

Management Employees Pension Board Priorities and Activities

The Management Employees Pension Board (MEPB or the Board) provides quarterly updates for stakeholders. These updates are a snapshot of current activities related to governance of the Plan.

The Board oversees investment and administration management of the Plan, setting investment policy and other general policies, such as the Funding policy, for the administration of MEPP. MEPB also holds pension appeal hearings for Plan members as required, and acts in an advisory capacity to the Minister (the Trustee) on other MEPP-related matters.

As part of its work, the MEPB holds Board and Investment Committee (IC) meetings at regular intervals throughout the year. The following highlights are from the most recent (Q3 2018) meetings.

Investment Committee Meeting

On September 13, the MEPB IC:

- Met with representatives from Ellement Consulting Group, the Plan's investment consultant to:
 - Discuss the progress update on the 2018 MEPP Asset Liability Study (ALS);
 - Review the Quarterly Investment Performance Results and Risk Assessment.
- Met with representatives from AIMCo, the Plan's investment manager, to review:
 - Risk Management and Consumer Price Index (CPI)-based benchmarking;
 - The Semi-Annual Economic Update presentation;
 - Quarterly Investment Performance and Market Updates.
- Met with representatives from AIMCo to receive presentations on:
 - Human Resources and Succession Planning;
 - Risk Management.

Board Meeting

At the September 14 and October 25 meetings, the Board reviewed and discussed:

- The draft for the MEPB 2019-2021 Strategic Business Plan and budget, and the Public Service Managers (PSM Closed) Plan budget;
- MEPP Interim Valuation Results, completed as at December 31, 2017;
- The PSM (Closed) Plan Valuation, completed as at December 31, 2017;
- The MEPB Enterprise Risk Management (ERM) Annual review, including the risk register;
- The MEPP Investment Policy Asset Mix;
- Communications priorities for the upcoming 2018 Fall Member Newsletter;
- Planning for the annual Stakeholder Governance Session;
- Board Policy Reviews.

MEPB also met with representatives of the Plan administrator, Alberta Pensions Services (APS), to:

- Review the APS Annual (2017) Risk Management and Compliance Reports;
- Discuss the latest CEM Benchmarking Survey results;
- Receive the latest (Q3) Quarterly Service Reports and related updates;
- Receive a presentation on the APS Corporate Board Update.

Board Retreat

On October 24, the Board met for its annual retreat.

During this informative professional development session, the Board received presentations from industry-related guest speakers and discussed the principles for best governance practices.

Membership Trends

As part of its ongoing work, the Board monitors MEPP membership data for trends that may affect the health of the Plan. APS, the Plan Administrator, provides this data in Quarterly Services Reports (QSRs).

Here are the MEPP membership highlights from the latest QSRs.

- Active members slightly decreased by 0.6 per cent on a quarter-over-quarter basis:
 - 144 members joined the active category; and
 - 113 members either moved to other categories, retired or left the Plan.
- Deferred members decreased by 1.3 per cent on a quarter-over-quarter basis:
 - 50 members joined the new deferred membership from active and other categories;
 - 63 members either moved to other categories, retired or left the Plan.
- The number of pensioners increased by 1.1 per cent on a quarter-over-quarter basis:
 - 77 new retirees joined the pensioner category;
 - 17 retirees left the pensioner group due to death or expiry of guarantee.

	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Active Members	5,562	5,557	5,524	5,555
Deferred Members	1,047	1,007	1,031	1,018
Retired Members	5,292	5,357	5,450	5,510

Overall, the current working-to-retired ratio remained the same as the previous quarter at 1.01:1.

Investments

Market Value

The market values (in millions) (unaudited) for Q2 2018 are as follows:

Note: Q3 2018 figures will be available in the next (Q4) update.

	Q3 2017	Q4 2017	Q1 2018	Q2 2018
Beginning Market Value	\$4,791,496,646	\$4,831,354,831	\$5,035,882,324	\$5,063,760,264
Net Cash Flow*	(\$7,711,055)	(\$11,715,839)	(\$2,699,348)	(\$11,856,559)
Investment Income	\$47,569,239	\$216,243,332	\$30,577,288	\$116,272,477
Ending Market Value	\$4,831,354,831	\$5,035,882,324	\$5,063,760,264	\$5,168,176,183

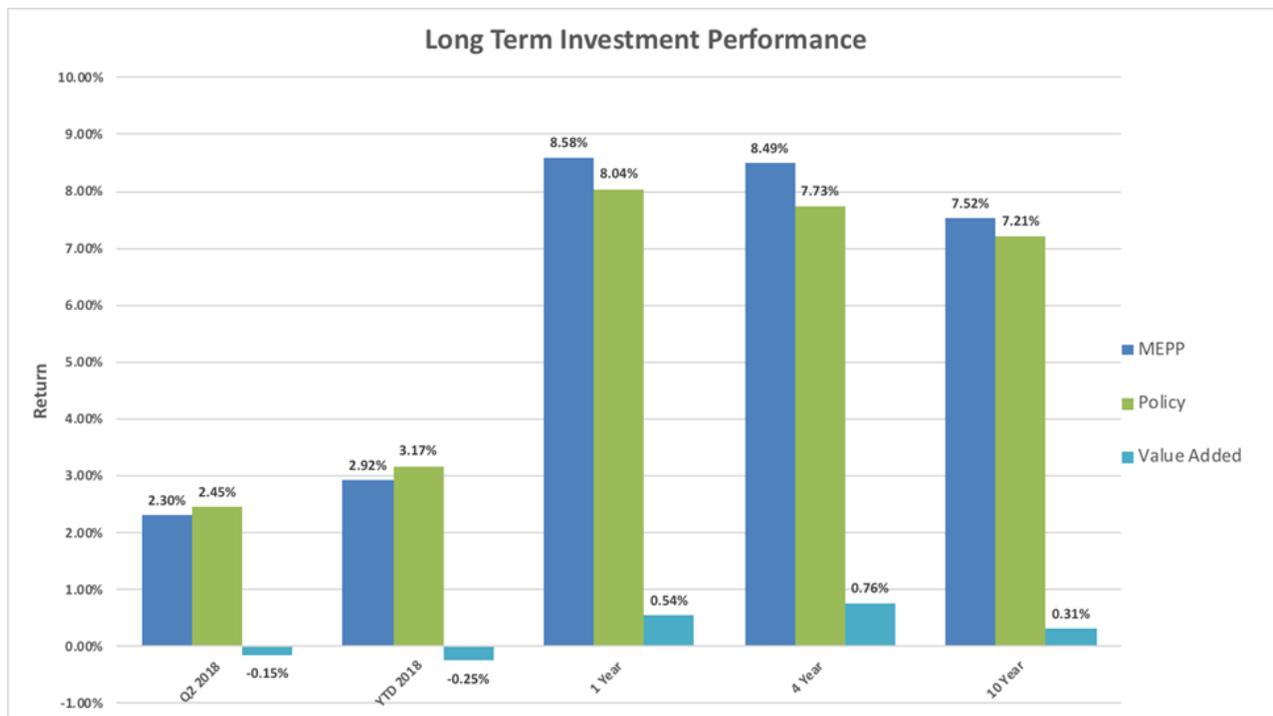
* Negative cash flow amounts were due to a pension system upgrade, resulting in a backlog of termination payouts at the pension administration operations level.

Investment Performance (Unaudited)

The investment performance in Q2 2018 was 2.30 per cent (%) compared to the policy requirement of 2.45% for a value add of -0.15%.

Q3 2018 results will be posted in the next (Q4) 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 MEPP's 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.