

Management Employees Pension Board Priorities and Activities

You can learn about the Management Employees Pension Board's (MEPB or the Board) priorities in the new [2017-2019](#) business plan, which is available on the Plan's website.

The Board schedules annual quarterly Board and Investment Committee meetings. Additional meetings and Pension Appeal Hearings are added when required.

The Q4 Investment Committee meeting was held on December 1, 2016, and the Board meeting was held on December 2, 2016. The December meetings covered Q3 2016 reports and information. Q4 reports and information will be reviewed at the April 2017 meetings.

Investment Committee Meeting

In its December 1, 2016 meeting, the Investment Committee:

- Met with the Board's investment consultant, Ellement Consulting Group, to review presentations on and discuss:
 - Cash flow sensitivity and its minimal to no impact on the optimal investment strategy
 - Risk modelling methodologies and asset class assumptions
 - The annual MEPP Asset-Liability Study, risk modelling and cash flow data questions
 - Quarterly performance update which revealed an increased market value compared to last quarter
 - Planning of the MEPB's annual Investment Manager Review of AIMCo (this review is part of the Board's annual Due Diligence)
- Met with representatives from AIMCo to review presentations on and discuss:
 - Quarterly Investment performance and Market Update
 - Key attritions and staff changes in Q3
 - Equity pool structure
 - Private Equity investments
 - Infrastructure and Timberland investments
- Completed the AIMCo Satisfaction Survey

Board Meeting

At its December 2, 2016 meeting, the Board:

- Agreed to consult with an external consultant on the second stage of the MEPB Enterprise Risk Management (ERM) program
- Approved the 2017 Board Governance schedule
- Received an update from the MEPP Investment Committee on its December 1 meeting and:
 - Approved the Board's responses to AIMCo's Satisfaction Survey and sharing of the results with AIMCo
- Received a presentation from representatives from the Office of the Auditor General (OAG) regarding the Audit Plan for the year ending Dec. 31, 2016
- Met with representatives from APS to review and discuss:
 - Engagement of the Board on the 2018-2022 Strategic Plan
 - Revision and enhancement of the current Memorandum of Understanding, Operating Protocol and Service Level Agreements
 - Administrative costs per Member (remains competitive among APS's peers)
 - Strategic Stakeholder Relations (SSR) (APS Communications) 2017 Plan
 - 2016 Q3 Quarterly Service Report and Member Trends Analysis
 - Recommended policy updates and regulation changes

- Completed a scorecard of external consultants
- A decision regarding Board communication needs, deferred to the March/ April 2017 meeting. Additionally:
 - The 2016 MEPP Fall Newsletter was approved
 - 2017 Spring Newsletter topics were approved, and will include: 2016 financial statement results (if available), notification of the annual report, MEPP website updates, progress updates on ERM and ALS.
- Approved the 2016 annual Board Report to the Minister
- Received a presentation from Aon Hewitt regarding CPP changes and potential impacts to MEPP

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 Analysis.

The following shows the membership numbers for Q1 2016, Q2 2016 and Q3 2016 from the QSRs:

	Q3 2016	Q2 2016	Q1 2016
Active Members	5,333	5,311	5,327
Deferred Members	1,028	1,212	1,204
Retired Members	4,959	4,801	4,747

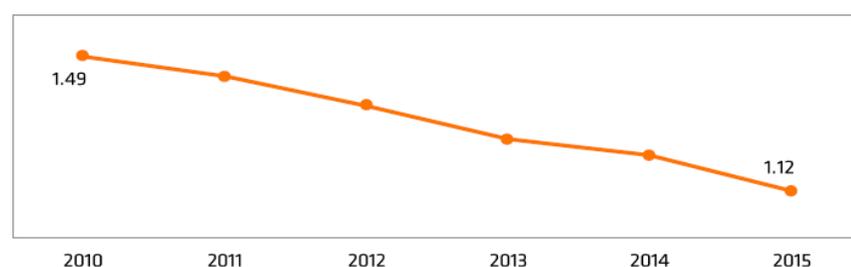
Highlights from the annual Member Trends Analysis include:

- Overall increases in the total number of MEPP clients
- Increased volume of retirees by an average annual growth rate of 7.7% (over 5 years), while the number of active members increased by an average annual growth rate of 1.0%
 - Ratio of active members to retirees is steadily decreasing
- At the end of 2015, plan membership is almost equally split between males and females
- Average age of members has slightly decreased from 48.8 in 2014 to 48.5 in 2015

Figure 1: Membership Trend (2010 - 2015)



Figure 2: Ratio of Active Members to Pensioners (2010 - 2015)



Investments

Market Value

The market values for the first three quarters of 2016 (unaudited) (in millions) are:

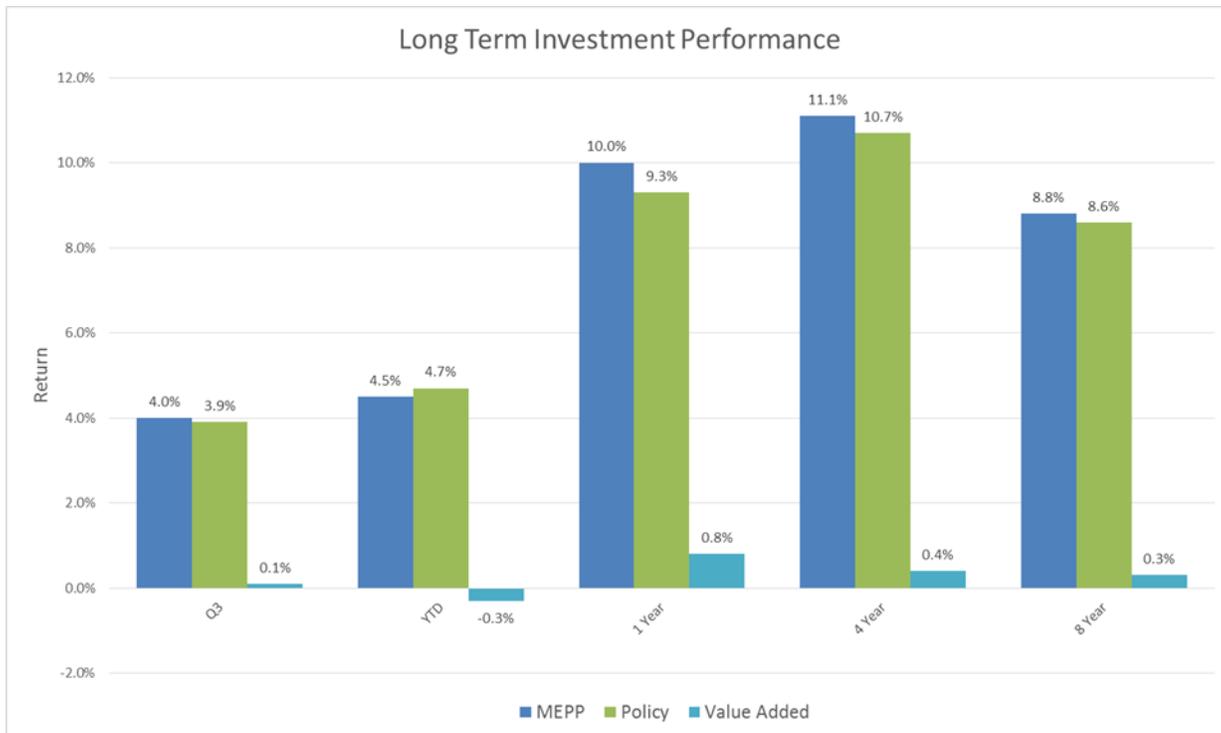
	Q3 2016	Q2 2016	Q1 2016
Beginning Market Value	\$4,347.5	\$4,249.0	\$4,314.3
Net Cash Flow	\$(2.8)	\$4.0	\$8.6
Investment Income	\$86.49	\$94.4	\$(73.9)
Ending Market Value	\$4,606.3	\$4,347.4	\$4,249.0

The full [Q3 2016 investment report](#) can be found on the MEPP website under the MEP Board tab.

Investment Performance

The investment performance through the third quarter of 2016 was 3.97 per cent (%) compared to the policy requirement of 3.89% for a value add of 0.08%.

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