

## Management Employees Pension Board Priorities and Activities

The Management Employees Pension Board (MEPB or the Board) provides information updates about its work and role in Plan governance to all MEPP stakeholders, including members and employers.

The Board's role is to oversee the investment and administration management of the Plan. The Board sets investment policy and other general policies for the administration of MEPP, holds pension appeal hearings as required, and acts in an advisory capacity to the Minister (the Trustee) on other MEPP-related matters.

The MEPB also holds quarterly Board and Investment Committee (IC) meetings at regular intervals throughout the year. The following highlights are from the Q1 2018 meetings:

### Investment Committee Meeting

On April 11, the Investment Committee:

- Met with representatives from Ellement Consulting Group, the Plan investment consultant, to:
  - Discuss preliminary results of the annual (2017) Investment Manager Review process;
  - Review plans for the 2018 Asset Liability Study (ALS) and latest recommendations for the Investment Policy (IP) and Asset Mix;
  - Discuss the Quarterly Investment Performance and Risk Assessment.
- Also met with representatives from AIMCo, the Plan's investment manager, to review and discuss:
  - AIMCo's investment strategies and methodology;
  - The outlook for Q2 2018 investments as well as long-term projections, including a 10-year forecast;
  - Highlights of AIMCo's 2018 Business Plan and Budget;
  - A presentation on Public Equity Investments.

### Board Meeting

At the March 8 and April 12 meetings, the Board:

- Reviewed the MEPB policy related to its Code of Conduct and Ethics, Conflicts of Interest, and Mandate and Roles Document (MRD) and approved changes;
- Approved changes to the MEPP IP, effective April 12, 2018;
- Reviewed the Enterprise Risk Management (ERM) Key Risk Ownership and Mitigation document and Compliance checklist;
- Discussed upcoming communications priorities, including the *Spring 2018 Member Newsletter*;
- Received an update from the MEPB IC (per the Q1 April 11 meeting notes above);
- Reviewed Extrapolation results for MEPP and Public Service Management (PSM) Closed Plan;
- Received a presentation from the Plan Actuary, Aon Hewitt, on future changes to the Canada Pension Plan (CPP);
- Met with the Office of the Auditor General of Alberta (OAG) and Alberta Treasury Board and Finance (ATBF) on the results of the MEPP Audit, year ending 2017;
- Met with representatives from the Plan administrator, Alberta Pensions Services (APS), to review:
  - Q4 Service and Financial reports;
  - Cyber Security protocols;
  - A presentation on the new member web tool, PensionEase.

## Membership Trends

The Board continuously monitors membership data throughout the year for trends that may affect the health of the Plan.

Several factors can affect Plan membership size, including downsizing and hiring practices of employers, the broader economic environment, and the demographics of members.

Highlights for this quarter are:

- The current ratio of working-to-retired members remains the same at 1.05:1;
- The number of active members increased by 1.1 percent on a quarter-over-quarter basis. This was due to:
  - 151 members joining the active category;
  - 93 members either moving to other categories, retiring or leaving the Plan.
- The number of pensioners increased by 0.9 percent on a quarter-over-quarter basis. This was due to:
  - 63 new retirees joining the pensioner category;
  - 16 retirees leaving the group due to death or expiry of guarantee.
- The number of deferred members decreased by 0.6 percent on a quarter-over-quarter basis. This was due to:
  - 50 members joining the deferred membership category;
  - 56 members either moving categories, retiring or leaving the Plan.

The following membership data was extracted from the latest version (Q4 2017) of the MEPP QSRs. The numbers for Q1 2018 will be available in the Q2 update.

	YE 2016	Q1 2017	Q2 2017	Q3 2017	YE 2017
Active Members	5,410	5,418	5,477	5,504	5,562
Deferred Members	1,050	1,053	1,056	1,053	1,047
Retired Members	5,030	5,104	5,168	5,245	5,292

## Investments

### Market Value

Market values (in millions) (unaudited) for Q4 2017 are as follows. Note: Information for Q1 2018 will appear in the next Quarterly Update:

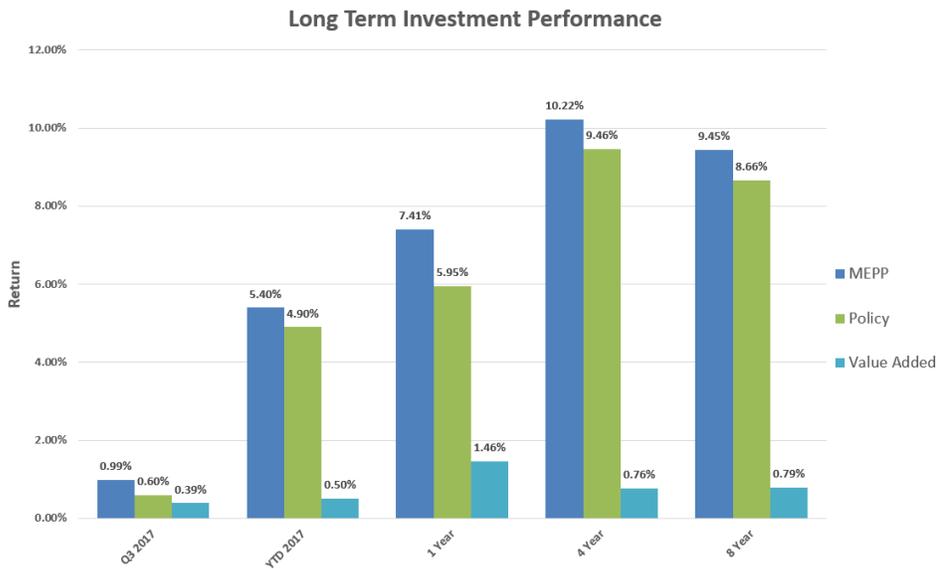
	Q1 2017	Q2 2017	Q3 2017	Q4 2017
<b>Beginning Market Value</b>	<b>\$4,606,300,242</b>	<b>\$4,755,963,078</b>	<b>\$4,791,496,646</b>	<b>\$4,831,354,831</b>
<b>Net Cash Flow</b>	\$(4,494,892)	\$(11,584,909)	\$(7,711,055)	\$(11,715,839)*
<b>Investment Income</b>	\$154,157,728	\$47,118,477	\$47,569,239	\$216,243,332
<b>Ending Market Value</b>	<b>\$4,755,963,078</b>	<b>\$4,791,496,646</b>	<b>\$4,831,354,831</b>	<b>\$5,035,882,324</b>

\* Negative cash flow amounts were due to a pension system upgrade, resulting in a backlog of termination payouts at the pension administration operations level.

## Investment Performance

The investment performance in Q4 2017 was 4.47 per cent (%) compared to the policy requirement of 4.11% for a value add of 0.36%. Note: Q1 2018 results will be posted in the next (Q2) update.

The long-term investment performance return for the MEPP Fund is as follows:



- 'MEPP' is the actual investment return for the period
- 'Policy' is the return required by MEPP's investment Policy
- 'Value Added' is the investment return over or under policy

As always, the Board welcomes feedback about these reports, as well as any questions regarding Plan governance. Please e-mail your MEPP-related comments to the Board at [board@mepp.ca](mailto:board@mepp.ca).