

Management Employees Pension Board Priorities and Activities

The Management Employees Pension Board (MEPB or the Board) provides quarterly updates for stakeholders. These updates are a snapshot of current activities related to the governance of the Management Employee Pension Plan (MEPP).

The Board's role is to oversee the investment and administration management of the MEPP and to set investment and other general policies, such as the Funding Policy. The MEPB also acts in an advisory capacity to the Minister (the Trustee) on MEPP-related matters.

As part of its work, the MEPB and its Investment Committee (IC) hold meetings at regular intervals throughout the year. The following highlights are from the most recent (Q1 2019) meetings.

Investment Committee Meeting

At the meeting held April 10, the MEPB IC:

- Met with representatives from Ellement Consulting Group, the Board's investment consultant to:
 - Receive an update of Ellement's 2019 Investment Manager Report on the annual review of Alberta Investment Management Corporation (AIMCo);
 - Review planning updates for the 2019 Asset Liability Study, which will be presented to the Committee in September;
 - Discuss the new Investment Management Agreement (IMA) between AIMCo and the Province, signed to reflect the new joint governance structure for Alberta's other public sector pension plans (*see below); and
 - Receive a presentation on the Q4 2018 Quarterly Performance Update and Risk Assessment for information.
- Met with representatives from AIMCo to review:
 - AIMCo's 2019 Business Plan and Budget;
 - An overview presentation of AIMCo's 2018 investment performance;
 - MEPP's Q4 2018 Quarterly Investment Performance;
 - Long-term asset class forecasting and economic updates;
 - AIMCo's public equity strategies and investments; and
 - Other updates, including the new risk system, client reporting changes, and client engagement strategies.

Board Meeting

At the meetings held March 7 and April 11, the Board:

- Confirmed the date for the 2019 Stakeholder Governance Session, to be held on October 24;
- Met with representatives of Alberta Treasury Board and Finance (ATBF) to receive an overview of the new shareholder and service agreements between the Province and the Plan Administrator, Alberta Pensions Services Corporation (APS):
 - *The IMA and the Pension Administration Services Agreement (PASA) were developed following the transition of many of Alberta's public sector pension plans to a new joint governance structure on March 1, 2019; MEPP was not impacted by the changes. The Board received this information for awareness purposes and welcomed the opportunity put forward by ATBF to provide input on both the IMA and PASA.
- Received an overview presentation from ATBF regarding the Plan's Financial Statements as at December 31, 2018. The Office of the Auditor General (OAG) also provided a summary of the annual audit results;
- Reviewed the extrapolation results for MEPP and for the Public Service Management (Closed Membership) Pension Plan (Closed Plan) as at December 31, 2018 for accounting purposes:
 - The extrapolation results are reported for the purpose of providing the financial position of the Plan based on the assumptions set by the Province.
 - This differs from the extrapolated funded position, which is reported based on the assumptions used in the last actuarial valuation as at December 31, 2015.

- Received an overview of proposed changes by the Canadian Institute of Actuaries to the commuted value standard;
- Reviewed and approved the MEPB 2019 Communications Plan; and
- Reviewed and approved draft communications for the MEPB Spring 2019 Member Newsletter.

MEPB met with representatives of AIMCo to:

- Receive an overview of the new Investment Management Agreement for MEPP.

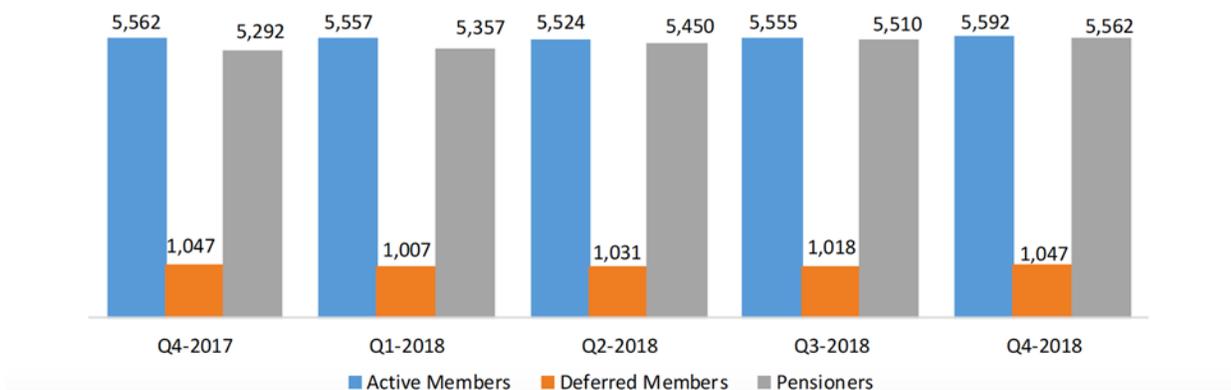
MEPB also met with representatives of APS to:

- Review the MEPP Q4 2018 Quarterly Services Report (QSR), Plan Financial Information, and the Statement of Pension Plan Transactions;
- Review and discuss member communications activities and planning;
- Receive a presentation on cyber security; and
- Receive a presentation on Voice of the Customer (VOC) and First Call Resolution (FCR) metrics:
 - Of note, to date 282 MEPP members or pensioners have been surveyed with an overall VOC satisfaction rating of 8.04 (out of 10), and an 85% FCR satisfaction rating.

Membership Trends

As part of its ongoing work, the Board monitors MEPP membership data for trends that may affect the health of the Plan. APS provides this data in a QSR.

These are the latest membership highlights from the MEPP Q4 2018 QSR. The Q1 2019 figures will be available in the next (Q2) update.



The number of active members increased by 0.7%, deferred by 2.8%, and pensioners by 0.9% on a quarter-over-quarter basis respectively. The current ratio of working-to-retired members remained the same as the previous quarter (Q3), at 1.01:1.

Investments

Market Value

The market values (in millions) (unaudited) for Q4 2018 are as follows. The Q1 2019 figures will be available in the next (Q2) update.

	Q1 2018	Q2 2018	Q3 2018	Q4 2018
Beginning Market Value	\$5,035,882,324	\$5,063,760,264	\$5,168,176,183	\$5,195,394,639
Net Cash Flow*	(\$2,699,348)	(\$11,856,559)	(\$5,222,270)	(\$15,344,814)
Investment Income	\$30,577,288	\$116,272,477	\$32,440,726	(\$123,385,140)
Ending Market Value	\$5,063,760,264	\$5,168,176,183	\$5,195,394,639	\$5,065,664,685

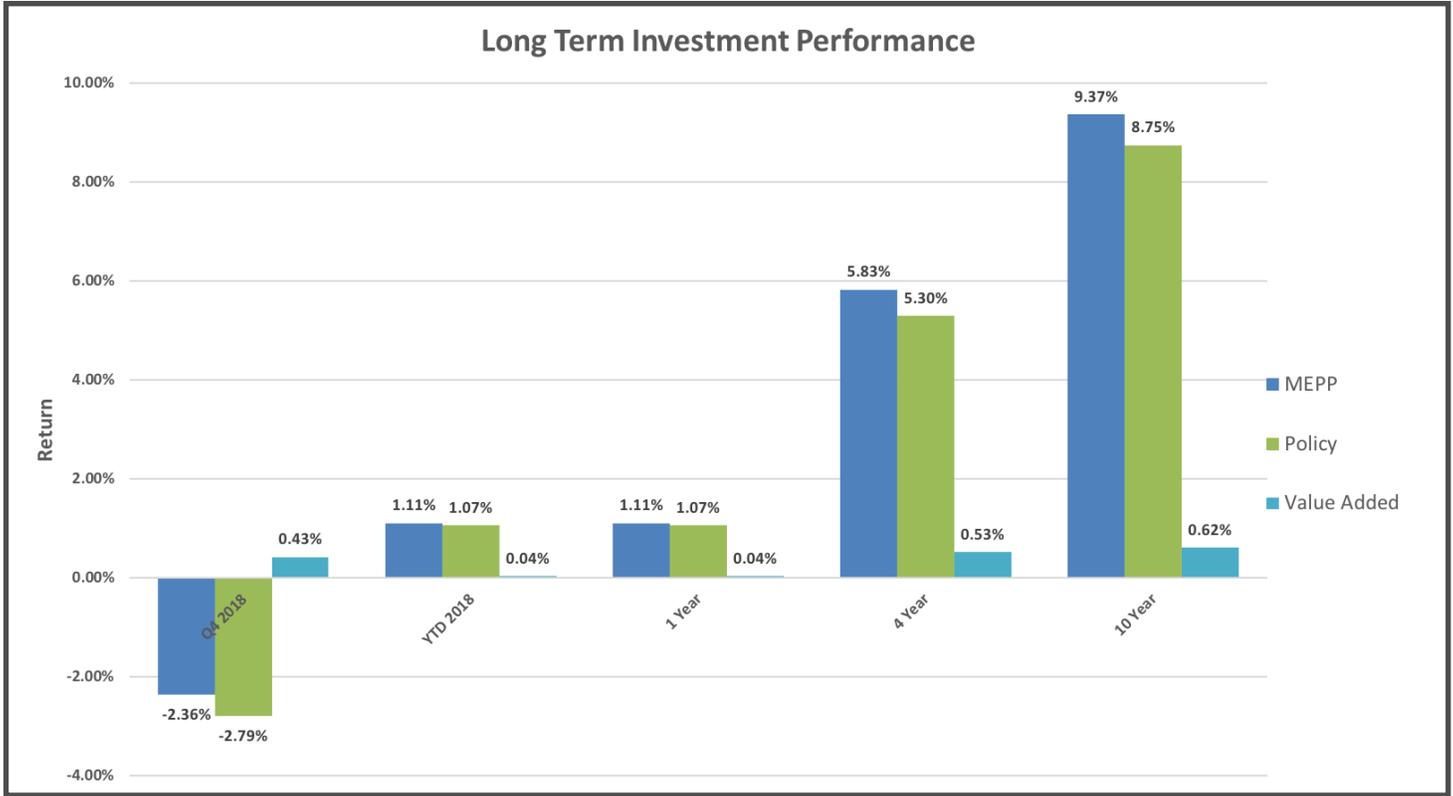
* Negative cash flow amounts were due to a pension system upgrade, resulting in a backlog of termination payouts at the pension administration operations level.

Investment Performance (Unaudited)

The investment performance in Q4 2018 was -2.36 per cent (%) compared to the policy requirement of -2.79% for a value add of 0.43%.

Q1 2019 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.

The Board welcomes your feedback about information contained in these reports, as well as any questions regarding Plan governance. Please e-mail comments to the Board at board@mepp.ca.