

Minutes of Police Pension Plan– Regular Meeting – April 21, 2016 @ 7:30 p.m.

Attendees: Jim Kelly, Tom Kowalski, John Malley, Jeffrey McDonnell, Tom Schatzman, Ann Shade, Ami Tarburton

Unable to attend: Michael Jenkins

Call to order: 7:50 p.m. start of meeting

Review of Meeting Minutes

Minutes from the January 21, 2016 meeting were approved with a motion by Tom Kowalski and seconded by Jim Kelly.

Investment Portfolio Report

.29 vs. .84 One of our biggest misses, since inception with less risk than the overall market – international and small cap

Montgomery Township Total Fund - p. 3 – we have an 8.8% international and 5% in small cap.

Schedule of investable assets - p. 4 – reviewed,

Comparative Performance - p. 6 – a little bit of damage happened; your policy does not include any international or small cap and it detracts from overall performance. Long term you're intact. For the quarter, Vanguard is down 1/8; Loomis performed nicely, not a lot of junk bond exposure. Pimco – corporate focus didn't help much. It's been a very rough road for any strategy for this quarter. The misses were places where we had a lot of volatility. We like those spaces and we won't be moving money out of those areas. We are not increasing them but not taking them down either.

Total Fund vs. Police Index - p. 10 gives you an idea of underperformance – each bar represents a quarter and whether you outperformed or not; the really big bars are '08/'09. I don't like to make a lot of changes in a lousy market; it's not really lousy but it's a sideways market and I don't want to recommend any changes

There was discussion about the actuary taking the percentage down and it was mentioned that we have moved to a 7.5% assumption from 8%. An 8% assumption would be too high; not sure how we would get there.

Ann Shade asked how Lord Abbott is performing. Mr. Schatzman stated that the fund is still not where they need to be; problem is that other assets are leaving. They were on a watch list, but we are okay with remaining with them.

John Malley stated that Lord Abbott hasn't changed their core strategy and Mr. Schatzman agreed and confirmed that they hadn't, which is a good thing.

Mr. Schatzman went on to state that this is a boring portfolio-plain vanilla, but that this is what you want. Ms. Shade asked if we are continuing to be diversified enough; Mr. Schatzman said yes, we are heavily diversified, that's why we are boring. When 9/11 hit, those who were heavily invested in insurance companies lost money.

The risk of recession is back down to 15% but overseas, it's closer to 30%. The fear index in February 2016 was as high as it was in 2009. Anxiety levels are so high. These choppy sideways markets makes everybody nervous.

Meeting adjourned at 8:15 – motion by Jim Kelly and seconded by John Malley