

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 Board schedules four regular Board meetings and four Investment Committee 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 Q3 Investment Committee meeting was held on September 8, 2016, and the Board meetings were held on September 9 and October 21, 2016. The September meetings covered Q2 2016 reports and information. Q3 reports and information will be reviewed in the December meetings.

In addition to the regular meetings, the Board attended a one-day retreat on October 20, 2016.

Investment Committee Meeting

In its September 8, 2016 meeting, the Investment Committee:

- Met with representatives from the Board's investment consultant, Ellement Consulting Group, to review presentations on and discuss:
 - Q2 investment performance returns including the four year and 2016 year-to-date returns
 - MEPP Surplus-At-Risk (SaR)
 - Staff changes at the Alberta Investment Management Corporation (AIMCo)
 - AIMCo's Global Risk Premium Strategy (GRPS)
 - MEPP 2016 Asset Liability Study (ALS) Work Plan and timelines, which was approved by the Investment Committee.
- Met with representatives from AIMCo to review presentations on and discuss:
 - FinAnalytica Reporting
 - Hedge Funds
 - MEPP fund liquidity
 - Timeline for AIMCo Data/Report deliverables;
 - AIMCo's investment decisions and governance process for private equity
 - AIMCo's Global Risk Premium Strategy (GRPS)
 - AIMCo's fixed income objectives
 - AIMCo's human resources and succession planning
 - AIMCo compensation structure
 - Annual review of MEPP Investment Policy (IP) and Statement of Investment Beliefs (SIB).
- Formulated a recommendation for changes to the MEPP IP that will be presented to the full Board for approval.

Board Meetings and Retreat

September 9, 2016

In its September 9, 2016 meeting, the Board:

- Received an update from the MEPP Investment Committee on its meeting of September 8 and:
 - Approved the revised MEPP IP as recommended by the Investment Committee
 - Directed the Chair send a letter to the President of Treasury Board and Minister of Finance (the Minister) and AIMCo with a copy of the revised IP

- Approved to defer a full review of the MEPP IP following the completion of the 2016 MEPP Asset Liability Study.
- Met with the Plan Actuary, Aon Hewitt, to review and discuss the MEPP 2015 Actuarial Valuation and Risk Analysis and:
 - Agreed to approve the Final Actuarial Valuation by fax-back poll
 - Directed that the Chair send a copy of MEPP Final Actuarial Valuation and Risk Analysis to the Minister.
- Received an update from the Chair regarding the Chair's meeting with the President and CEO and the Chief People Office, Alberta Pensions Services (APS) Corporation; reviewed an analysis of the Service Level Agreements (SLAs) compared to the Operating Protocol (OP) between the Minister, APS and the MEPB; and directed the Chair send a letter to the Minister with the Board's feedback on the SLAs
- Reviewed and discussed the first draft of the 2017 – 2019 Business Plan
- Approved the 2017 -2019 budget
- Discussed the impact of Alberta Innovates' new organizational entities resulting from Bill 11 and possible amendments to the MEPP regulation, and directed Chair send a letter to the Minister concerning this matter
- Met with the Plan's Communication Consultant, Simons Solutions, to discuss:
 - Topics for the 2016 Fall Newsletter
 - Content of the October 25, 2016 Stakeholder Governance meeting.
- Met with a representative from APS to review and discuss:
 - APS Communication Plan
 - Member statements – 100% of the member annual statements were distributed by the end of Q2
 - Communication used in the launch of its new system
 - Q2 Quarterly Service Report (QSR).

October 20, 2016

In its one-day retreat on October 20, 2016, the Board received presentations on and discussions about:

- Investment Risks with Ellement Consulting: included a discussion of risk measures and their interpretation, risk statistics, key uses of risk models, risk definition, time horizon and valuation basis
- Investment Risks with AIMCo: included a fulsome discussion on investment risks and risk management from AIMCo's perspective and how AIMCo can work with its clients to optimize the risk/reward ratio
- Improving Board Effectiveness with Brown Governance: included a discussion on how to improve board effectiveness through peer evaluation and the methodologies used (questionnaires, interviews, facilitated dialogue, and observation of behavior)
- MEPP 2017 Communications Plan with Simons Solutions: included a discussion of communication audiences, communication objectives, key messages, and communication activities for 2017
- MEPP Stakeholder Governance session with Simons Solutions: included a review and refinement of the PowerPoint slides and questions and answers for the session on October 25, 2016.

October 21, 2016

In its October 21, 2016 meeting, the Board:

- Confirmed changes to the 2017 Communication Plan
- Discussed and provided changes for the Fall 2016 Newsletter
- Provided feedback on the 2017-19 MEPP Business Plan and approved the revised Plan and Budget be submitted to the Minister;
- Discussed and provided feedback on the MEPB Enterprise Risk Management (ERM) documents
- Met with representatives from APS to
 - Review proposed updates to some MEPP plan rules; the Board requested further analysis from APS before proceeding further
 - Review APS's cybersecurity program.

Membership Trends

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

The Board regularly receives and reviews QSRs from APS. In addition, the Board receives and reviews several special reports, such as an annual Member Trends and Analysis.

The following shows the membership numbers for 2015, Q1 2016 and Q2 2016 from the QSRs:

	Q2 2016	Q1 2016	2015 Year End
Active Members	5,311	5,327	5,276
Deferred Members	1,212	1,204	1,198
Retired Members	4,801	4,747	4,691

The 2015 Member Trends and Analysis report will be reviewed by the Board in its December 2016 meeting and reported on in the Q4 Update.

Investments

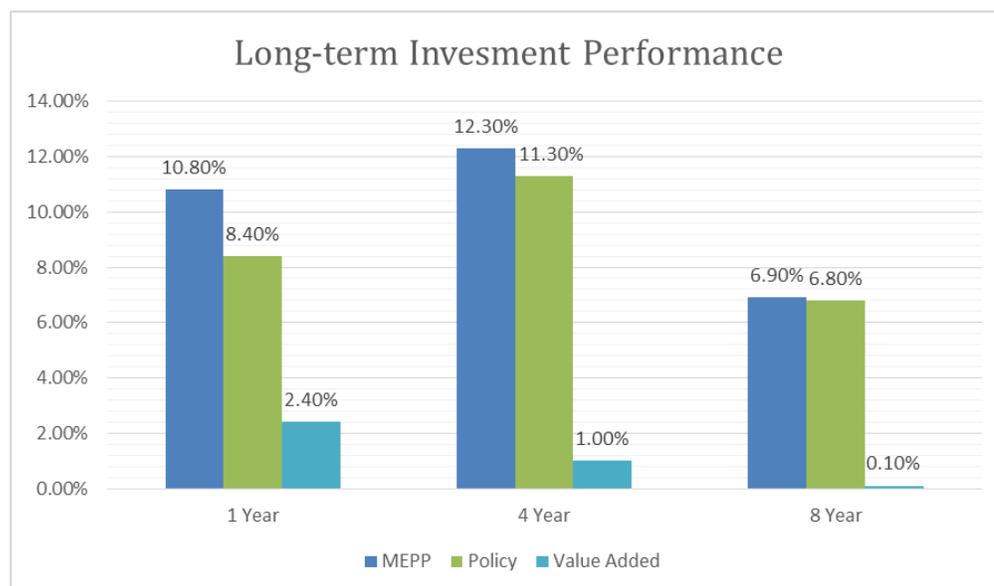
The market values for the first two quarters of 2016 (unaudited) and last quarter of 2015 (in millions) are:

	Q2 2016	Q1 2016	Q4 2015
Beginning Market Value	\$4,249.0	\$4,314.3	\$4,094.9
Net Cash Flow	\$4.0	\$8.6	\$0.5
Investment Income	\$94.4	\$(73.9)	\$218.9
Ending Market Value	\$4,347.4	\$4,249.0	\$4,314.3

The full Q2 2016 investment report can be found on the MEPP website under the MEPB tab.

The investment performance through the second quarter of 2016 was 2.2 per cent (%) compared to the policy requirement of 2.4% for a value add of -0.2%.

The long-term investment performance return for the MEPP Fund as of Q2 2016 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 MEPP. Please e-mail your comments to the Board at board@mepp.ca.