



MEBP

MUNICIPAL EMPLOYEES
BENEFITS PROGRAM

2022

ANNUAL REPORT TO MEMBERS

www.mebp.mb.ca
Toll-Free – 1-800-432-1908

MESSAGE FROM THE CHAIR

The Board of Trustees is responsible for the oversight and guidance of the plan to ensure manageable growth while continuing to meet its long-term commitments.

A few minor changes were made to our investment strategy in 2022 by adding alternative investments to provide further portfolio diversification. This strategy is designed to achieve the same long term returns while ensuring the Plan is not exposed to additional unnecessary risk. Your Board representatives continue to monitor all underlying investments of the plan to make sure they are performing as expected.

At the end of 2022 our pension fund assets totalled \$834 million, which reflected a decrease compared to the end of 2021 when our assets totalled \$905 million. There were several challenges that our fund, other pension plans, and world markets experienced throughout 2022 that lead to this result. Supply chain issues, the Russian invasion of Ukraine and ongoing conflict, not to mention the rise of post pandemic global inflation affected all aspects of the global and Canadian economies. These factors combined in producing a negative return for both Equities and Bonds for 2022.

On a more positive note, strong performance from the Plan's alternative investments, which include Real Estate, Infrastructure, Private Equity and Private Credit, served to offset some of these losses. Furthermore, we have seen the beginning of a market turnaround this year as most Central Banks are close to ending their monetary tightening cycle which should ease overall inflation, giving us a soft landing rather than a hard recession.

The Board of Trustees remain committed to sustainably growing the plan. We will continue to implement innovative and forward-thinking solutions to deliver pension benefits and services to all MEBP members. We will continue to monitor the investment structure of the Plan and continue to look at ways to provide enhanced service to our Members going forward.

On behalf of myself, the Board of Trustees and our Plan Administrator, Coughlin & Associates, we wish you all the best in 2023.

Sincerely,

Stuart Olmstead, Chair

2022 in Review

The Pension Plan valuation as of December 31, 2022, reflected a going-concern surplus of \$91.6 million (\$11.7 million surplus in 2021) and being 97.8% funded on a solvency basis (77.4% in 2021). The improvement in the Plan's solvency position is a result of higher interest rates resulting in significantly decreased Plan liabilities, while the Going Concern improvement is largely a result of a higher assumed rate of return going forward. A cost-of-living increase may be granted to retirees once solvency funding exceeds 90%, so this will be considered by the Board of Trustees in 2023.

Investment earnings for the Pension Plan were negative in 2022 as Equity and Bond markets sold off in conjunction with the rapid escalation in short term interest rates. However, performance on a relative basis was quite strong as a result of the Plan's investments in alternative investments (Real Estate, Infrastructure, Private Equity and Private Credit). In this regard, the pension plan reflected a -5.8% return in 2022 (compared to the average Balanced Fund which was down approximately 8.5%).

The number of members participating within the Pension Plan increased in 2022 to 7,057 (6,917 in 2021), with 143 new retirements occurring within the year and 333 members leaving the Plan following termination of employment. Demographics within the Plan membership remained relatively consistent with retirees/beneficiaries representing 37% of the total participants (36% in 2021). During 2022, the number of actively participating employers remained at 222 (222 active in 2021).

The Group Life and Disability Income Plans continue to do well with positive investment earnings. Furthermore, both the Group Life and Disability Plans saw a reduction in claims compared to the previous year.

For greater detail on the contributions to and pay-outs from the Plan, the age breakdown of active members, plan member activity and our Plan administration costs, please review the relevant charts within this report.

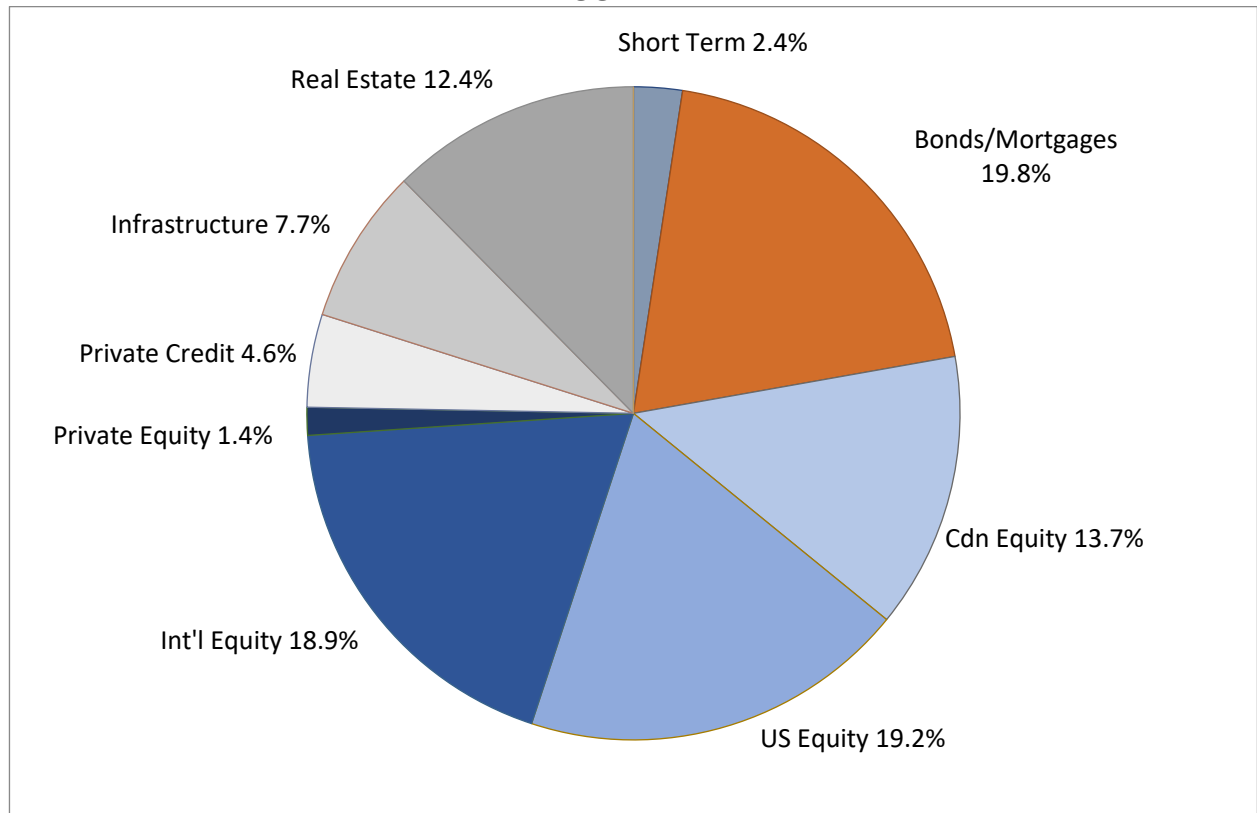
Investment Overview

The Fund registered a return of -5.82% in 2022, compared to 11.33% in 2021. This return outperformed the Plan benchmark of -7.96%.

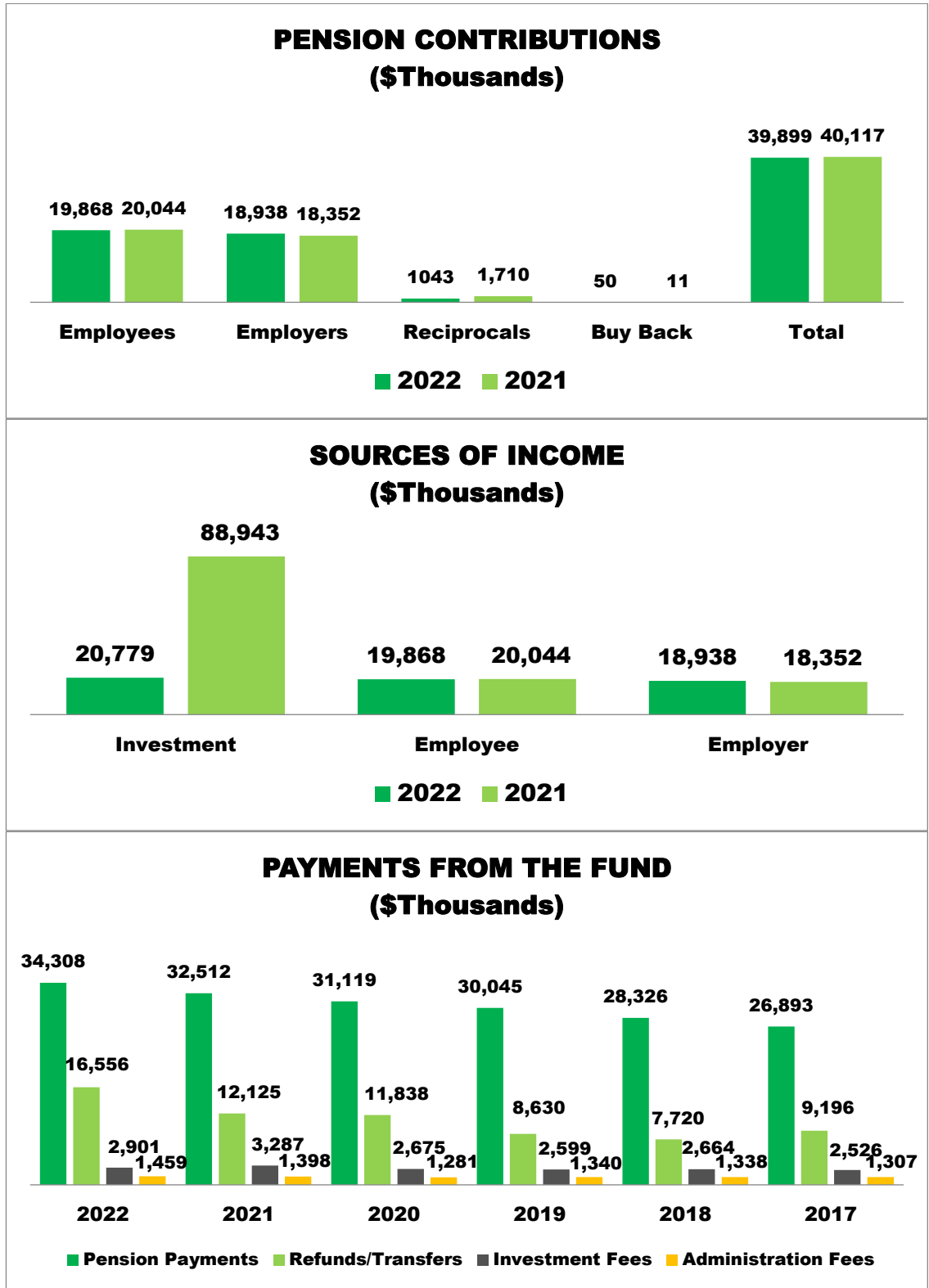
PENSION PLAN HIGHLIGHTS (\$ Thousands)

	<u>2022</u>	<u>2021</u>
Market Value of Investments	\$834,335	\$905,455
Investment Income	(\$59,1)	\$88,943
Employee Contributions	\$19,868	\$20,044
Employer Contributions	\$18,938	\$18,352
Pension Payments	\$34,308	\$32,512
Refunds and Transfers	\$16,556	\$12,125
Investment Rate of Return	(5.82%)	11.33%
Investment Benchmark	(7.96%)	8.73%
Employees and Former Employees	4,447	4,414
Pensioners and Beneficiaries	<u>2,610</u>	<u>2,503</u>
Total Members	7,057	6,917

ASSET MIX

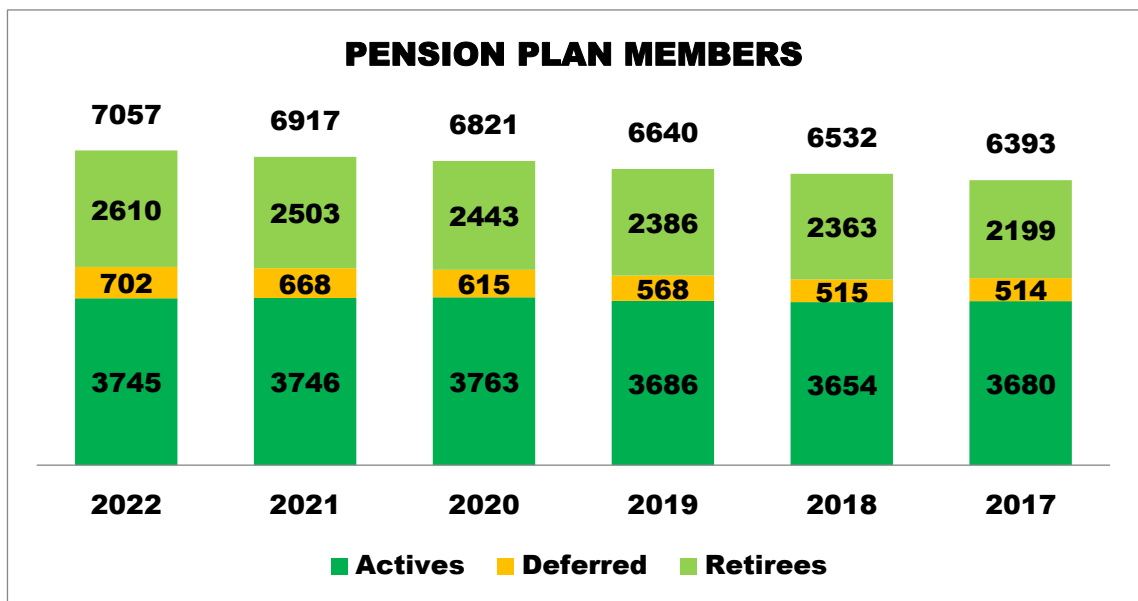
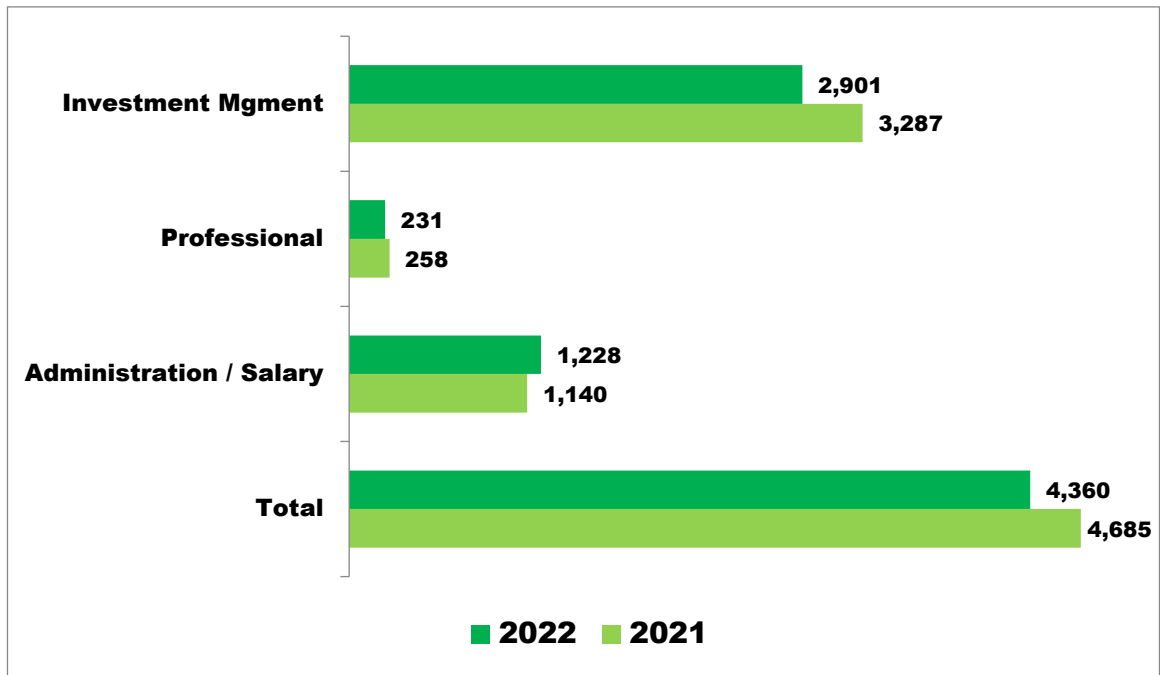


The Pension Plan

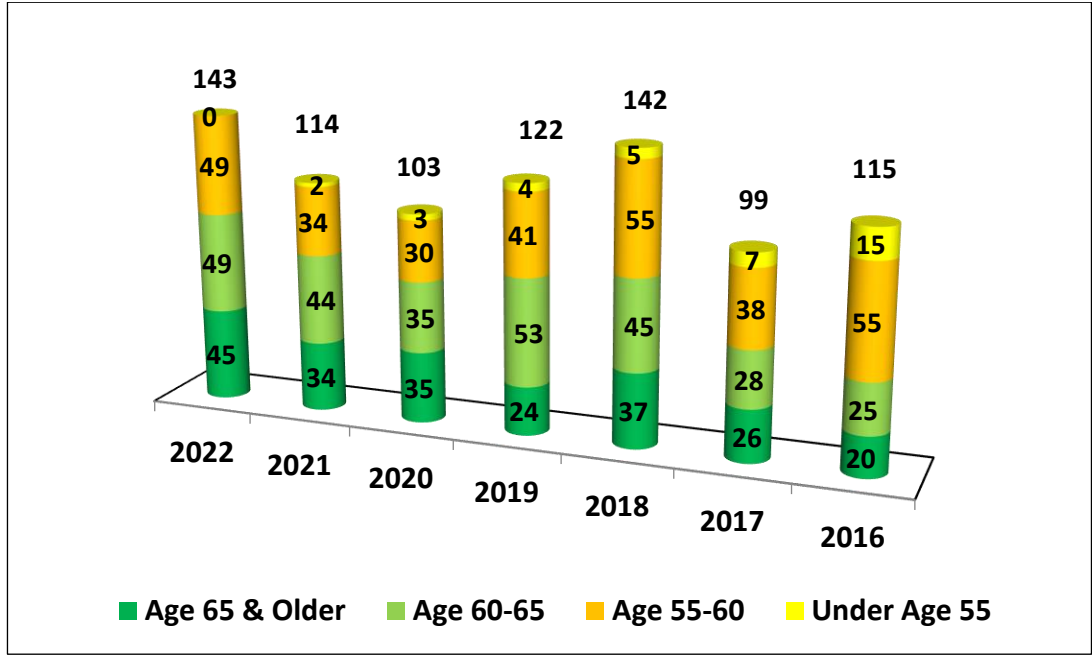


Pension Administration

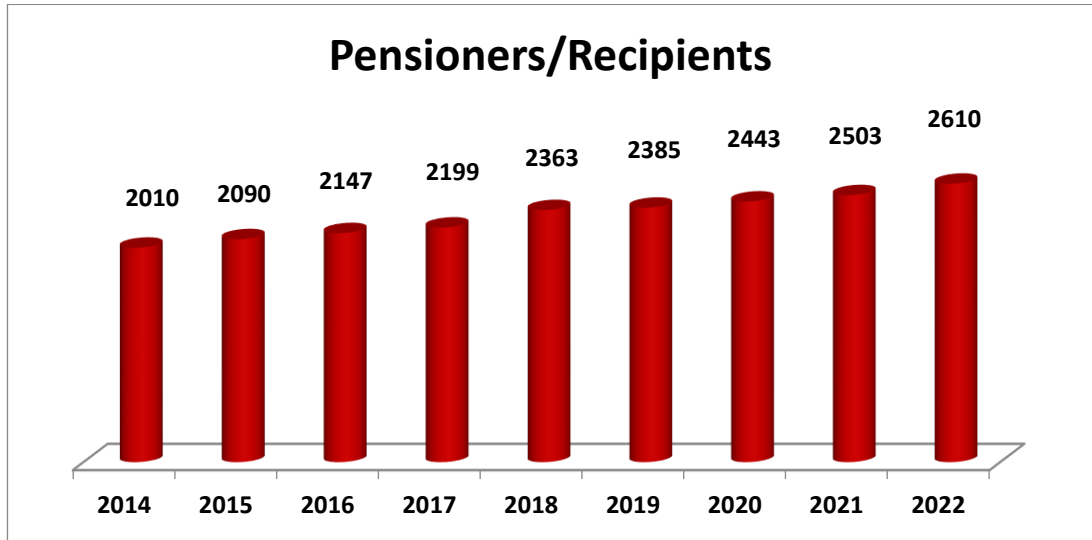
Total administration costs, including investment expenses, amounted to \$4.36 million. This translates into an annual cost of \$618 per member (\$677 in 2021).



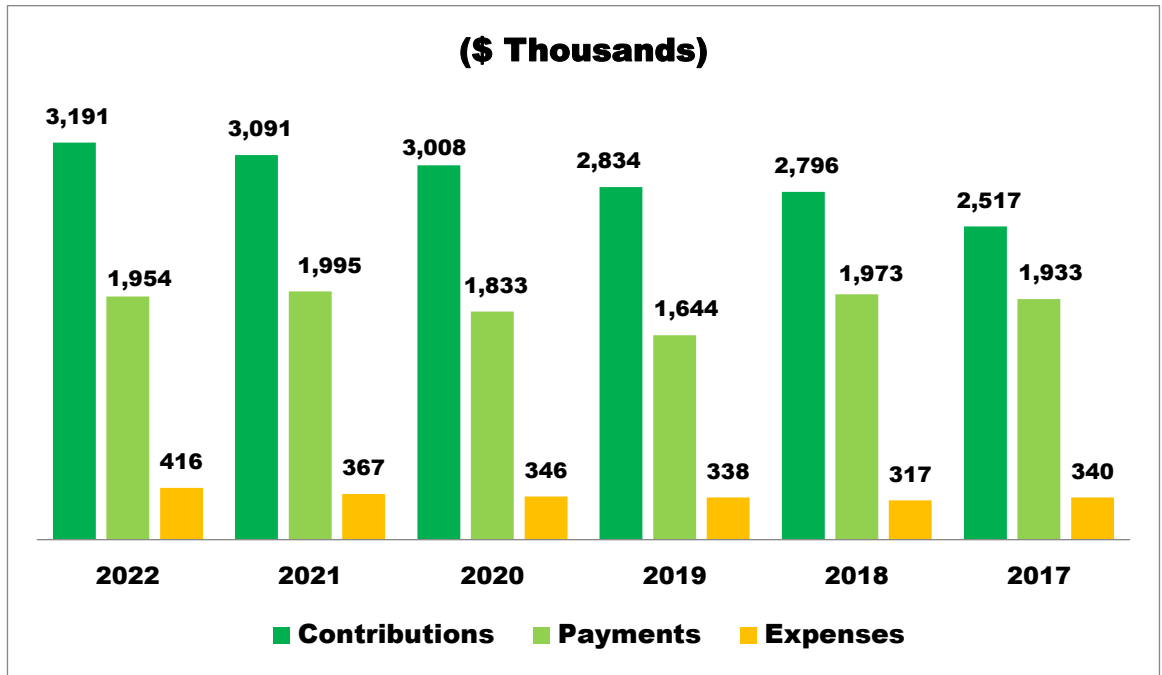
RETIREMENTS



Pensioners/Recipients



The Disability Income Plan



The Group Insurance Plan

