ABINGTON TOWNSHIP
PENSION COMMITTEE MEETING
via Zoom

February 18, 2021

CALL TO ORDER: 6:35 p.m.

PRESENT:

Committee Members:	Commissioners Winegrad, Chairman-Vahey, Vice Chairman
Employee Representative:	William Weir (6:41 p.m.)
Police Representative:	Officer Chris Posey
Finance Director:	Jeannette Hermann
Manager of Financial Services	Monica Embery
Others:	Marc D. Ammaturo, Managing Director, PFM
	Janet Werner, Vice President, Wells Fargo Institutional Retirement and Trust

CONSIDER APPROVAL OF MINUTES:

Commissioner Winegrad made a MOTION, seconded by Commissioner Vahey to approve the minutes of the Pension Committee Meeting of November 17, 2020.

MOTION was ADOPTED 3-0. (Mr. Weir was not in attendance at this time.)

PRESENTATIONS: None.

UNFINISHED BUSINESS: None.

NEW BUSINESS:

Fourth Quarter 2020 Pension Investment Review:

Mr. Ammaturo reported that the year ended strong with domestic equity market up 14.68% for the past three months of 2020 bringing the YTD return up 20.89%. News about vaccine rollouts and fiscal policy being accommodative in terms of stimulus packages has been a tailwind to the stock market; also, the Fed controls short-term interest rates that are low and benefits corporate profitability leading to strong stock returns, which is not expected to change any time soon. International equity in the fourth quarter was up 17.01% and10.65% YTD.

Fixed Income was 6.7% in the fourth quarter and 7.51% YTD; however, the overall bond market will be challenged going forward and high yield is used to further diversify noting that Barclays U.S. Corp High Yield was up 6.45% for the quarter and 7.11% YTD.

In the fourth quarter 2020, the economy grew about 4% annually, but contracted 3.5% for the year. The economy is expected to get back to more normal levels in the second half of 2021.

Info tech was the sector that had the best year and was not impacted by social distancing with stocks up 43.7% leading the stock market recovery in 2020, and at the end of that year, stock market rallied broadening other sectors.

Regarding long-term interest rates, the 10-year treasury bond was trading at 2% at the end of 2019 and now trading at 0.92%, and when long-term rates decline, bond prices rally, which is a function of the marketplace.

Abington Township Police Pension Plan:

Abington Township Police Pension Plan Asset Allocation and Performance as of December 31, 2020 was in the amount of $75,985,657 up 11% in the fourth quarter, 15.55% YTD. The benchmark is driven by trimming equities, which was done at the onset of the pandemic. Equities were added back in later in the year and that positioning was helpful. Domestic equity is 44% of the pension plan and most assets are with the index fund noting that PFM Multi Manager Domestic Equity Fund was up 14.82% for the quarter and 20.05% YTD. International equity had significant outperformance for 2020 up 13.74% v. the benchmark at 10.65% with WCM Focused Growth International leading that outperformance at 32.21% v. the benchmark at 10.65%. JO Hambro lagged by about 5% YTD and PFM will be discussing that manager at its next meeting. Fixed Income was up 7.86% v. the benchmark at 7.51% YTD. Cashflows for the quarter and YTD were reviewed with the committee.

Abington Township Non-Uniformed Pension Plan:

Abington Township Non-Uniformed Pension Plan Asset Allocation and Performance as of December 31, 2020 was in the amount of $68,021,630 up 11.04% in the fourth quarter, 15.50% YTD. Positioning is slightly overweight equities and underweight fixed income. Cashflows for the quarter and YTD were reviewed with the committee.

Commissioner Winegrad asked for any comments from Commissioners or staff. There were none.

Commissioner Winegrad asked for any public comments. There were none.

<u>Item PC-01-031121:</u>

Commissioner Winegrad made a MOTION, seconded by Commissioner Vahey to accept new fee rate agreements with Wells Fargo effective March 1, 2021 for the Employee and Police Pension Plans.

Ms. Janet Werner, Vice President, Wells Fargo Institutional Retirement and Trust, said the Township is being offered an additional fee reduction effective May 1, 2021 in that there will be a reduction in market value basis point fee from 3.5 basis points on total market value to 2 basis points, which is a substantial reduction of over $20,000.00. This is being done by taking advantage of efficiencies through Principal Financial Group's integration of Wells Fargo Institutional Retirement and Trust over Labor Day weekend of this year.

Commissioner Winegrad clarified that when Principal Financial Group takes over, they will abide by the fee reduction rate. Is that correct?

Ms. Werner replied yes.

Commissioner Winegrad asked for any comments from Commissioners or staff. There were none.

Commissioner Winegrad asked for any public comments. There were none.

MOTION was ADOPTED 4-0.

PUBLIC COMMENT:

Lora Lehman, resident, asked for the meeting zoom information with the number and link to the agenda to be on the top of the page.

ADJOURNMENT: 7:07 p.m.

Respectfully submitted,

Liz Vile, Minutes Secretary