSHIP  
PENSION COMMITTEE MEETING**

**November 20, 2018**

**CALL TO ORDER:** 6:00 p.m.

**PRESENT:**

Committee Members: Chairman Kline-Vice Chairman Sanchez-Luker

Employee Representatives: Tim Clark, William Weir

Police Representative: Officer Chris Posey

Finance Director: Kevin Barron

Assistant Finance Director Jeannette Hermann

Others: Marc D. Ammaturo, Managing Director, PFM  
Janet Werner, Relationship Manager, Wells Fargo

**APPROVAL OF MINUTES:**

Commissioner Kline made a MOTION, seconded by Commissioner Sanchez to approve the minutes of the August 21, 2018 Pension Committee Meeting.

MOTION was ADOPTED 6-0.

**PRESENTATIONS:** None.

**UNFINISHED BUSINESS:** None.

**NEW BUSINESS:**

Quarterly Investment Review- Third Quarter 2018:

Mr. Ammaturo reported that as of September 30, 2018 the market was strong and Russell 3000 Index was up 10.57%, and to-date, international equity – MSCI AC World ex-U.S. was -3.09%.

An alert was published, dated October 26<sup>th</sup> indicating that the global economies are slowing; however, U.S. economies are not and fundamentals are still solid although volatility is heightened. Overseas are getting hit the most in terms of the stock market driven by trade tariffs uncertainty causing an impact in international economies and in turn international stock markets.

It is not a time to de-risk portfolios largely because the U.S. economy continues to be on solid footing. Euro zone grew overall in the third quarter, but Germany contracted as well as Japan in the third quarter due to trade tariffs that lead to international equity sell-off causing ripple effect in domestic market sell-off. U.S. economy is still growing at 4.2% and there are no signs of recession. Barclays Aggregate was -1.60% YTD, but positive over long term, and as rates increase, bond prices drop. Barclays U.S. Corp High Yield was positive 2.40% for the quarter, which has been a safe haven in the bond market and Township's portfolios have exposure.

Information/Technology sector was up 8.80% in the quarter; 20.62% YTD and 31.49% for the year, which rallied the stock market. Financials sector has not been the place to be this calendar year. 10-year U.S Treasury went from 2.2% to 3.2% and bond prices dropped.

Positioning reflected in Abington's plans remains to be equal weight international, overweight domestic equity and underweight the bond market.

Abington Township Police Pension Plan:

Abington Township Police Pension Plan Asset Allocation and Performance as of September 30, 2018 was \$61,464,118 up 3.37% for the quarter and 4.45% YTD and the reason for out-performance through September 30<sup>th</sup> relative to the benchmark is overweight in equities. Domestic equity continues to be a good place to invest in over the long term.

Two out of three multi-manager funds outperformed in the third quarter and the one that did not was Nuance All Cap Value; however, Champlain Mid Cap Core did really well. International Equity Fund slightly outperformed at 0.73% and Aristotle and JO Hambro outperformed. Multi-Manager Fixed Income Fund outperformed at 0.61% for the quarter and four months of performance shows a good trend up 0.53%.

This plan is cash flow negative of (860,573) for the quarter (2,583,920) YTD and for the past 12 months (2,325,285).

Abington Township Non-Uniformed Pension Plan:

Abington Township Non-Uniformed Pension Plan Asset Allocation and Performance as of September 30, 2018 was \$58,886,256 up 3.36% for the quarter and 4.45% YTD.

This plan is cash flow negative of (743,215) for the quarter (2,216,386) YTD and for the past 12 months (2,252,556).

Officer Posey questioned whether PFM would consider investing more in domestic equity as well as increase international going forward.

Mr. Ammaturo replied we are comfortable with the asset class having a slight overweight, but not pushing it further out and we do not recommend increasing international due to the tariffs and how much international companies rely on trade relative to the U.S.

PFM's alert explained that the recent up-tick in volatility and market reaction to softening global growth expectations that was triggered by rising rates and trade uncertainty. U.S. economy continues to be strong and continues to be positive on corporate fundamentals. PFM believes no immediate action is warranted to reduce risk in portfolios at this time and they will continue monitoring market developments and economic fundamentals and will take appropriate action if necessary.

Item PENS-01-112018 – Motion to Approve Resolution No. 18-048-Amending Police Pension Plan Document Pertaining to Member Contributions:

Commissioner Kline made a MOTION, seconded by Commissioner Luker to recommend to the full Board to adopt Resolution No. 18-048 setting the Police Pension contribution rate for 2019 at five percent (5%) of compensation.

MOTION was ADOPTED 6-0.

**PUBLIC COMMENT:** None.

**ADJOURNMENT:** 6:42 p.m.

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