Pension Committee Meeting May 16, 2024

The stated meeting of the Pension Committee of the Board of Commissioners of the Township of Abington was held on Thursday, May 16, 2024 via webinar and the Township Administration Building, Abington, PA, with Commissioner Spiegelman presiding.

CALL TO ORDER: 6:10 p.m.

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

Employee Representatives: Tim Clark, William Weir
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 Mr. Clark to approve the minutes of the Pension Committee Meeting from February 15, 2024.

MOTION was ADOPTED 4-0.

UNFINISHED BUSINESS: None.

NEW BUSINESS:

First Quarter 2024 Pension Investment Performance Review:

Mr. Grant reported that the Russell 3000 was up 10.02% for the quarter and YTD with strong returns as equity markets are driven by the Magnificent Seven that make up about 25% of the market capitalization. The driver of market volatility are concerns about inflation and interest rates, and although inflation is moderating, it is not at a pace that is conducive to cuts any time soon.

175,000 new jobs were created in April, which was below expectation, and unemployment went from 3.8 to 3.9%. PFM believes there is a high probability of having a “soft landing” where the economy can get back to a moderated 2% inflation rate without any major shocks to it.

MSCI AC World ex USA was up 4.69% for the quarter and YTD. The Chinese economy continues to have challenges specifically their real estate market and the communist party has a strong hold on their version of capitalism. Also, due to the challenges and conflicts in the Middle East, there is a lot of risk and volatility from a global perspective. Bloomberg U.S. Aggregate was down -0.78%, and as rates began to increase, the market value of bonds decreased.

Manufacturing conditions improved during the quarter, but the services sector has been contracting for some time due to higher interest rates; however, we are not anticipating any type of major economic slowdown.

It is neutral across the board except for credit-sensitive sectors such as high yield bonds and corporate debt and slightly positive in large and small caps, but there are challenges, and we are keeping a close eye on it.

There are nine factors to consider over the next six to 12 months noting corporate fundamentals are relatively strong, valuations are challenged within the markets, and inflation continues to moderate; however, it is “sticky” especially in the services sector and geopolitical risk remains to be elevated.

Abington Township Police Pension Plan:

Abington Township Police Pension Plan Asset Allocation & Performance as of March 31, 2024 totaled $80,785,627 returning 5.23% for the quarter and the same YTD. There were no major changes to the managers within the portfolio as performance overall is strong on a relative and absolute basis during the first quarter. There was outperformance in the multimanager international equity fund and strong performance on the fixed income side as well. Account reconciliation and asset allocations were reviewed by the Pension Committee.

Abington Township Non-Uniformed Pension Plan:

Abington Township Non-Uniformed Pension Plan Asset Allocation & Performance as of March 31, 2024 totaled $66,379,699 returning 5.32 % for the quarter and the same YTD. Account reconciliation and asset allocations were reviewed by the Pension Committee.

First Quarter 2024 OPEB Trust Investment Performance Review:

The market value of the OPEB Trust as of March 31, 2024 totaled $23,635,015 returning 5.31% for the quarter and the same YTD. The Pension Committee reviewed the account reconciliation.

PUBLIC COMMENT: None.

ADJOURNMENT: 6:37 p.m.

Respectfully submitted,

Liz Vile, Minutes Secretary