

Management Employees Pension Board Priorities and Activities

The Management Employees Pension Board (MEPB or the Board) provides quarterly updates to inform stakeholders about current activities related to the governance of the Plan.

MEPB oversees the investment and administration management of the Plan. The Board sets the 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 MEPP-related matters.

As part of its work, the MEPB holds Board and Investment Committee meetings at regular intervals throughout the year. The following highlights are from the Q2 2018 meetings:

Investment Committee Meeting

On May 31, the Investment Committee (IC):

- Met with representatives from Ellement Consulting Group, the Plan investment consultant, to:
 - Discuss the final report of the 2017 Annual Investment Management Review (IMR);
 - Receive a presentation on the updated 2018 MEPP Asset Liability Study (ALS);
 - Review the Annual Cash Flow data;
 - Review Quarterly Performance Update and Risk Assessment reports.
- Met with representatives from AIMCo, the Plan's investment manager, to review and discuss:
 - Quarterly Investment Review and Market Updates;
 - Real Estate and Fixed-Income Investments;
 - Cyber Security: AIMCo presented their policies and procedures for cyber security;
 - CEM Benchmarking reports.

Board Meeting

At the June 1 and June 27 meetings, the Board:

- Reviewed the appointments process for both the MEPB and IC, and elected director positions for the upcoming term;
- Discussed the recruitment process for MEPB Employer Nominees;
- Reviewed results of recent Administrative Appeals;
- Discussed planning approach and topics for the annual Stakeholder Governance Session and the October Board Retreat;
- Received a preliminary report on an Interim Plan Valuation for monitoring purposes, from the Plan Actuary, Aon Hewitt;
- Discussed the review process for upcoming annual strategic planning, including Enterprise Risk Management (ERM);
- Reviewed communications priorities for the 2018 Fall Member Newsletter;
- Met with representatives from the Plan administrator, Alberta Pensions Services (APS), to review:
 - A proposed draft for Service Level Agreements (SLA) between MEPB and APS;
 - Quarterly Services Reports for Q1 2018;
 - APS's 2017 Office of the Auditor General, Audit Report and 2018-20 Business Plan and Budget.

Membership Trends

The Board continuously monitors membership data for trends that may affect the health of the Plan. The Administrator provides this data in Quarterly Services Reports (QSRs). The following membership data was extracted from the latest QSR. Highlights for this quarter are:

- Active members slightly decreased by 0.1 per cent on a quarter-over-quarter basis:
 - 116 members joined the active category; and
 - 121 members either moved to other categories, retired or left the Plan.
- Deferred members decreased by 3.8 per cent on a quarter-over-quarter basis:
 - 35 members joined the new deferred membership from active and other categories;
 - 75 members either moved to other categories, retired or left the Plan.
 - NOTE: the increase of deferred members leaving the Plan was due to the influx of member termination files completed in the previous quarter, resulting from the option packages processed by the Plan Administrator at the end of the year.
- The number of pensioners increased by 1.2 per cent on a quarter-over-quarter basis:
 - 80 new retirees joined the pensioner category;
 - 15 retirees left the group due to death or expiry of guarantee.

	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Active Members	5,477	5,504	5,562	5,557
Deferred Members	1,056	1,053	1,047	1,007
Retired Members	5,168	5,245	5,292	5,357

Overall, the current working-to-retired ratio declined from 1.05:1 to 1.04:1. The data for Q2 2018 will be available in August, and highlights will appear here in the Q3 update.

Investments

Market Value

The market values (in millions) (unaudited) for Q1 2018 are as follows:

(Note: Q2 2018 figures will be available in the Q3 update.)

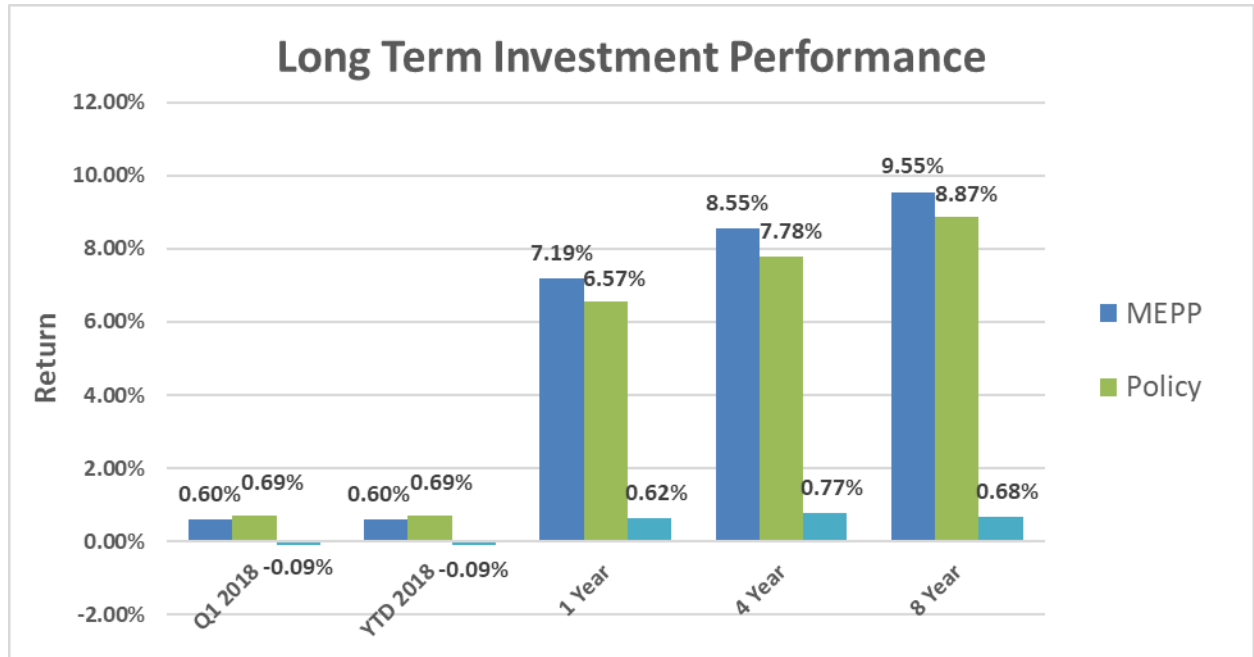
	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Beginning Market Value	\$4,755,963,078	\$4,791,496,646	\$4,831,354,831	\$5,035,882,324
Net Cash Flow	\$(11,584,909)	\$(7,711,055)	\$(11,715,839)*	\$(2,699,348)
Investment Income	\$47,118,477	\$47,569,239	\$216,243,332	\$30,577,288
Ending Market Value	\$4,791,496,646	\$4,831,354,831	\$5,035,882,324	\$5,063,760,264

* 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 Q1 2018 was 0.60 per cent (%) compared to the policy requirement of 0.69% for a value add of -0.09%. Q2 2018 results will be posted in the next (Q3) 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 the MEPP 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.