

Your Pension, Your Future

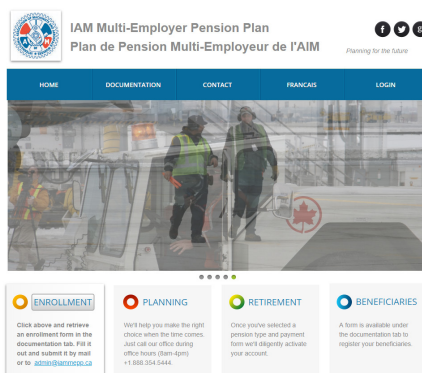


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Welcome to the first edition of *Your Pension, Your Future*, a periodic newsletter about your Pension Plan. It's part of the Trustees' ongoing commitment to provide more frequent and valuable information about your Plan and your benefit, and help you understand how the Plan works and how it will provide greater retirement security for you. We welcome your thoughts on this first edition and what you would like to see in future editions. Please visit the Plan's website (iammepp.ca) and leave your comments by clicking the Contact tab.

This issue focuses on the Plan's investments.



Change in Address, Email or Mobile Phone Number?

Please keep us up-to-date with your home address, email or mobile phone number—it's especially important so we can reach you about your Plan benefits and make sure you get what you are due. Contact the Fund Office: +1.888.354.5444.



Fund Facts

Who are the Trustees?

- Ray Fisher (formerly Magellan)
- Bruce Nelson (Dominion Motors)
- Stan Pickthall (Canadian GVP)
- Dave Ritchie (Canadian GVP, retired)

Who regulates the Plan?

The Office of the Superintendent of Financial Institutions (OSFI).

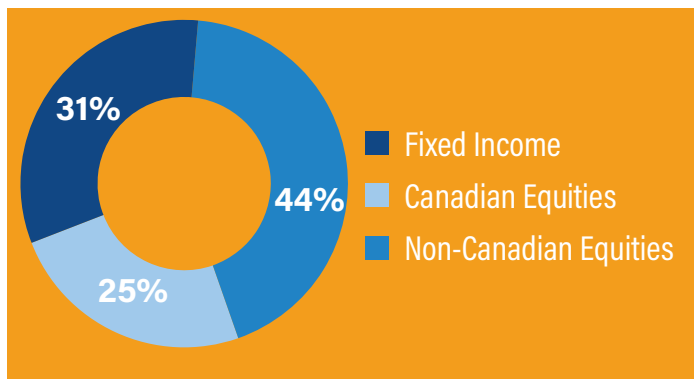
Pension Plan Investments: The What and the How

Good investment performance is the key to the success of any pension plan. That success starts with how the Plan's money is invested.

Currently, we use one investment manager, Letko Brosseau. As the Plan grows, we can look at other asset classes in which to invest. An asset class is a category of investment, like stocks, bonds and cash. We expect to add other managers to handle those investments—each manager a specialist in its own area.

The Segal Group is our investment consultant. Segal helps us choose the asset class(es) we want to invest in, determine how much should be invested in each asset class, establish who the best managers are in each asset class, and monitor how well the managers are doing their job.

Currently, the Plan's asset class distribution (its "portfolio") looks like this:



How does the investment process work?

We tell our investment manager(s) which asset classes we want the Plan to be invested in. Each investment manager then decides how to invest the portion of the Plan's assets they advise us about. For example, Canadian Equities—the stocks of private sector companies headquartered in Canada. The investment management company would make all the day-to-day decisions about investing in Canadian Equities, including the actual companies in which

the Plan should invest, and in what percentages. For instance, should the Plan invest in the Royal Bank of Canada, the Bank of Montreal, or both—and in what percentages? Should the Plan invest in energy stocks and, if so, in what percentage? In technology stocks like Apple, Google or Microsoft? Note that the Trustees do not make investment choices and do not handle the Plan's money.

In fact, when our investment management companies make investment decisions, they actually direct CIBC Mellon, our Custodian trustee, to make stock purchases and sales. In other words, the Plan's money is actually handled by CIBC Mellon. This means that the investment management companies will tell CIBC Mellon what stocks to trade (e.g., "Sell Google! Buy Apple!" ...just like in the movies!). Then, CIBC Mellon makes those trades and retains ownership of the actual stock certificates.

Isn't investing in stocks risky?

Yes, there is risk involved. The value of stocks can go down as well as up. However, historically speaking, stocks rise in value over the long term and are one of the best asset classes in which to grow the Plan's investments. The Trustees work with Segal to determine how much risk the Plan should take.

So what is the "right" amount of risk?

There is no "right" amount, but the Plan and its advisors work hard to balance two things:

- The need to earn a certain rate of return to pay benefits to current and future retirees and beneficiaries and
- The Trustees' obligation to manage the Plan carefully.

The Plan needs to take some risk in the way it invests.

Without risk, and the potentially higher rates of return that go with it, our members' pension benefits would be reduced greatly. For example, if we can earn about 6% annually by, in part, investing in stocks, every \$1,000 in the Plan will increase to \$2,000 in just under 12 years. If the Plan doesn't take any risk—that is, the Plan doesn't invest in stocks—the Plan would earn about 2% annually. So, that \$1,000 would increase to less than \$1,300 in the same period.

However, the Trustees are very mindful that the money in the Plan is your money—it belongs to our members and to retirees and beneficiaries. This means the Trustees are obligated and committed

to invest using a reasonable degree of caution. Investing money to pay pension benefits isn't about aiming to earn the very highest returns possible—that carries with it too much risk. It's about slow and steady growth that can help ensure the Plan pays benefits today and far into the future.

Will the Trustees keep us updated on the Plan's investments?

The Trustees are committed to updating you each year on the assets in which the Plan is invested, and on the Plan's investment managers.

What has the annual rate of return been?

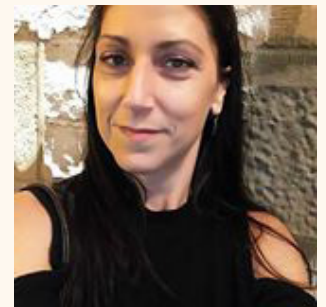
Since inception (2013), the Fund has achieved an average annual return of 8.77%.

Why the Plan Matters to Me

We thought you might like to hear from other Plan members from time-to-time, about what the Plan means to them. To start us off, meet Myranda Bachewich, an Intermediate Finance Agent—Refund Services at Air Canada.

"Having the Multi-Employer Pension Plan is such a huge benefit. Most of us have to remember to contribute to our own RRSP to build retirement savings, and we have to figure out where to invest.

With the MEPP, I know I'll receive a target benefit, and I don't have to worry about managing my own investments. It's comforting to know I'll have something for myself when I retire!" —*Myranda Bachewich*



Myranda Bachewich,
Intermediate Finance
Agent—Refund Services,
Air Canada.

Membership Data and Benefits Paid

To help you get a better feel for the size and financial status of our Plan, we'll use this space to update you about certain member data and benefit payment information. Here's that information for 2017:

We received
\$16,130,053 in
contributions

We paid out
\$412,362 in
benefits

Our total Plan
membership
is **9,810**

7,775 of these
members are
contributing

Our Website, Your Email

To help keep mailing costs as low as possible, we will look to make maximum use of our Plan's website, iammepp.ca, to communicate with you, so please check there regularly. There you'll find a lot of information about the Plan.

We would also like to communicate with you by email. If this is acceptable to you, please provide the Fund with your email address and your approval to use it rather than regular mail.

Fund Office address:

703-331 Cooper St.
Ottawa, Ontario
Canada K2P 0G5

Phone: +1.888.354.5444

Fax: +1.613.594.9038

About the Plan

This Plan is a multi-employer pension plan—a “MEPP.” Contribution income is fixed, usually as a dollar amount per hour worked per member, according to the Collective Bargaining Agreement. This means that benefits provided by a MEPP can’t be guaranteed; benefits depend primarily on the Plan being able to generate a certain level of investment income.

To the extent that actual investment experience is better or worse than expected, benefits will be adjusted accordingly.

For details about how your benefits are calculated, please see the Summary Plan Description: iammepp.ca/services.html.

Canadian Public Pensions

As a Canadian worker, you earn a pension under the Canada Pension Plan (CPP) or the Quebec Pension Plan (QPP), as well as under the Multi-Employer Pension Plan. Any benefits paid from the CPP or QPP are in addition to the benefits you get from the Multi-Employer Pension Plan. CPP/QPP benefits can be significant, but how much you get will depend on how much you have contributed each year, and for how many years. Depending on your personal circumstances, you may be eligible for payment under other retirement programmes, too, like Old Age Security. More information about these programmes is available at canada.ca/en/services/benefits/publicpensions/cpp.html.



About the Trustees

The Plan has four Trustees—two from the IAM and two from participating employers (employers who contribute to the Plan on behalf of their employees who participate in the Plan). We believe this gives us a variety of helpful points of view in making Plan management decisions and having a good understanding of our members and the businesses in which they work.

Here are some things to know about being a Trustee:

- The “job” is unpaid.
- Canadian Law makes Trustees responsible for everything to do with the Plan and designates them as the technical owners of the Plan’s assets.
- The responsibility Trustees have is known as “fiduciary liability.” Being a fiduciary means you control something for the benefit of others. It is a very high standard of care and level of responsibility.
- Relevant Canadian Law states that Trustees must act in the same way a person of “ordinary prudence” would in dealing with the property of another person.



IAM Multi-Employer Pension Plan
703-331 Cooper St.
Ottawa, ON
Canada K2P 0G5

