

MARK YOUR CALENDARS: OCTOBER 25, 2016

The stakeholder governance meeting, originally planned for May 2016, has now been rescheduled. There will be just one session, held in downtown Edmonton, on **October 25** from **2 to 4 p.m.** Please visit the [MEPP website](#) from Monday, July 4 for registration and event details.

Management Employees Pension Board Priorities and Activities

You can learn about the Management Employees Pension Board's (MEPB or the Board) priorities in the [2016–2018](#) business plan, which is available on the Plan's website.

The MEP Board schedules four regular Board meetings and four Investment Committee (IC) meetings annually, with additional meetings added when required. Board members also keep abreast of pension and investment trends and issues by attending education sessions and conferences.

The most recent Board meetings were held on March 4 and April 8, 2016 and the most recent Investment Committee meeting was held April 7, 2016. The April meetings covered Q4 2015 reports and information.

Investment Committee Meeting

In its May 26, 2016 meeting, the Investment Committee:

- Met with representatives from the Board's investment consultant, Ellement Consulting Group, to:
 - Review the final 2015 annual investment manager review;
 - Review the 2014 Asset Liability Study Report and discuss next steps; and
 - Review the quarterly performance update and risk assessment.

Met with representatives from the Plan's investment manager, Alberta Investment Management Corporation (AIMCo) to:

- Review the AIMCo MEPP quarterly investment review (Q1 2016) and market update;
- Receive presentations on:
 - AIMCo's Annual report on socially responsible investing;
 - AIMCo's costs;
 - AIMCo's Public Equity Investments and
 - 2015 Office of the Auditor General recommendations for AIMCo and report on the CSAE 3416 Audit Report – an audit requirement of the Canadian Institute of Chartered Accountants.

Board Meetings

In its May 27, 2016 meeting, the Board:

- Received an update on:
 - Alberta Pensions Services (APS) Corporation's Board meeting; and
 - The MEPB Investment Committee meeting.
- Met with the Plan Actuary, Aon Hewitt, to discuss assumptions for the 2015 actuarial valuation and experience study.

- Discussed the cancellation of the April Stakeholder Governance Meetings due to low registration and approved rescheduling of a session in the fall. (See *Mark Your Calendar* above)
- Met with a representatives from APS to:
 - Discuss:
 - Q1 2016 MEPP Quarterly Services Report; and
 - 2014 APS CEM Results (CEM is a global benchmarking tool used to compare service standards and costs; CEM is located in Toronto, Canada)
 - Receive updates on APS':
 - 2015 Risk management Annual Report;
 - Mid-year review against APS' Business Plan and Budget;
 - Next Gen pension administration project; and
 - Communications.

Membership Trends

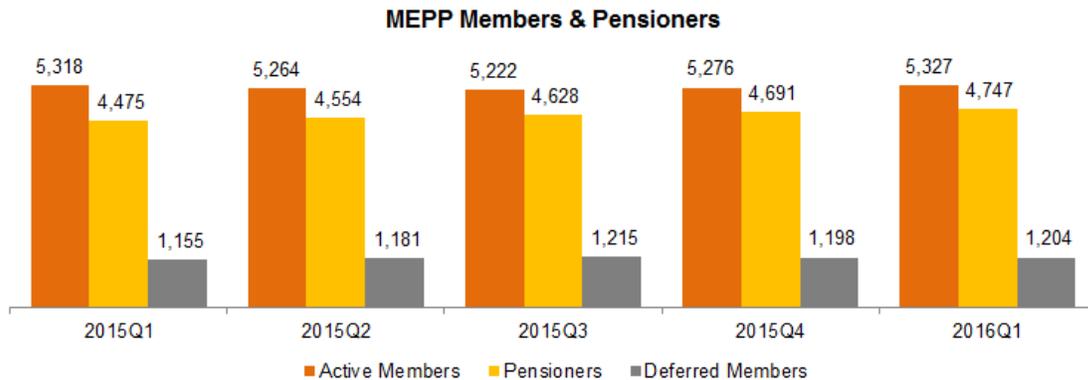
The Board monitors all membership trends, especially changes in the numbers of active, retired and deferred members; the ratio of active to deferred members; and the aging of the membership, as these affect the financial health of the Plan.

The Board regularly receives and reviews Quarterly Service Reports from APS. In addition, the Board receives and reviews several special reports, such as an annual Member Trends and Analysis, in July.

One of the most important trends to watch is the ratio of working-to-retired members, which continues to decline. In the first quarter of 2016:

- Active members ↑ increased slightly by 1 per cent for the last quarter;
- Pensioners ↑ increased by 6.1 per cent form the last quarter; and
- The ratio of working-to-retired members ↓ declined to 1.12:1.

The number of non-active, non-contributing members continues to go up faster than the number of new active, contributing members. This means that there are fewer and fewer contributing members to support the Plan.



Investments

The investment performance of the MEPP Fund for the first quarter 2016 (unaudited) is summarized below. The full Q1 2016 investment report can be found on the MEPP website under the MEPB tab.

	Q1 2016
Beginning Market Value	\$4,314,279,676.42
Net Cash Flow	\$8,591,024.23
Investment Income	\$(73,868,351.63)
Ending Market Value	\$4,249,002,349.02