

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 Employees Pension Plan (MEPP or the Plan).

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

As part of its work, the Board and its Investment Committee hold meetings at regular intervals throughout the year. The following highlights are from meetings that included Board and Committee review of first quarter (Q1 2022) information as well as post-Q4 2021 updates.

Investment Committee Meeting

At the meeting held March 16, the MEPB Investment Committee met with representatives from:

- The Board's investment consultant to discuss:
 - The investment performance review, including Q4 2021 results; and
 - Updates and market insights, including future investment implications related to global 'Net Zero' (environmental) initiatives.
- MEPP's investment manager, Alberta Investment Management Corporation (AIMCo), to receive updates and information for:
 - The MEPP Q4 2021 investment performance;
 - A review of AIMCo's costs in 2021 and budgets for 2022;
 - AIMCo's CEM benchmarking results for 2020; and
 - Corporate priorities for the year, including an overview of AIMCo's strategy, technology and human resources objectives.

The MEPB Investment Working Group (as part of the Investment Committee) also provided a progress update on its work, including a review of the Asset Liability Study, the revised Investment Policy, the Terms of Reference, and process for the 2022 investment performance review.

Board Meeting

At the meeting held March 17, the Board reviewed and discussed:

- Results of the Board's 2021 Performance Evaluation Survey and service provider reviews;
- Recommendations, such as revisions to the MEPP Funding Policy, as provided in an update by the Investment Working Group; and
- Materials, recommendations and other follow up activities as a result of the MEPB Workshop session held October 19, 2021.

The Board also met with the Plan Actuary to discuss:

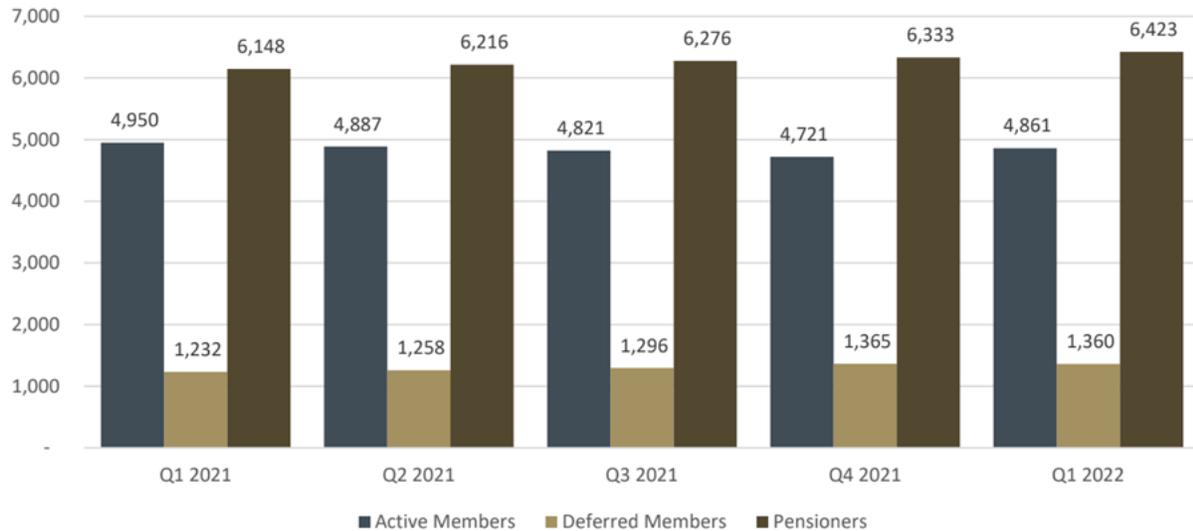
- A presentation on assumptions for the Actuarial Funding Valuation being performed as at December 31, 2021;
- 2021 MEPP and Public Service Management (Closed Membership) Pension Plan ("Closed Plan") Extrapolation results as at December 31, 2021;
 - Note: Extrapolations are provided by the actuary to Treasury Board and Finance for the purpose of producing Financial Statements for the Plans, and are shared with the Board for information.

MEPB also met with representatives of the Plan administrator, Alberta Pensions Services Corporation (APS), to receive:

- A summary of Q4 2021 quarterly reporting and general updates for member services activity, including the MEPP Quarterly Services Report (QSR).
- A review of the MEPP Q4 2021 Plan Financial Information and Statement of Pension Plan Transactions; and
- A general overview of APS' corporate information for the year, such as the 2022 Business Plan and related updates.

Membership Trends

As part of its ongoing work, the Board monitors Plan membership data for trends that may affect the health of MEPP. APS provides this data quarterly. The MEPP membership highlights from the Q1 2022 QSR follow.



The number of active members increased 3.0% from Q4 2021 and decreased 1.8% from Q1 2021. The number of deferred members decreased 0.4% from Q4 2021 and increased 10.4% from Q1 2021. The number of pensioners increased 1.4% from Q4 2021 and increased 4.5% from Q1 2021.

The current ratio of working-to-retired members increased from 0.75:1 in Q4 to 0.76:1 in Q1 2022.

An unusually high number of new MEPP members were added in Q1 due to an issue with a Government of Alberta (GoA) pension system; the system was not identifying employees that transferred from PSPP to MEPP. Once the issue was identified, the GoA submitted the new 2021 memberships. The GoA is working to resolve the issue. A backlog of new MEPP memberships from 2022 will be submitted later this year.

Investments — Market Value

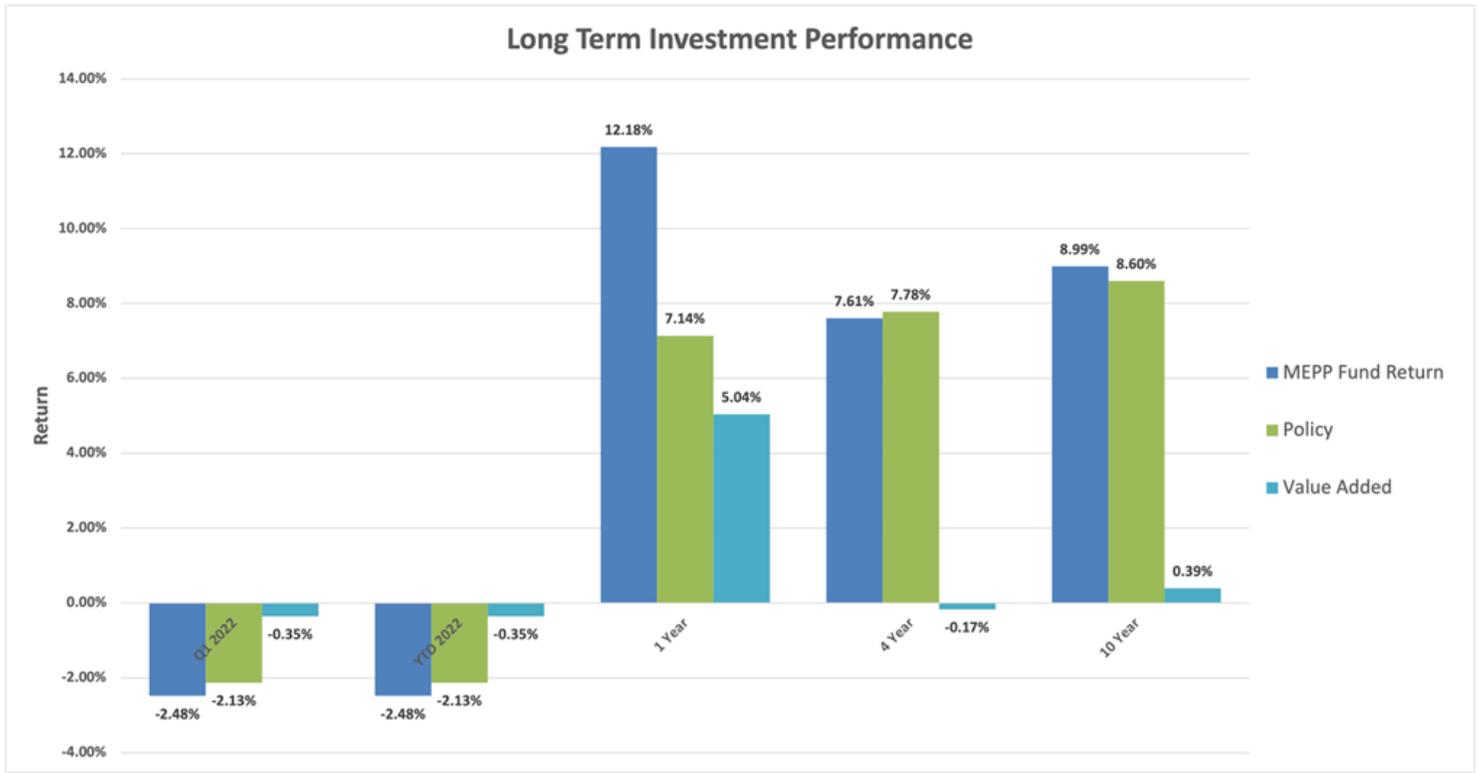
Market values (unaudited) for Q1 2022 as well as the four previous quarters follow.

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Beginning Market Value	\$5,621,868,816	\$5,789,656,861	\$6,091,609,138	\$6,208,865,575	\$6,563,074,415
Net Cash Flow*	\$(27,584,869)	\$(36,053,145)	\$(32,501,649)	\$(21,730,785)	\$(38,321,876)
Investment Income	\$195,372,915	\$338,005,390	\$149,758,086	\$375,939,628	\$(162,773,354)
Ending Market Value	\$5,789,656,861	\$6,091,609,138	\$6,208,865,575	\$6,563,074,415	\$6,361,979,186

*Due to backdates and timing of information, the quarterly cashflow values may not always add up to the ending market value.

Investment Performance (Unaudited)

The investment performance in Q1 2022 was -2.48%, which was below the policy requirement of -2.13% for a value add of -0.35%. The long-term investment performance return for the MEPP Fund follows.



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