

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 the governance of the Plan.

The Board's role is to oversee the investment and administration management of the Plan and to set investment and other general policies, such as the Funding Policy, for the administration of MEPP. The MEPB also holds pension appeal hearings for Plan members 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 (IC) meetings at regular intervals throughout the year. The following highlights are from the most recent (Q4 2018) meetings.

Investment Committee Meeting

At the meeting held December 5, the MEPB IC:

- Met with representatives from Ellement Consulting Group, the Plan's investment consultant, to:
 - Review results of the 2018 MEPP Asset Liability Study (ALS);
 - Review the MEPP Investment Policy (IP);
 - Discuss the Annual Investment Manager Review (IMR) and project plan for 2019;
 - Receive a presentation on the Quarterly Performance Update and Risk Assessment.
- Met with representatives from AIMCo, the Plan's investment manager, to review:
 - The Q3 2018 MEPP Quarterly Investment Performance;
 - Information on Private Equity, Infrastructure and Timber Investments;
 - An update on joint governance changes.

Board Meeting

On December 6, the Board met to review and discuss:

- The OAG MEPP Audit Plan for the year ended December 31, 2018;
- An update from the MEPB IC meeting, including a review of the MEPB IC Terms of Reference;
- Communications planning, including the *MEPP Spring 2019 Member Newsletter* topics;
- The Enterprise Risk Management (ERM) Risk Register;
- New Board Officer positions for the term January 1 to December 31, 2019, as follows:
 - Deborah Polny, MEPB Chair;
 - Sonya Johnston, MEPB Vice-Chair;
 - Andrew Tambone, MEPB IC Chair;
 - Shannon Patershuk, MEPB IC Vice-Chair.

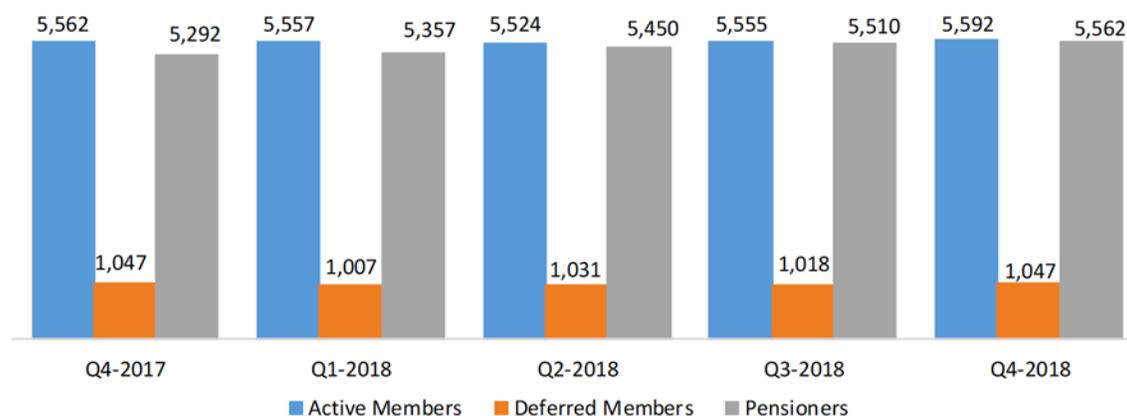
The MEPB also met with representatives from the Plan Administrator, Alberta Pensions Services (APS), to:

- Receive an update from the latest APS Corporate Board meetings;
- Review a presentation on the 2019-21 APS Business Plan and Budget;
- Review the latest MEPP Quarterly Services Report (QSR).

Membership Trends

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

Here are the latest membership highlights from the MEPP Q4 2018 QSR:



The number of active members increased by 0.7%, deferred by 2.8%, and pensioners by 0.9% on a quarter-over-quarter basis respectively. The current ratio of working-to-retired members remained the same as previous quarter, at 1.01:1.

Note: The previous quarter saw an increase of active members moving to retirement due to an increase in the number of completed retirement finalizations. The data has returned to normal seasonal volumes.

Investments

Market Value

The market values (in millions) (unaudited) for Q3 2018 are as follows:

Note: Q4 2018 figures will be available in the next (Q1 2019) update.

	Q4 2017	Q1 2018	Q2 2018	Q3 2018
Beginning Market Value	\$4,831,354,831	\$5,035,882,324	\$5,063,760,264	\$5,168,176,183
Net Cash Flow*	(\$11,715,839)	(\$2,699,348)	(\$11,856,559)	(\$5,222,270)
Investment Income	\$216,243,332	\$30,577,288	\$116,272,477	\$32,440,726
Ending Market Value	\$5,035,882,324	\$5,063,760,264	\$5,168,176,183	\$5,195,394,639

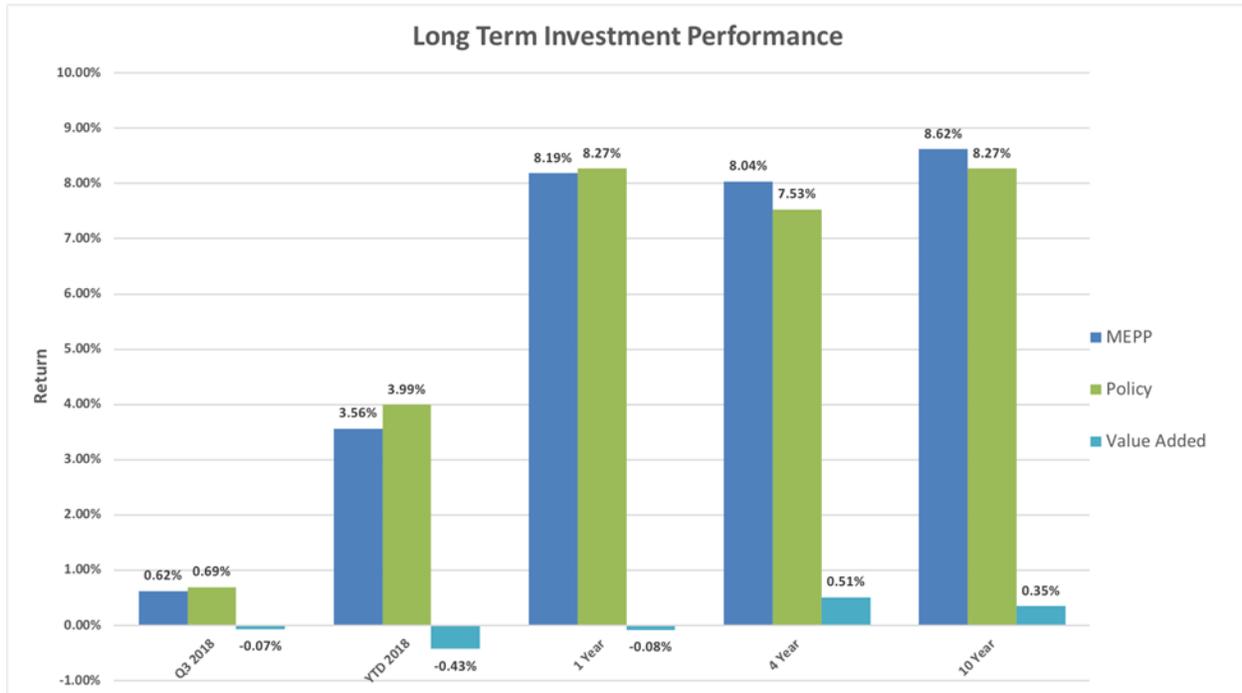
*Negative cash flow amounts were due to a pension system upgrade, resulting in a backlog of termination payouts at the pension administration operations level.

Investment Performance (Unaudited)

The investment performance in Q3 2018 was 0.62% compared to the policy requirement of 0.69% for a value add of -0.07%.

Note: The Q4 2018 results will be posted in the next (Q1 2019) 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.