The stated meeting of the Pension Committee of the Board of Commissioners of the Township of Abington was held on Thursday, May 15, 2025 via webinar and the Township Administration Building, Abington, PA, with Commissioner Spiegelman presiding.

CALL TO ORDER: 6:08 p.m.

PRESENT: Committee Members: Commissioner Spiegelman, Commissioner Winegrad, Commissioner Vahey

Employee Representatives: William Weir
Police Officer Representative: Officer 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 Spiegelman made a MOTION, seconded by Commissioner Winegrad to approve the minutes from the Pension Committee Meeting of February 20, 2025.

MOTION was ADOPTED 5-0.

UNFINISHED BUSINESS: None.

NEW BUSINESS:

First Quarter 2025 Pension Investment Performance Review:

Mr. Grant reported that the level of uncertainty during the first quarter created a lot of volatility not only within the financial markets, but in business, management, and small mom & pop shops all the way up to publicly traded multinational firms.

As of March 31, 2025, the Russell 3000 returned -4.72% for the quarter, which is indictive of the realization that tariffs may cause a recession, and although there will be volatility, we need to stay within our strategic targets that tend to work in the long run.

The MSCI AC World ex USA returned 5.23% for quarter, which has to do with currency movement and how that translates into how international securities perform in U.S. dollar figures.

Fixed Income, the Bloomberg U.S. Aggregate returned 2.78% for the quarter. Interest rates fell during the first quarter due to market participation of the bond investors anticipating how tariffs may impact and be inflationary.

GDP declined by -0.3% annualized as many businesses frontloaded their inventory in anticipation of tariffs. There was a decrease in consumer discretionary spending and inflation remained sticky in the first quarter. We are at a moderate risk of recession but there is a higher probability of a soft landing. If we see tariffs lax with our trading partners, we may see a lessening effect of inflation probability.

Officer Posey said inflation has decreased and the job outlook came in better than expected. Does that help in the long run?

Mr. Grant replied it helps in the short run and signals to analysts that it is not as bad as we think at this moment in time. Inflation is moderating and unemployment numbers are still looking good; however, we are still waiting to see how that goes for government employees, and we won't know until September.

Commissioner Spiegelman questioned whether there is an indication that other countries are figuring out a way to do without the U.S. basically doing whatever they need to do to uncouple their currencies from the fate of the dollar and uncouple their economies from the fate and actions of the United States.

Mr. Grant replied yes. Russia and China are quite adversarial to the United States both from a political and economic perspective and China is our largest economic rival. BRICS, an organization formed by Brazil, Russia, India, China, and South Africa are expressly looking to decouple from the western financial system. International equities have underperformed domestic equities for the past decade, and this is the first quarter where there was a meaningful difference between domestic equities and international equities. We are heavily contemplating how that will affect portfolios within the long term.

Geopolitical risks continue to remain elevated, economic growth and financial conditions went from slightly positive to neutral and there is a lot of uncertainty associated with tariff policies. U.S. GDP growth is expected to grow slower than last year, and we are keeping a close eye on consumer spending and unemployment.

Abington Township Police Pension Plan:

Abington Township Police Pension Plan Asset Allocation & Performance as of March 31, 2025 totaled $83,506,749 returning 0.04% for the quarter. There were positive returns on an absolute basis and funds underperformed the benchmark on a relative basis. Cashflows were reviewed with the Pension Committee.

We expected Aristotle to underperform as it has a strong allocation to the Magnificent 7, and in the first quarter, Mag 7 became the "Lag 7." Vaughn Nelson was removed from the domestic equity line up as they have been performing outside of our expectations. International equity had some outperformance, but there was underperformance in the high yield space.

Abington Township Non-Uniformed Pension Plan:

Abington Township Police Pension Plan Asset Allocation & Performance as of March 31, 2025 totaled $66,780,836 returning 0.04% for the quarter. Cashflows were reviewed with the Pension Committee.

First Quarter 2025 OPEB Trust Investment Performance Review:

Abington Township OPEB Asset Allocation & Performance as of March 31, 2025 totaled $24,930,860 returning 0.05% for the quarter. Cashflows were reviewed with the Pension Committee.

Commissioner Winegrad said obviously there is a tremendous amount of volatility, and the portfolio numbers will remain, so we will let it ride; however, does PFM see larger clients holding cash while waiting for an indication of some stability, and if so, is that something the Township should be doing?

Mr. Grant replied due to the level of uncertainty he does not recommend that.

PUBLIC COMMENT: None.

ADJOURNMENT: 6:57 p.m.

Respectfully submitted,

Liz Vile, Recording Secretary