

**ABINGTON TOWNSHIP  
PENSION COMMITTEE MEETING**

**May 16, 2018**

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

**PRESENT:**

Committee Members: Chairman Kline-Vice Chairman Sanchez-Luker

Employee Representatives: Tim Clark, Tom Weir

Police Representative: Officer Chris Posey

Finance Director: Kevin Barron

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

**APPROVAL OF MINUTES:**

Commissioner Kline made a MOTION, seconded by Commissioner Luker to approve the minutes of the Pension Committee Meeting of February 20, 2018.

MOTION was ADOPTED 6-0.

**PRESENTATIONS:** None.

**NEW BUSINESS:**

Quarterly Investment Review – First Quarter 2018:

Mr. Ammaturo reported that the new manager lineup transition just occurred this week and it is not reflected in this report. Also, PFM is in the process of hiring another senior research director for the firm.

Quarterly Market Summary for First Quarter ending March 31, 2018; Domestic Equity - Russell 3000 Index was -0.64% for the first three months of the year. International Equity - MSCI AC World ex-U.S. was -1.18%. Fixed Income – Barclays Aggregate was -1.46% and long term interest rates are rising with bond prices suffering and that trend continues. Township’s portfolios are underweight in the bond market and overweight in the equity market and that positioning has helped the plan.

U.S. Economy has seen positive growth rates, and in that type of economy, corporate earnings are supported and corporate earnings drives stock prices. Economy is growing due to earnings of the companies within domestic stock market that grew 14.8%. Large cap stocks are overvalued relative to the last five years and supported by growth and earnings. Upward trend in the 10-year bond market is causing bond prices to drop.

Abington Township Police Pension Plan:

Abington Township Police Pension Plan Asset Allocation & Performance as of March 31, 2018 – Market Value was \$60,309,653, -0.41% for the First Quarter. International Equity managers outperformed the benchmark as the portfolio is overweight in equities. Fixed Income active managers minimized losses, but the portfolio is underweight the asset class.

The Quarter - Total Fund Market Value as of 1/1/18 was \$61,390,992; net flows (\$843,685) return on investment (\$237,654); market value as of 3/31/18, \$60,309,653.

One Year – Total Fund Market Value as of 4/1/17, \$56,499,964; net flows (\$2,341,205); return on investment \$6,150,894; market value as of 3/31/18, \$60,309,653.

Target allocations are 65% equity, 35% fixed income, and at end of First Quarter, the plan was 70% equity, 30% fixed income showing a 5% overweight to equities, which is why the plan outperformed on a relative basis, and we paired that back slightly when we transitioned the plan to the new structure. We paired it back to 68% equity, 32% fixed income, and because of the volatility, it is time to capture some of the gains, so the plan is now 3% overweight the equity markets.

Abington Township Non-Uniformed Pension Plan:

Abington Township Non-Uniformed Pension Plan Asset Allocation & Performance as of March 31, 2018 – Market Value was \$57,623,217, -0.42% for the First Quarter.

The Quarter - Total Fund Market Value as of 1/1/18, \$58,564,333; net flows (\$705,939); return on investment (\$235,177), market value as of 3/31/18, \$57,623,217.

One Year – Total Fund Market Value as of 4/1/17, \$53,853,676; net flows (\$2,112,248); return on investment \$5,881,789; market value as of 3/31/18, \$57,623,217.

Target allocation was 70% equity, 30% fixed income that was paired back slightly during transition to new structure.

Investment Committee Meeting:

Mr. Ammaturo reported the firm held an investment committee meeting to discuss publicly traded real estate as valuations is very attractive in publicly traded real estate, and with the 10-year moving up, it will continue to be a headwind to real estate-related stocks. No decision was made, but the firm will continue to monitor it.

Officer Posey asked for an example of publicly traded real estate companies.

Mr. Ammaturo replied they are real estate companies that buys properties and then that company issues an IPO (Initial Public Offering) and takes the company public. It could be single-family homes, apartments, offices and industrial located anywhere in the U.S., and then makes a corporation out of it and that corporation goes public.

**PUBLIC COMMENT:** None.

**ADJOURNMENT:** 6:23 p.m.

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