



MUNICIPAL EMPLOYEES
BENEFITS PROGRAM

2023
ANNUAL REPORT TO MEMBERS

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



MESSAGE FROM THE CHAIR

On behalf of the Board of Trustees, it is my pleasure and honour to bring you an update regarding the management and progress of your pension plan.

As your Trustees we are responsible to ensure the growth and sustainability of the plan while maintaining our long-term commitments to all members. To ensure the plan continues to provide expected returns, the Plan Actuary completed an Asset Liability Study in 2023 that resulted in a slight adjustment to the asset mix to provide for better risk adjusted returns.

At the end of 2023 your pension fund assets have grown to \$911 million, up from the previous year's total of \$838 million. Despite fluctuations during the year, the Fund performed very well delivering an annual rate of return of 10.53%. The main driver of this return over the past year continues to be the Fund's solid performance from U.S. equities and Alternative assets. These include Real Estate, Infrastructure, Private Equity and Private Credit investments.

After a difficult year in 2022, global equity markets posted strong returns in 2023. While the market trended in a positive direction there were still issues that affected our fund and the market overall. Geopolitical conflicts in Europe, the Middle East and Asia, the return of above normal inflation which challenged central bank policies and sagging economic recoveries in areas like Europe and Asia proved to be challenging factors. While overall returns of global equity markets were impressive there was also volatility in those returns. With increasing excitement around Artificial Intelligence and growing enthusiasm that the economy will achieve a soft landing rather than a recession this led to investors leaning towards optimism over caution towards the end of 2023.

The Board of Trustees remains steadfast in its commitment to fostering sustainable growth of the plan. As a Board, we are dedicated to implementing innovative solutions to help serve our plan members now and in to the future. We continue to evaluate the plans investment structure while enhancing services for our members where possible.

On behalf of myself, the Board of Trustees, and our Plan Administrator, Coughlin & Associates, we extend our warmest wishes for a safe and prosperous 2024.

Sincerely,

Stuart Olmstead
Chair



2023 in Review

The December 31, 2023 Pension Plan Valuation Results showed a going-concern surplus of \$95.3 million, an increase from 2022 (\$91.6 million), and is 97.4% funded on a solvency basis, similar to the solvency ratio of 97.8% in 2022. This slight decrease in solvency is due to lower assumed interest rates resulting in increased Plan liabilities, while the going concern improvement is primarily from the increase of the market value assets.

A cost-of-living increase for the Pension Plan was not granted in 2023 because the criteria outlined in the Surplus Policy were not met. The following COLA review will occur in the spring of 2025. The Board is committed to reviewing the Surplus Policy to ensure it meets members' needs, and any outcomes will be communicated to members as they are finalized.

In 2023, the Pension Plan's investment earnings were positive, with stock market valuations appearing reasonable outside of a select group of large-cap U.S. companies, often referred to as the Magnificent 7. The broader U.S. equity market, including small-cap and mid-cap equities, remains at more reasonable valuations, especially considering the resilience of the U.S. economy despite tighter monetary policy, which is expected to ease. In Canada, economic growth has been weaker, particularly after adjusting for the positive impact of record immigration flows, making Canadian equity more attractive than other regions. Private equity, private credit, and infrastructure performed exceptionally well, while real estate lagged in 2023. Overall, the Pension Plan reflected a 10.53% return in 2023.

The number of members participating in the Pension Plan increased to 7,276 in 2023, up from 7,057 in 2022. There were 104 new retirements during the year, and 360 members left the Plan following termination of employment. The demographics of Plan membership remained relatively consistent, with retirees/beneficiaries representing 36% of the total participants, compared to 37% in 2022. The number of actively participating employers was 223 in 2023, up from 222 in 2022.

The Group Life and Disability Income Plans continue to perform well, with favourable investment earnings and a similar claims experience compared to the previous year.

Please review the relevant charts within this report for more detailed information on contributions to and payouts from the Plan, the age breakdown of active members, plan member activity, and Plan administration costs.

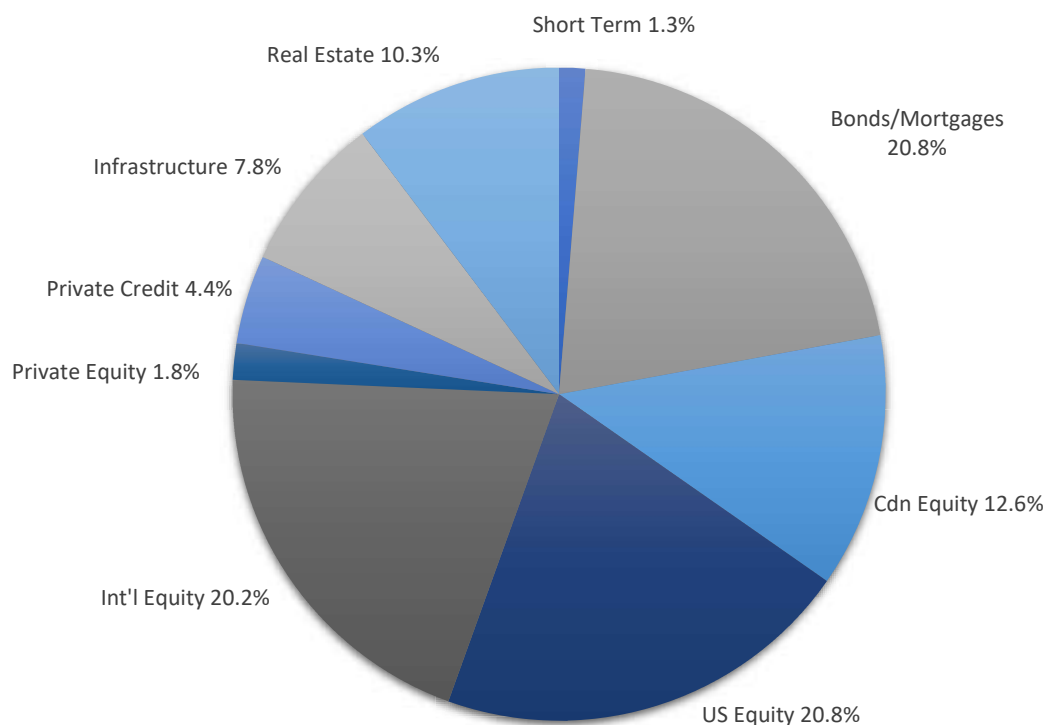


Investment Overview

The Fund registered a return of 10.53% in 2023, compared to -5.82% in 2022. This return outperformed the Plan benchmark of 10.20%.

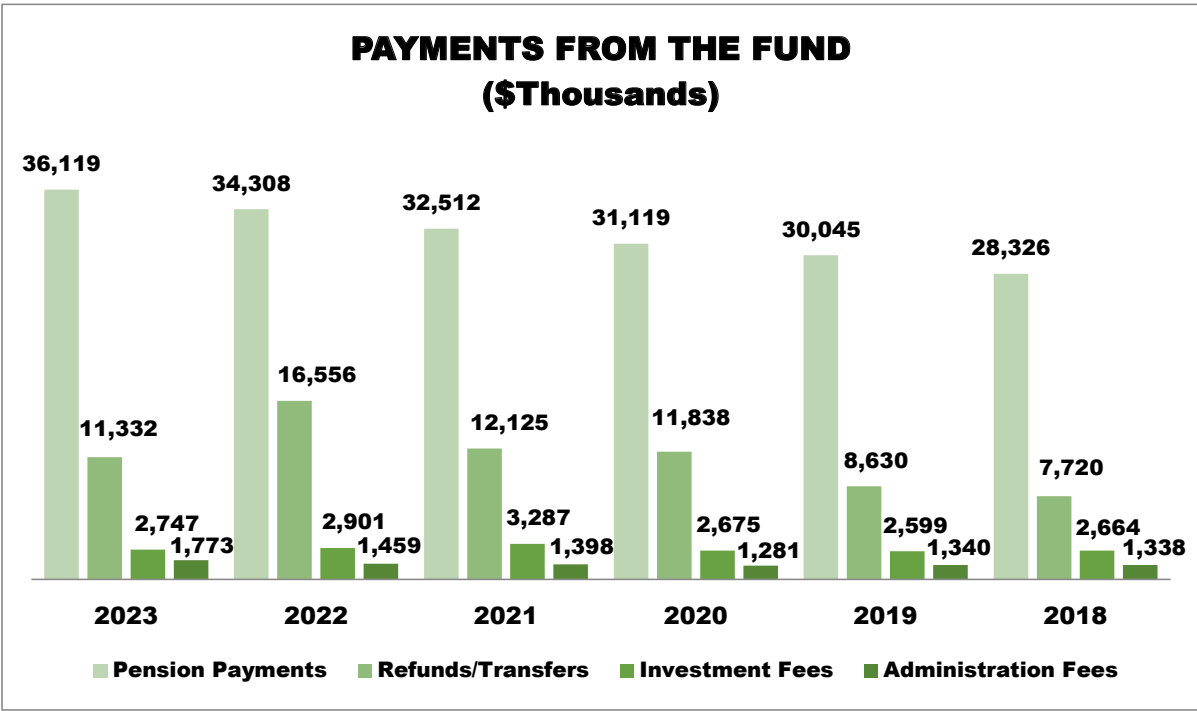
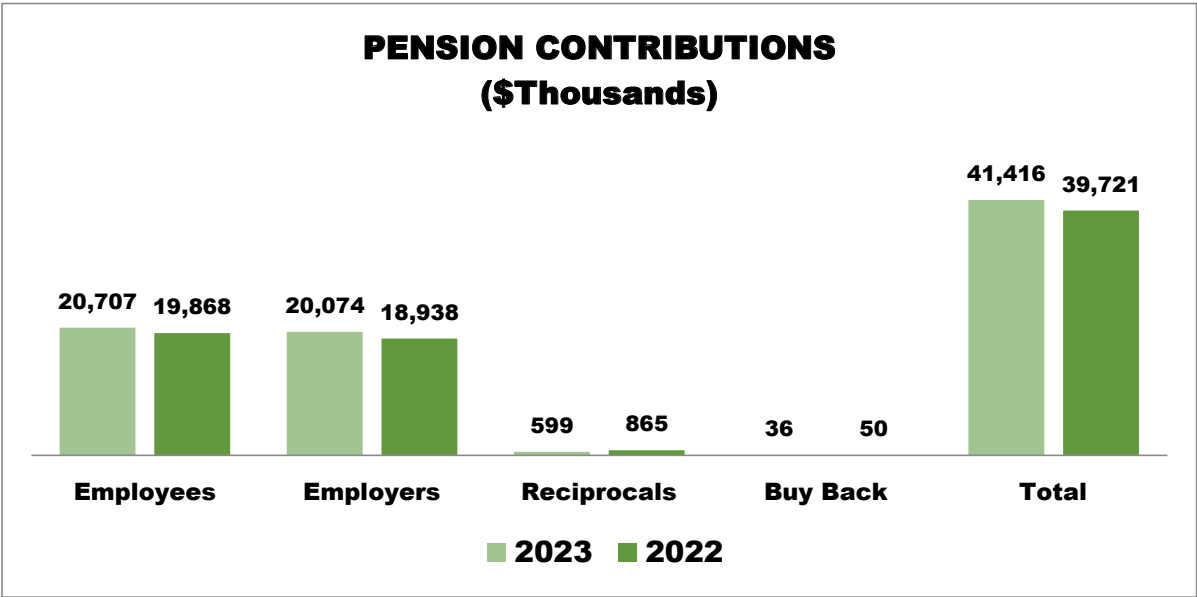
PENSION PLAN HIGHLIGHTS (\$ Thousands)	<u>2023</u>	<u>2022</u>
Market Value of Investments	\$909,768	\$834,335
Investment Income	\$29,963	\$20,779
Increase (Decrease) in Fair Value of Investments	\$54,274	\$(79,893)
Employee Contributions	\$20,707	\$19,868
Employer Contributions	\$20,074	\$18,938
Pension Payments	\$36,119	\$34,308
Refunds and Transfers	\$11,332	\$16,556
Investment Rate of Return	10.53%	(5.82%)
Investment Benchmark	10.20%	(7.96%)
Employees and Former Employees	4,645	4,447
Pensioners and Beneficiaries	2,631	2,610
Total Members	7,276	7,057

ASSET MIX



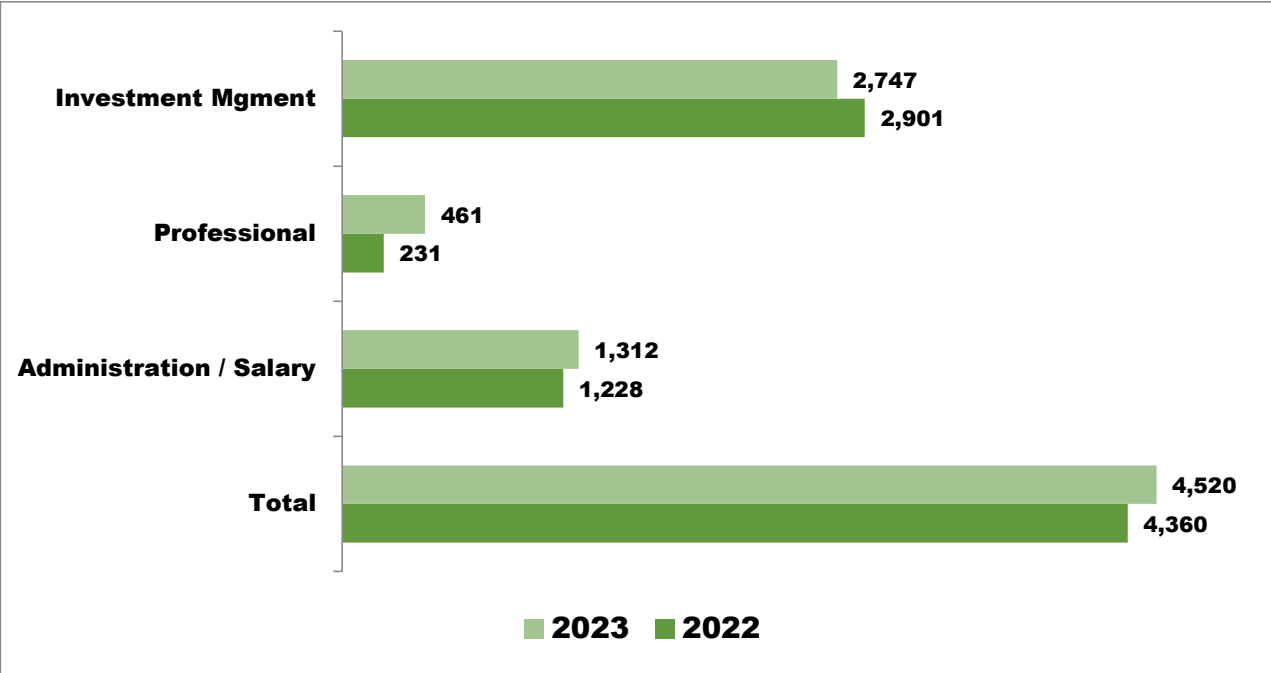


The Pension Plan



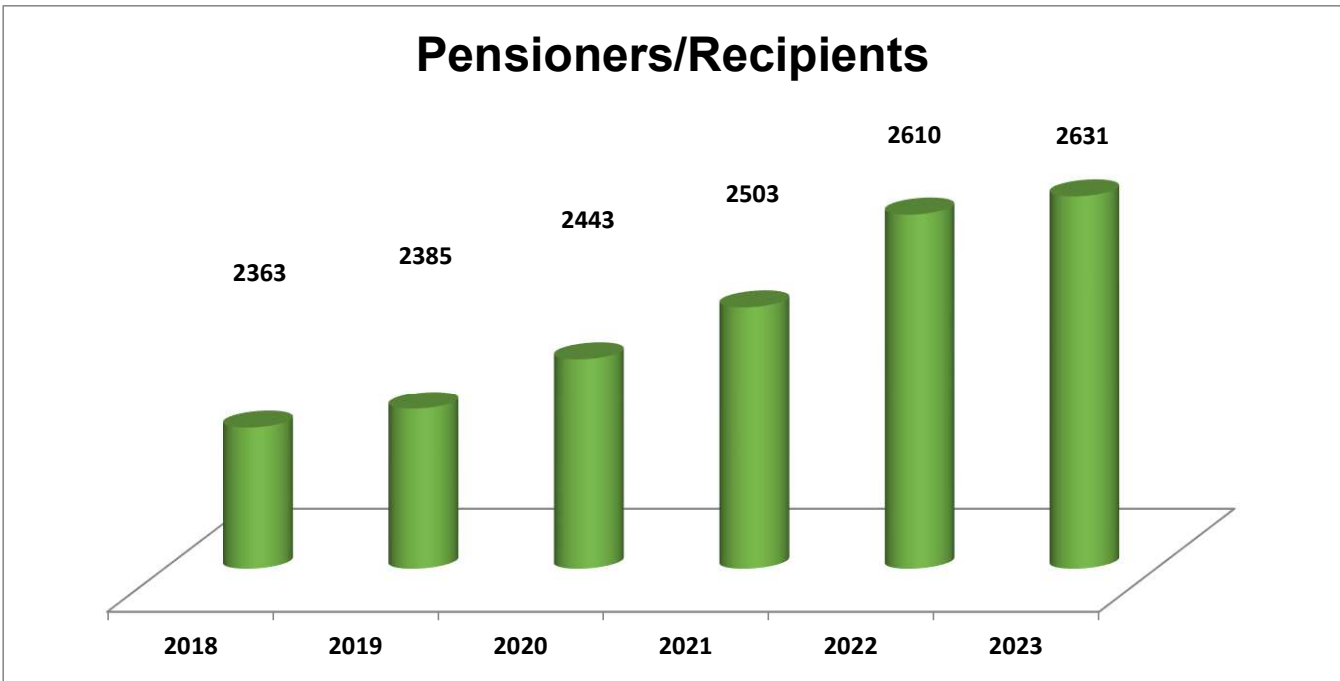
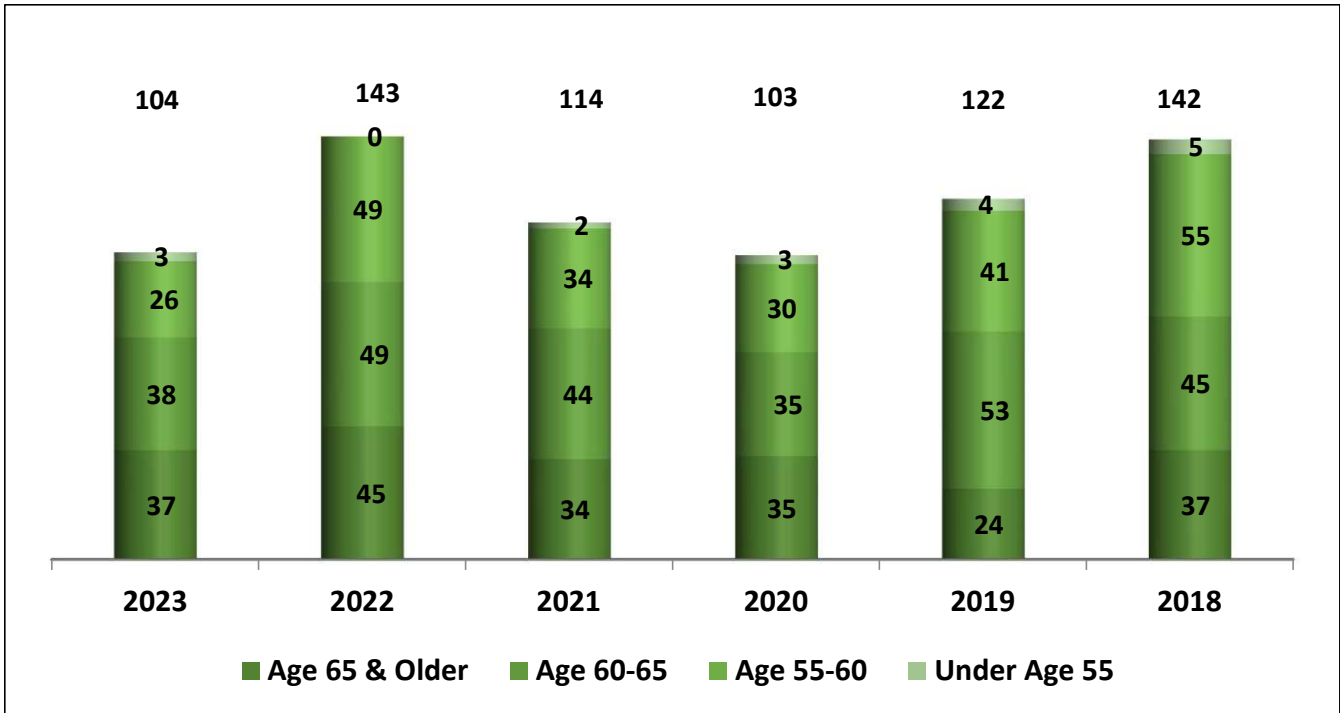


Pension Administration



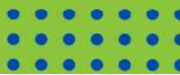
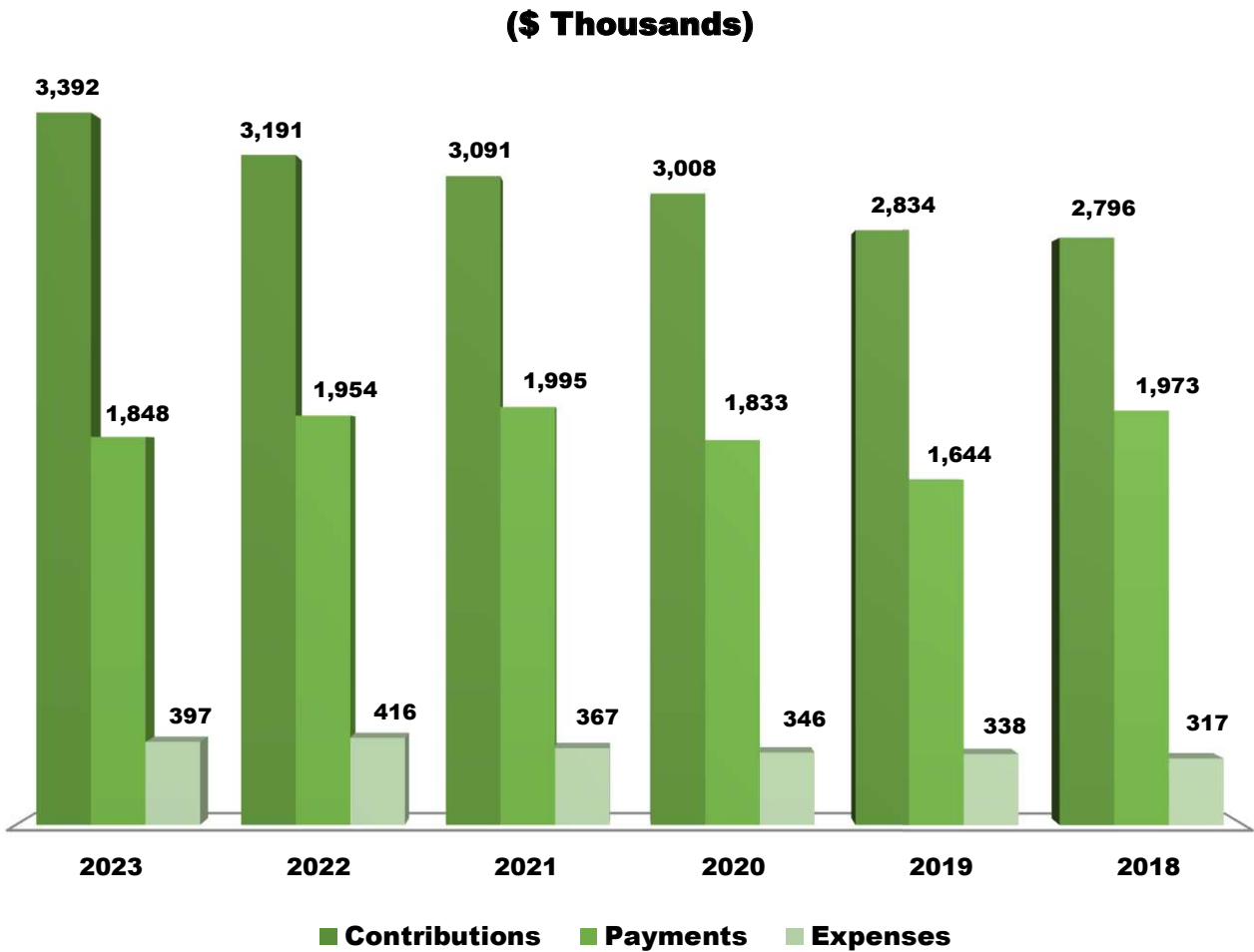


RETIREMENTS





The Disability Income Plan





The Group Insurance Plan

