ABINGTON TOWNSHIP
PENSION COMMITTEE MEETING
via webinar

February 16, 2023

CALL TO ORDER: 6:00 p.m.

PRESENT: Committee Members: Commissioner Chairwoman Carswell
Commissioner Vice Chairman Winegrad, Commissioner Vahey

Employee Representatives: William Weir, Tim Clark
Police Representative: Officer Chris Posey
Finance Director: Jeannette Hermann
Manager of Financial Services: Monica Embery

Others: Donald Grant, PFM
Janet Werner, Vice President, Wells Fargo Institutional Retirement and Trust

CONSIDER APPROVAL OF MINUTES:

Commissioner Carswell made a MOTION, seconded by Commissioner Winegrad to approve Pension Committee Meeting minutes from November 17, 2022.

MOTION was ADOPTED 6-0.

UNFINISHED BUSINESS: None.

NEW BUSINESS:

Fourth Quarter 2022 Pension Investment Performance Review:

Mr. Grant reported that every asset class was negative in the year-to-date column save for commodities and cash. Commodities were positive due to subsequent sanctions against Russia's oil and energy markets.

The Russell 3000 was up 7.18% in the fourth quarter where in June/July inflation peaked and the Fed increased rates by 4.5% trying to do everything they can to cool inflation, and they expect to keep rates higher longer. The MSCI AC World ex USA was up 14.28% predominately having to do with China easing their COVID policies and opening their economy.

Fixed Income was down -13.01%, but up 1.87% for the quarter and bonds rebounded somewhat in the first quarter of 2023.

The key will be interest rates and labor force participation rate. Prior to the pandemic, the labor force was about 63%, and during the pandemic it went down, now we are seeing the rate over 62% and the reason why it is not as high is due to losing one million people from COVID-19; early retirement; and lower rates of immigration entering the labor force.

The PMI (Purchasing Manager Index) survey for manufacturing and services shows that the market and economy is contracting due to global central bank rates increasing.

The U.S. Treasury Yield Curve shows inversion indicating economic slowdown, which is having an impact on how PFM will position the Township's portfolios going forward.

Abington Township Police Pension Plan:

Abington Township Police Pension Plan Asset Allocation and Performance as of December 31, 2022 totaled $69,749,264 returning 6.7% for the quarter, down -17.19% for the year. The portfolio's underperformance in 2022 was due to challenges with active equity managers specifically international managers such as Kayne Anderson, which has exposure to Russia as well as underperformance within Fixed Income, so we will go back to target weights from a strategic allocation perspective.

The asset allocation summary as of December 31, 2022 was reviewed with the committee, and the current market value of the Police Pension Plan as of February 15, 2023 totaled $72,975,316.21.

Commissioner Carswell asked how many other managers have exposure to Russia?

Mr. Grant replied that the managers PFM invests in do not actively seek investments in Russia, and although he does not have the exact number, it is less than one percent.

Also, current market value of the Non-Uniformed Pension Plan as of February 15, 2023 totaled $61,622,641, and the market value for OPEB totaled $20,687,791.

PUBLIC COMMENT: None.

ADJOURNMENT: 6:30 p.m.

Respectfully submitted,

Liz Vile, Minutes Secretary