



MEP BOARD QUARTERLY UPDATE

Q2 2017

July 2017

Management Employees Pension Board Priorities and Activities

The Management Employees Pension Board (MEPB or the Board) is committed to providing progress updates and information to members. Learn more about MEPB priorities in the [2017-19 business plan](#).

We would like to remind members and employers about another information opportunity: the **Stakeholder Governance Meeting**. This is a chance to learn more about MEPP and the priorities of the Board, as well as to ask questions or offer feedback. It will be held in Edmonton on October 27, 2017 and early registration is encouraged. For more information, visit the [MEPP website](#).

MEPB schedules annual quarterly Board and Investment Committee meetings. Pension Appeal Hearings are held as required. The following information provides a snapshot of this work for Q2 of 2017.

The Board met on June 1 and 23, 2017. The Investment Committee meeting was held on May 31. Q1 reports and information were covered at these sessions, and one member appeal was heard.

Board Meeting

At the June meetings, the Board:

- Received an update from the Investment Committee, and made recommendations for investment-related topics to be discussed in future sessions;
- Reviewed both the Funding and the Education Policies;
- Discussed the Enterprise Risk Management (ERM) Policy and Framework, including roles and responsibilities, and appetite for risk;
- Reviewed member interest and registration numbers for the upcoming October 2017 MEPP Stakeholder Session;
- Discussed the 2017 Spring Member Newsletter and continued Board commitment to electronic-only delivery format;
- Received a presentation on Longevity Risk and the global market, as delivered by representatives from Aon Hewitt;
- Met with representatives from APS to review:
 - Strategic planning initiatives;
 - Q1 2017 Quarterly Services Reports (QSRs);
 - Recognition APS received for services delivery, including Most Improved Contact Centre and Communications excellence.

Investment Committee Meeting

At its May 31 meeting, the Investment Committee:

- Met with the Board's investment consultant, Ellement Consulting Group to:
 - Receive a presentation on the 2016 Annual Investment Manager Review;
 - Review the quarterly performance update and risk assessment; and
 - Discuss progress on the Asset Liability Study (ALS) first steps, including actuarial cash flow data, liability proxy and risk modeling assumptions. Next steps will be discussed at the next (September) IC meeting. Targeted date for completion of the study and Investment Policy review is December 2017.
- Met with representatives from AIMCo to review and discuss:
 - Quarterly Investment performance for Q1 2017;
 - Risk modeling;
 - Investment market updates;
 - Methodology for absorption rates and asset allocation;
 - Fixed income investment strategies.

Membership Trends

The Board continually monitors MEPP membership trends, as these affect the health of the Plan. This quarter, noted trends include:

- An increase in the number of new members;
- A plateau in the number of termination and commuted value payments;
- Little change in the number of retirees;
- Active members-to-retirees ratio is stabilizing.

	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Active Members	5,311	5,338	5,410	5,418
Deferred Members	1,212	1,031	1,050	1,053
Retired Members	4,801	4,988	5,030	5,104

Per the APS QRs, highlights for this quarter are:

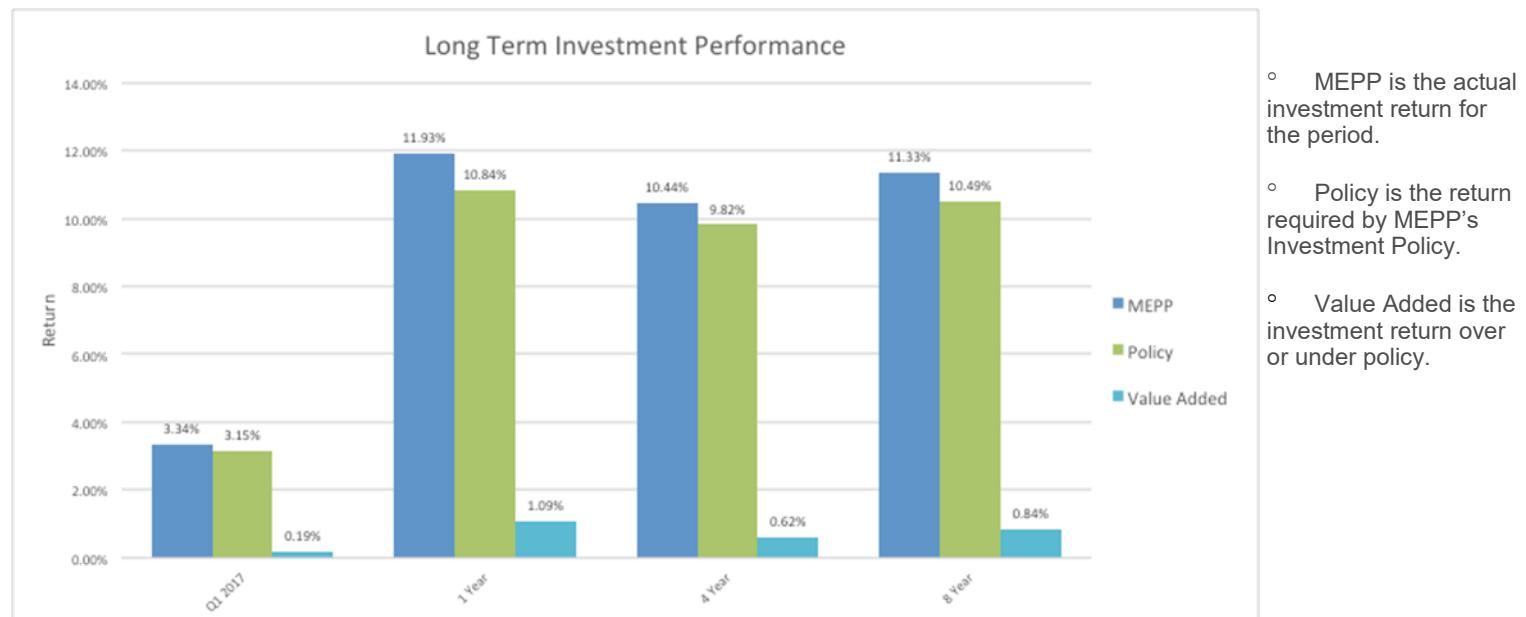
- Active numbers increased by 0.1 per cent on a quarter-over-quarter basis;
- Pensioners increased by 1.5 per cent;
- Deferred members increased by 0.3 per cent;
- Ratio of working-to-retired members declined from 1.08:1 to 1.06:1.

Investments

The market values for Q3 and Q4 of 2016, and Q1 and Q2 of 2017 (unaudited) (in millions) are:

	Q3 2016	Q4 2016	Q1 2017	Q2 2017
Beginning Market Value	\$4,347,484,762	\$4,522,613,721	\$4,606,300,242	\$4,755,963,078
Net Cash Flow	\$2,209,435	\$(2,806,435)	\$(4,494,892)	\$(11,584,909)
Investment Income	\$172,919,524	\$86,492,956	\$154,157,728	\$47,118,477
Ending Market Value	\$4,522,613,721	\$4,606,300,242	\$4,755,963,078	\$4,791,496,646

The investment performance for Q1 of 2017 was 3.34 per cent (%) compared to the policy requirement of 3.15% for a value add of 0.19%. Long term investment performance return for the MEPP fund, as of Q1 2017, is shown as follows:



The Board welcomes your feedback about MEPP. Please e-mail your comments to the Board at board@mepp.ca.