



April 27, 2020

To: Honourable Travis Toews
President of Treasury Board and Minister of Finance

Members of Executive Council
Executive Branch
228 Legislature Building
10800-97 Avenue
Edmonton, AB T5K 2B6

From: Lorna McIlroy
President, Alberta Retired Teachers' Association (ARTA)

Re: Further concerns over the proposed ATRF Investment Management Change

Dear Minister Toews:

In light of news that the Alberta Investment Management Corp (AIMCo) investment managers lost \$4 billion through a risk filled investment strategy, The Alberta Retired Teachers' Association and its 25,000 members are reiterating calls for the Government of Alberta to reverse its decision to transfer teacher pension investment control to AIMCo.

Thankfully, teacher pension plan investments were not affected by this type of loss, in part through a solid risk management investment approach by the Alberta Teachers Retirement Fund (ATRF). However, the Globe and Mail story underscores the concerns identified by retired teachers about the pension investment takeover.

The Globe and Mail story that broke this news cited sources saying that "AIMCo now acknowledges its executives were not fully aware of the risks they were taking." Not being aware of risks is a poor reflection on the oversight that AIMCo has over its investments. No retired teachers want to participate in such a risk filled investment management strategy.

ARTA and its members believe that the pension plan developed for teachers in Alberta needs to remain under the watchful eye of the investment managers of ATRF. ATRF has a philosophy that delivers value-added investment returns which are central to any investment management strategy.

ATRF Pension Managers believe focusing on managing risk at the overall pension plan level is equally, if not more, important than investing in a hope filled, high risk investment gamble. ATRF is responsible for ensuring our pension plans are well-funded, while also keeping contribution rates affordable, and the only way they can do that is by being as prepared as possible for a market downturn. They know investment markets do not go up forever, and significant corrections will happen periodically. They also know that predicting when these corrections will happen is nearly impossible.

As a fully integrated Pension Manager with expertise in setting long-term and short-term strategies, ATRF thinks not only about adding value above benchmarks, but also of protecting the funding of the plan in the long term and during market corrections.

What sets Pension Managers (like ATRF) apart from Asset Managers in times of market stress is this focus on protecting value. The way plans are funded remains ATRF's highest priority.

As a result, while they cannot avoid losses when the market falls as it did in March, they have structured their portfolio to avoid making bad situations worse when it does happen. We cannot say the same thing for AIMCo.

You have no doubt been inundated with emails, calls and letters from teachers, both active and retired, about the poor performance by AIMCo, and we believe in light of this poor performance it is time for the Government of Alberta to do the right thing. **Reverse the decision to transfer teacher pension investment control to AIMCo.**

Yours truly,



Lorna McIlroy
President, Alberta Retired Teachers' Association

cc:

Jason Schilling, President ATA
Rod Matheson, CEO, ATRF
Daniel Mulloy, CEO, ARTA
Dennis Theobald, Executive Secretary, ATA
Honourable Jason Kenney, Alberta Premier
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