

Management Employees Pension Board Priorities and Activities

The Management Employees Pension Board (MEPB or the Board) monitors the investment and administration management of the Plan, sets the investment policy and other general policies on administration of MEPP, holds pension appeal hearings as required, and acts in an advisory capacity to the Minister (the Trustee) on other Plan matters. As part of this work, the Board provides information and progress updates to all MEPP stakeholders, including members and employers.

Each year, MEPB produces an Annual Plan Report in June, and semi-annual MEPP Member Newsletters in the spring and fall, which are all posted to [the website](#) upon publication. On October 27, the Board held its annual Governance Session to speak face-to-face with stakeholders. Highlights from the October 27 session, can be found [here](#).

The Board is required to hold quarterly Board and Investment Committee meetings. The following report is intended to provide a snapshot of this component of the Board's work in Q3 of 2017.

Investment Committee Meeting

On September 13, the Investment Committee:

- Met with the Board's investment consultant, Ellement Consulting Group, to:
 - Review progress on the MEPP 2017 Asset Liability Study. Targeted date for completion of the Study and the Investment Policy review is December 2017;
 - Discuss the Quarterly Performance Update and Risk Assessment.
- Met with representatives from AIMCo to review and discuss:
 - The Quarterly Investment Review for Q2 2017;
 - Enterprise Risk Management;
 - Investment Market Update;
 - Asset Allocation and AIMCo's investment pools.

Board Meeting

At the September 14 and October 26 meetings, the Board:

- Received an overview of information and recommendations from the September Investment Committee meeting;
- Discussed developments in the appointment process for new Board members;
- Received a presentation from Ellement on the Enhanced Asset Liability Study (ALS);
- Approved the MEPB 2018-2020 Business Plan, posted [here](#);
- Discussed progress on the MEPB Enterprise Risk Management (ERM) framework:
 - Approved MEPB ERM Framework documents;
- Discussed the MEPB external communications commitment, including priorities in 2018 and the development of the 2017 Fall Member Newsletter;
- Met with representatives from APS to review:
 - 2017 CEM Survey Results, a peer-to-peer performance measurement for pension administrators;
 - APS's Cost Allocation Methodology;
 - The APS Risk Management Annual Report (for year-end 2016);
 - The Compliance Annual Report, a new report for APS which focuses on legislation compliance as well as corporate obligations;
 - Q3 2017 Quarterly Services Report (QSRs) and special reports such as the Statement of Pension Plan Transactions.

Board Retreat

On October 25, the Board participated in a one-day professional development session to further understanding, information and education related to its ongoing work. At this session, the Board received presentations from industry experts and guest speakers:

- Investment Risk, as delivered by Ellement Consulting Group
- Factor-Based (Quantitative) Investing, as delivered by Hillsdale Investment Management Inc.
- Effective Board Governance, as delivered by Governance Solutions Inc.
- ERM Framework, as delivered by SIGMA Risk Management Inc.

Membership Trends

The Board continually monitors MEPP membership trends, as these affect the health of the Plan. This report includes information for Q3, as extracted from the APS QSR.

The highlights from this quarter are:

- The number of active members increased slightly by 1.1 % on a quarter-over-quarter basis;
- The number of pensioners increased by 1.3 % on a quarter-over-quarter basis;
- The current working-to-retired members ratio stayed the same as the previous quarter at 1.06:1;
- The number of deferred members increased by 0.3 % on a quarter over quarter basis.

The following membership data was extracted from the latest version (Q3) of the MEPP QSRs:

	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Active Members	5,410	5,418	5,477	5,504
Deferred Members	1,050	1,053	1,056	1,053
Retired Members	5,030	5,104	5,168	5,245

Investment Market Value

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

	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Beginning Market Value	\$4,522,613,721	\$4,606,300,242	\$4,755,963,078	\$4,791,496,646
Net Cash Flow	\$(2,806,435)	\$(4,494,892)	\$(11,584,909)*	\$(7,711,055)*
Investment Income	\$86,492,956	\$154,157,728	\$47,118,477	\$47,569,239
Ending Market Value	\$4,606,300,242	\$4,755,963,078	\$4,791,496,646	\$4,831,354,831

* Negative cash flow amounts are due to a pension system upgrade, resulting in a backlog of termination payouts at the pension administration operations level.

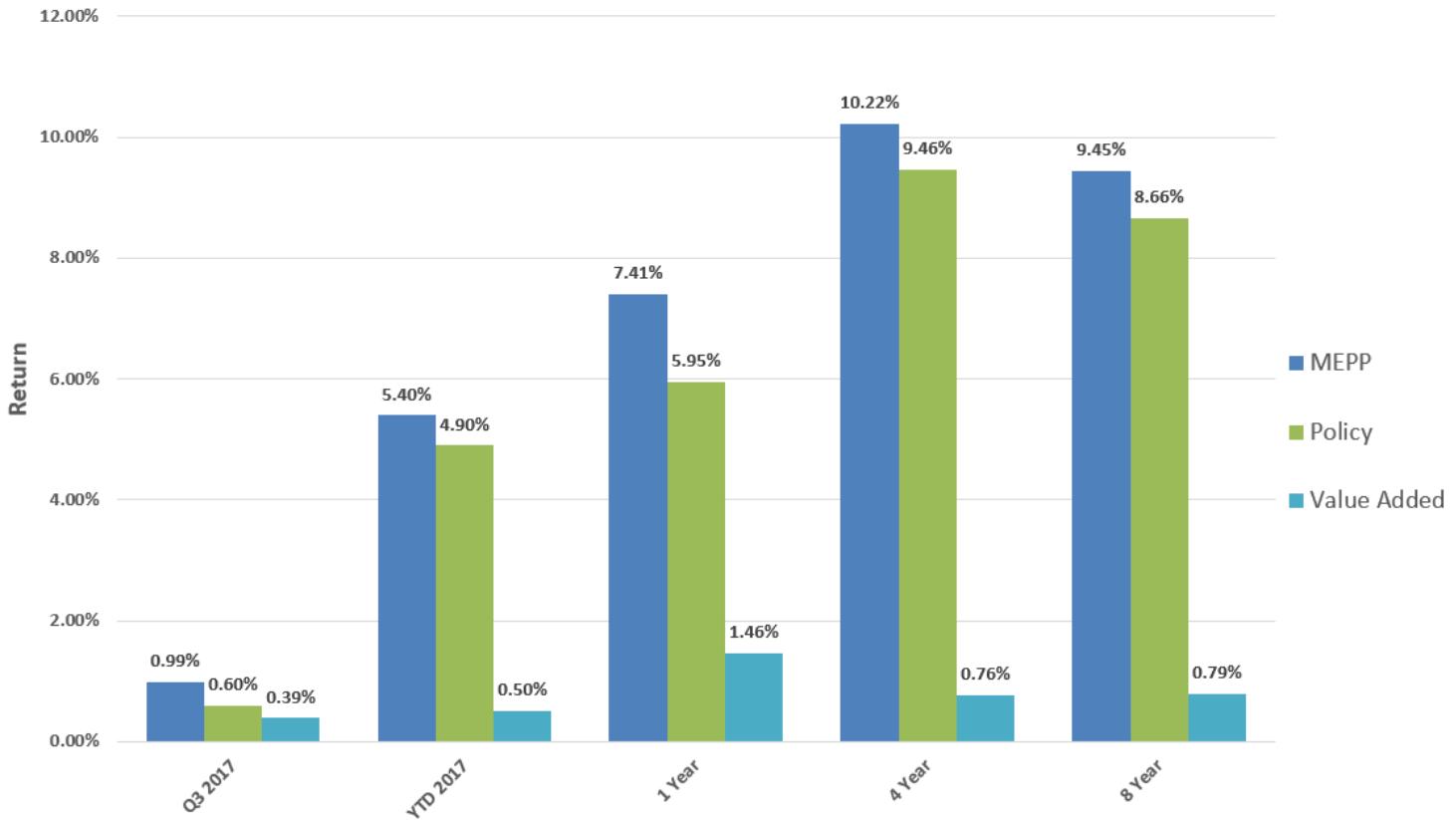
Investment Performance

The investment performance for Q3 of 2017 was 0.99% compared to the policy requirement of 0.60% for a value add of 0.39%.

The long-term investment performance return for the MEPP Fund as of Q3 2017 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

Long Term Investment Performance



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