

With the Government of Alberta's announcement in the budget that the Alberta Investment Management Corporation (AIMCo) would be the exclusive manager of ATRF pension funds, there has been a lot of public comment about ATRF and how we invest teachers' pension funds.

ATRF is committed to transparency and open communication. What follows are some facts about the ATRF as a pension manager, our costs and returns and information about the fiduciary duties of the Board.

The ATRF advantage

From our office in Edmonton, ATRF has been delivering on our pension promise through world-class investment management and service to our members for many years. With a 9.5% net rate of return over the past six years, assets now over \$18 billion, a funded status of 93% and member satisfaction scores averaging 92 per cent—we're proud stewards of Alberta teachers' retirement security. Our successes on the investment management front have been shared with members, to the tune of two contribution rate reductions in the past three years.

Rather than simply managing assets, **ATRF manages the pension plan and we customize the way we invest the plan assets to meet the unique needs of the plan liabilities.**

ATRF manages plan assets in a way that meets the unique needs of the plan liabilities.

Total net return matters most, not just costs

Long-term investment returns have the largest impact on contribution rates into the plan, and ATRF's returns have historically been excellent. In addition, it would be very easy to dramatically lower investment costs by simply investing in low risk ventures and making no attempt to add value, however investment performance would suffer. **Investment costs are but one part of the overall net return, which is what really matters.** As a simple example, would you prefer to earn a return of 9% with a cost of 1% (to net a return of 8%), or would you prefer to earn a return of 6% with a cost of 0.5% (to net a return of 5.5%)? The correct answer is obviously the former, but if you looked only at cost independent of return you would incorrectly choose the latter. ATRF's **net return after all costs** has been excellent.

ATRF's pension management approach results in excellent returns, net of costs.

Total Fund Investment Return Net of All Costs

(for the period ended December 31, 2018)

	4 Years	5 Years	6 Years
ATRF	7.0%	8.0%	9.5%

Please direct any further questions or comments to either the [Government of Alberta Treasury Board and Finance](#), your [MLA](#) or the [Alberta Teachers' Association](#).

ATRF has control over assets

ATRF's Board has a fiduciary duty to its plan members that it takes very seriously. As part of this duty, the Board closely oversees all aspects of ATRF's business, including investment management. We have a holistic view that focuses on **best matching our assets with our plan liabilities**. The ability of ATRF to 1) customize solutions for the unique needs of the plan and 2) make changes to investment managers (both internal and external) who do not perform are two of the most important tools in ensuring the delivery of strong long-term investment returns and to fulfill our fiduciary duty to act in the best interests of teachers, the plans and the pension funds.

ATRF's Board requires control over assets to ensure delivery of strong, long-term returns.

Scale matters, and ATRF is in the sweet spot

ATRF has achieved the scale needed to justify building an internal investment operation. In some markets, especially in private markets like private equity, infrastructure and real estate, it is more challenging when managing a large pool of assets. Larger scale means that larger individual investments are needed if they are to make a difference to total returns. ***There are many more smaller opportunities available than larger ones, and the competition for these is lower.*** ATRF's private market returns provide clear evidence that we are in the sweet spot in terms of scale and agility:

Private Market Asset Class Returns (6 years to December 31, 2018)

	ATRF
Private Equity	20.7%
Infrastructure	13.6%
Real Estate	10.4%