2019 Annual Report

Musicians' Pension Fund
of Canada

Ce rapport est disponible en français. Veuillez communiquer avec l'administration de la Caisse pour nous faire savoir si vous souhaitez recevoir ce document et d'autres documents du régime de retraite en français.

INTRODUCTION

Welcome to our 2019 Annual Report for the Musicians' Pension Fund of Canada. It provides an overview of the Plan's operations ending December 31, 2019. Information about Plan membership, benefits paid, and Plan governance is included.

MISSION STATEMENT

The Fund's mission is to administer the Plan in a prudent manner to ensure its long-term viability, to provide the best possible retirement benefits to the Fund's members and beneficiaries.

CONTENTS

2019 Plan Information at a Glance

The Plan had approximately **14,151 members** members on December 31, 2019.

14,151

$43,914,472 in pension payments were made in 2019. The Fund also paid **$1,359,605** in termination benefits and death benefits for the year.

$44 million

The Fund's **overall rate of return was 16.9%** for 2019.

16.9%

Total employer **contributions to the Fund were approximately $9,725,996 million** for 2019, compared to $9,700,853 million in 2018.

$9.726 million

investment

Message from the Chair

Let me begin by saying what a fulfilling, productive, and positive year 2019 was for the Fund, and for me personally.

Ellen M. Versteeg-Lytwyn
Board Chair

My transition to the Chair position was virtually seamless with the support and assistance of Jill Giustino, our new Executive Director, the Fund Office staff, the Board of Trustees, and our professional advisors. I'm also pleased to report that the Musician's Pension Fund of Canada had a year of good investment returns in 2019.

As we head into the second half of 2020, I find it difficult to dwell on our successes during this challenging time. However, I hope our members find some comfort in knowing that the investment successes in 2019 will provide the Fund with a solid foundation going forward.

I want to assure you that the Trustees, true to their commitment to the Fund, are regularly monitoring the progress of the coronavirus pandemic. Our investment counsel and managers are providing the Trustees with updates as the financial markets situation continues to unfold relative to the Fund's investments.

We will also continue to monitor and review our assets to ensure we have the best mix for investment success. The current conditions have provided the Fund with certain financial opportunities. We are cautiously optimistic that the strategies in place to take advantage of these opportunities will help us keep our solid financial footing through this unprecedented time.

Our pledge, as always, is to communicate as often as needed and to be transparent with you, our members. We will periodically provide updates on the financial status of the Fund. The Fund office will continue to be available via phone or email for any questions or concerns you may have.

Please, stay safe, and take care of yourselves and your families.

Ellen M. Versteeg-Lytwyn
Board Chair
Musicians' Pension Fund of Canada

commitment

Message from the Executive Director

2019 was an exciting first year for me as Executive Director of the Musicians' Pension Fund of Canada.

This was my first year serving as Executive Director, and I'm dedicated to ensuring we continue fulfilling the Fund's mission, to "administer the Plan in a prudent manner to ensure its long-term viability in order to provide the best possible retirement benefits to the Fund's members and beneficiaries."

With the coronavirus pandemic, this year has been a difficult one for many of our members. We understand it is important during these volatile times to communicate as clearly and as often as possible. It is our goal to do so.

The Fund is sharing this year's Annual Report with you earlier than usual. To provide the Report earlier, though, we're not able to include the 2019 Audit Statement, as the audit has not yet been completed. The Fund's Audit Statement will be posted on our website once the audit is completed. Please visit **mpfcanada.ca/resources/audit-statements** to review the detailed financial information at that time.

In 2020, we are continuing with our work to provide you with simple, easy-to-understand, and accurate information about your pension plan and how it works. You'll find all of our communication on the Fund's website **(mpfcanada.ca)**, including our quarterly newsletter, one-page briefs, past Annual Reports, and detailed benefit information.

We had several staff changes in the Fund's administrative office recently. Dale McDonald, one of our long-time employees, retired in February 2020. Dale was with the Fund for more than 36 years and worked in the pension group. She helped many members with their pension applications and questions over her long career with the Fund.

Sandra Naudeau has been training under Dale's guidance and has assumed Dale's role in the pension department. Sandra is bilingual, and we are glad to have her on board. In other personnel changes, Paul Versteeg-Lytwyn has taken on the role of Office Manager at the Fund.

Along with the talented group of individuals at the Fund Office, we're fortunate to have a distinguished group of Trustees that govern the Fund. We've included short biographies of each Trustee in this year's Annual Report. Please spend a few minutes getting to know your Trustees and see for yourself how exemplary these individuals are.

Wishing you a healthy 2020.

Jill Giustino
Executive Director

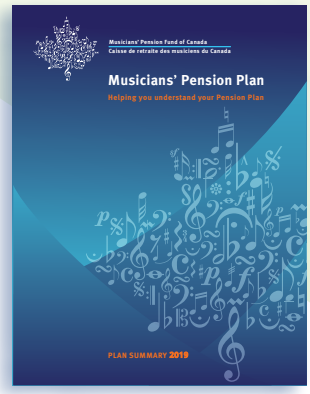
Jill Giustino
Executive Director

Plan Governance

Plan governance describes how those involved in operating a pension plan carry out their responsibilities and obligations to the plan. It also promotes the timely and cost-effective delivery of benefits.

Board of Trustees
Ellen M. Versteeg-Lytwyn, Chair
E. Eddy Bayens, Vice-chair
David J. Jandrisch
John G. Sinclair
Harold Redekopp
Bernard LeBlanc

Plan Governance starts with the Fund's mission statement: to administer the Plan in a prudent manner to ensure its long-term viability in order to provide the best possible retirement benefits to the Fund's members and beneficiaries.



Visit the Plan Summary page of the Fund's **website** and click "Download PDF" to learn more about the Plan.

BOARD OF TRUSTEES

Board members are independent—they are **not** paid for their service to the Fund.

Among their duties, members of the Board of Trustees are responsible for:

- Hiring and monitoring an Executive Director. The Executive Director and his/her staff manage the daily operations of the Fund and the Plan.
- Hiring professionals, including legal counsel, the Plan actuary, investment counsel and auditors, to assist where needed.
- Monitoring the Fund's overall operations and performance.

The Board meets regularly to ensure proper Plan and Fund governance. Their work guides the overall direction, effectiveness, supervision, and accountability of all aspects of Plan and Fund operations.

efficient

The Plan's Financial Performance

Pension legislation requires the Trustees to conduct an actuarial valuation of the Plan by an independent third-party actuary at least once every three years.

The valuation determines the Plan's financial status and helps ensure that the Plan is funded appropriately. Results are filed with the Financial Services Regulatory Authority of Ontario (FSRA).

"Financial performance" is a comparison of Plan assets to Plan liabilities, which are the cost of benefits. This is different from the information provided by the Plan's financial statements, which only show year-over-year asset changes.

The actuarial valuation also determines whether annual contributions are enough to pay for the benefits accumulating each year. However, as life expectancy increases for members, retirees, and beneficiaries, pensions get more expensive because pension payments will be made for a longer time. The cost of pension payments is expected to continue rising because life expectancy is forecast to continue increasing.

Actuarial valuations are based on many assumptions about the future, including expected investment return, mortality rates, retirement age, the number of members who retire and have a spouse at retirement, etc. The main reason that legislation requires a valuation at least once every three years is that actual experience will differ from the assumptions made. Based on the difference between the projected and actual experience, the Trustees identify what changes, if any, to make to ensure the continued financial health of the Fund. The Trustees pay close attention to the results of each actuarial valuation.

ACTUARIAL ASSETS VERSUS ACTUARIAL LIABILITIES

As of January 1, 2019*

* This was the last filed actuarial valuation.

Fund assets are the monies in the Fund used to pay benefits. Fund rates of return are the percentages of increase or decrease in the Fund's assets based on investment results. While these are important financial measures, they are not the Trustees' sole focus. The Trustees must also focus on comparing Fund assets to Fund liabilities. Fund liabilities are the costs of benefits.

reliant

Getting to Know Your Trustees

Personal Fact about Eddy:
Mr. Bayens resides in Edmonton, Alberta.

E. EDDY BAYENS

Years as a Board member, on December 31, 2019: 16

Professional Background:
Mr. Bayens retired from a distinguished career as a musical performer in Europe and North America. He served on the Board of the CCA, the National Youth Orchestra, the Edmonton Symphony Orchestra, the Canadian Conference of Musicians and the Northwest Conference of Musicians, and was President of the Cultural Human Resources Council.

He is currently President of the Edmonton Musicians' Association, Chair of the AFM Law Committee, Co-Chair of the Law and Finance Committee, and Vice Chair of the Musicians' Pension Fund of Canada.

Mr. Bayens lectured at the University of Alberta and Grant MacEwan University. He appeared before a number of governmental committees. He participates in the negotiations of numerous work-related agreements and continues to lobby them.

Personal Fact about David:
Mr. Jandrisch lives in Keswick with his wife Nicolette and son Justin. Dave was a Trustee two times – the first time for six years – and now for the past 8 years.

DAVID JANDRISCH

Years as a Board member, on December 31, 2019: 14

Professional Background:
Mr. Jandrisch began his career as a professional musician at age 17. He earned a BA from St. Paul's College on the University of Manitoba Campus. He then became the Secretary-Treasurer of the Winnipeg Musicians' Association, Local 190, and earned his designation as an Associate of the Int'l Chartered Institute of Secretaries, (ACIS).

In 1972, Mr. Jandrisch was elected President of Local 190 and held that position for 26 years and served as President of the Canadian Conference of Locals. Both positions required decision making but only intermittent, attendance, so he returned to his career as a full-time musician, performing on over 3,000 TV and Radio Shows as an instrumentalist, including 25 years as Music Director for CBC's Sesame Street and 6 years of Fred Penner's Place.

In 1997, he was elected Vice-President from Canada of the AFM and appointed a Trustee of the AFM-EPW Fund Canada, and elected Vice-President FIM in 2003. He was a founding Director of the NRCC (renamed Re:Sound Music Licensing Company), and currently serves as a Director. Mr. Jandrisch is currently the Chairman of the Musicians' Rights Organization Canada. He received his inaugural MTMS certificate January 15th, 2020

Personal Fact about Bernard:
Mr. LeBlanc lives with his wife Kathleen and daughter Sara-Jane in Repentigny, Quebec.

BERNARD LEBLANC

Years as a Board member, on December 31, 2019: 5

Professional Background:
Mr. LeBlanc studied at the University of Moncton and continued his studies at McGill University in Montreal in classical performance of the double bass. He performs regularly in several symphonic orchestras in Quebec. As an active musician in the world of jazz and popular music, he has appeared in several film, television, and theatre music recordings. He has accompanied internationally renowned artists, including Sting, Chris de Burgh, Elvis Costello, and Gino Vannelli. In the summer of 2019, Bernard was a part of the musical group Band on Tour that performed in Atlantic City, New Jersey.

In 2008, Mr. LeBlanc was hired by the Canadian Federation of Musicians as Associate Director of Symphonic Services and then appointed Director of Symphonic Services in 2015. He attended the Annual Employee Benefits Conference hosted by the International Foundation of Employee Benefit Plans (IFEBP) where he earned his ATMS and FTMS certificates.

He is currently working on his MTMS certificate.

Personal Fact about Harold:
Mr. Redekopp and his wife Erna live in Stella Ontario and enjoy travelling.

HAROLD REDEKOPP

Years as a Board member, on December 31, 2019: 8

Professional Background:
Mr. Redekopp retired from a distinguished career in broadcasting with the Canadian Broadcasting Corporation. Starting as a Music Producer with CBC Radio in Winnipeg, he went on to become Vice-President of CBC English Radio and later Executive Vice-President of CBC English Television. Following his retirement from CBC, Mr. Redekopp was retained by the Broadcasting Corporation of the Bahamas to develop a comprehensive strategic direction and business plan for its ZNS Radio and Television services. Mr. Redekopp also served on a number of cultural boards including the Governor General's Performing Arts Awards Foundation. More recently, he served as President of the Kingston Symphony as it successfully rebuilt its orchestra and subscriber base.

Personal Fact about John:
Mr. Sinclair and his wife Jean enjoy their cottage in Muskoka, Ontario and their 15 grandchildren.

JOHN G. SINCLAIR

Years as a Board member, on December 31, 2019: 23

Professional Background:
Mr. Sinclair attended University of Toronto, Commerce and Finance. He spent his entire career in the marketing/advertising industry and held several senior-level roles. He retired in 2000 after serving as CEO of the Institute of Canadian Advertising where he negotiated talent union contracts. He also has significant Board experience, having served on the boards of the YMCA of Greater Toronto, North York General Hospital, Catholic Charities, Muskoka Algonquin Hospital, and Molly Maid International. Mr. Sinclair spent 25 years working with sponsorship groups assisting refugee newcomers to Canada from Vietnam, Congo, Cambodia, Syria, and Central African Republic.

Personal Fact about Ellen:
Ms. Versteeg-Lytwyn is building a new home in an adult community on a golf course northwest of Toronto. She loves to travel and enjoys her 4 grandchildren.

ELLEN M. VERSTEEG-LYTWYN

Years as a Board member, on December 31, 2019: 1

Professional Background:
Ms. Versteeg-Lytwyn retired as Executive Director of the Musicians' Pension Fund of Canada in January 2019. Over her 46 years with the Fund and her 46 years as Executive Director, she worked with and mentored many Fund staff members, including Jill Giustino, the Fund's current Executive Director. The Fund also grew under her leadership from just 18 pensioners and $3 million in assets in 1972, to almost $800 million in assets and 3,300 monthly benefit recipients. She was an integral part lof the Fund's development and helped ensure a financially secure retirement for thousands of members during her many years of service.

In 2019, Ms. Versteeg-Lytwyn was appointed to the Board and then voted Board Chair.

compliant

Financial Statement Summary

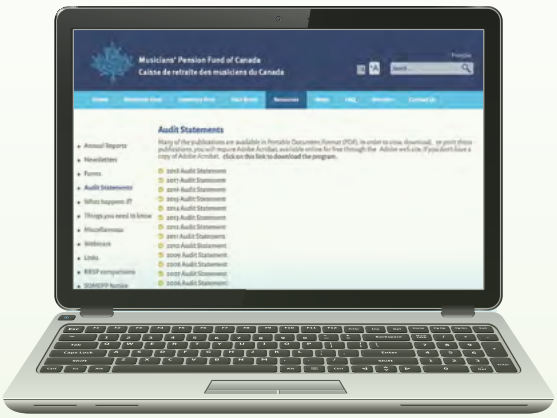
Due to the impact of the coronavirus pandemic, the 2019 audit is taking place remotely to comply with social distancing requirements.

Financial Statement Details
To see the Fund's audited financial statements dating back to 2004, please visit:
www.mpfcanada.ca/resources/audit-statements/

The Fund's 2019 audit is scheduled to take place in May and June.

The 2019 Audit Statement will be available on the Fund's website after completion of the audit.

Please visit **mpfcanada.ca/resources/audit-statements** to review the detailed financial information at that time.



Our Pension Plan is a Target Defined Benefit Plan

The Fund's assets are invested in a diversified portfolio, as shown in the chart at right.

With this type of plan, your retirement benefit is calculated using a formula that's based on contributions received from employers on your behalf. Your benefit also depends on other factors, such as your age at retirement and the type of survivor benefit you choose.

Contributions are negotiated with employers by the American Federation of Musicians/Canadian Federation of Musicians (AFM/CFM) and its Locals, and written into collective bargaining agreements. Since contributions are collectively bargained, if Plan assets aren't enough to pay current or future pension benefits, it's not possible for employers to make additional contributions to the Fund outside of collective bargaining. Instead, based on pension legislation and Plan rules, Trustees must change the Plan's promised pension benefits based on affordability, when necessary.

Plan assets are held in trust by an independent custodian, in compliance with pension legislation, and are invested in a diversified portfolio of assets managed by professional investment managers.

The Plan complies with the Income Tax Act (Canada) and the various provincial pension benefits acts across the country.

ASSET MIX
As of December 31, 2019

	%	
	18.1	Canadian Equities
	25.3	Global Equities
	11.3	Private Equities
	10.2	Public Fixed Income
	11.2	Private Debt
	9.4	Mortgages
	7.4	Real Estate
	5.3	Infrastructure
	0.4	Hedge Funds
	1.4	Cash

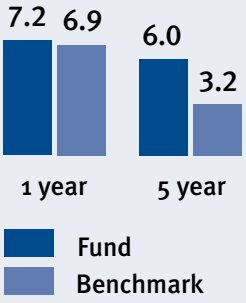
Plan Details
Visit the Plan Summary page of the Fund's website **www.mpfcanada.ca/summary-plan** and click "Download PDF" to learn more about the Plan.

Major Asset Classes

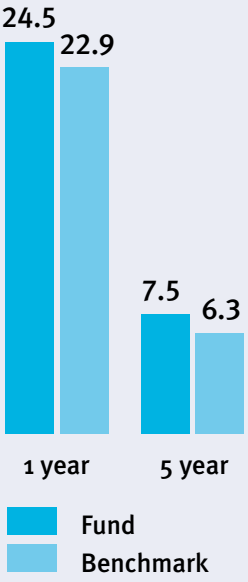
One-year and five-year rates of return as of December 31, 2019.

Note: “NA” appears for investment classes that have existed within the Fund for less than five years.

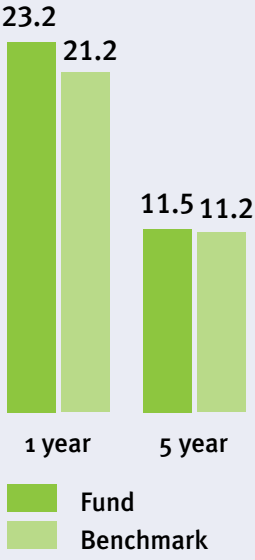
FIXED INCOME



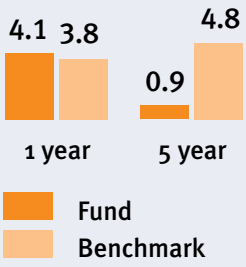
CANADIAN EQUITY



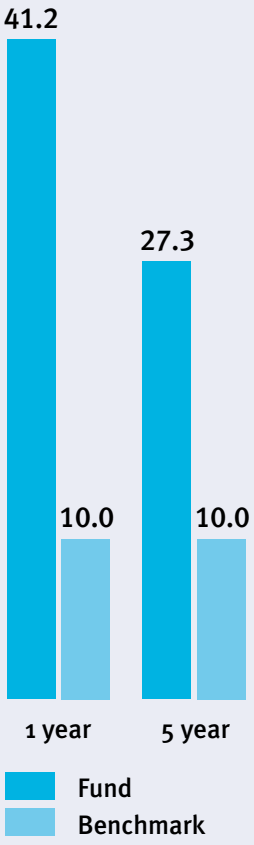
GLOBAL EQUITY



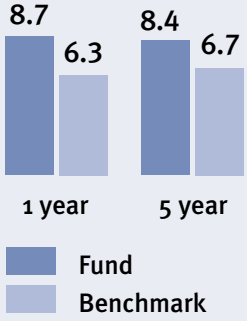
HEDGE FUNDS



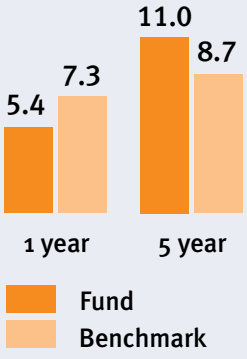
PRIVATE EQUITY



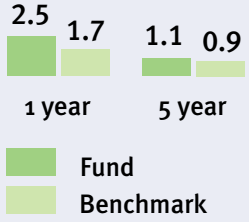
REAL ESTATE



INFRASTRUCTURE



CASH & EQUIVALENTS



Membership Data and Benefit Payments

PLAN MEMBERSHIP SUMMARY

As of December 31, 2019	2019	2018	2017
Actives	4,359	4,448	4,560
Pensioners and beneficiaries	3,622	3,483	3,291
Vested inactives	6,170	6,216	6,189
Total	**14,151**	**14,147**	**14,040**

BENEFIT PAYMENTS

Over the past three years, the following benefit payments have been made:

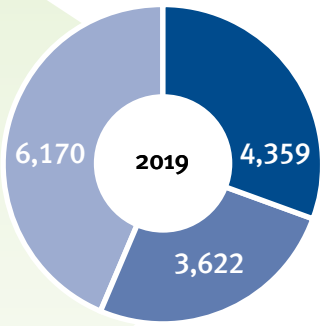
In thousands of dollars*	2019	2018	2017
Pension payments	43,914	41,992	40,225
Termination and death lump sum payments	1,360	1,761	2,823

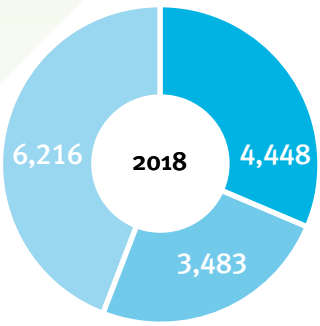
*The 2019 totals are approximate and only can be confirmed after the completion of the 2019 audit.

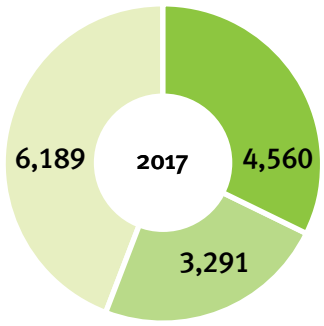
The Fund paid approximately $45,274,077.00 in benefits in 2019.

COMPARATIVE PLAN MEMBERSHIP SUMMARY

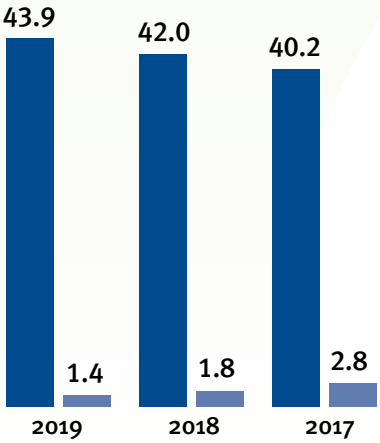
As of December 31, of the year noted below.

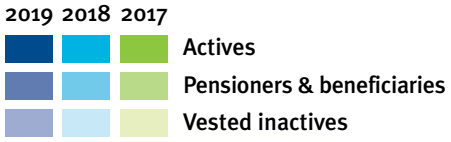






BENEFIT PAYMENTS



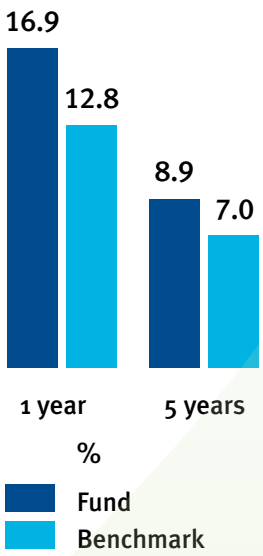


solvent

Fund Performance

The Fund's total investment return for the year as of December 31, 2019, was 16.88%; the Fund benchmark return was 12.75%.

INVESTMENT RETURNS
As of December 31, 2019



When evaluating the performance of any investment, it is important to compare the performance against an appropriate benchmark.

By law, the Board of Trustees must establish a Statement of Investment Policies and Procedures (SIP&P). The benchmarks used in the chart below are the ones established in the Fund's SIP&P. A copy of the SIP&P is available by written request to the Fund Office.

The bar chart [at right] shows the total Fund return against the benchmark for the one year as of December 31, 2019, and the five years as of the same date.

DEFINITION OF BENCHMARKS:

A benchmark is a standard against which the performance of an asset class is measured.

ASSET CLASS	BENCHMARK
Total Fixed Income	FTSE Canada Universe Bond
Cash & Equivalents	FTSE Canada 91 Day T Bill
Canadian Equity	S&P/TSX Composite
Global Equity	MSCI World (CAD)
Private Equity	10% absolute return
Real Estate	CPI + 4%
Infrastructure	CPI + 5%
Hedge Funds	Credit Suisse Hedge Fund (CAD)
Total Fund	**Composite of above**

INFORMATION

FEEDBACK/MORE INFORMATION

Please send the Fund Office your questions, comments and feedback on this Annual Report or anything else related to the Plan:

Musicians' Pension Fund of Canada
200 Yorkland Blvd.
Suite 605
Toronto, Ontario M2J 5C1

Telephone: 416.497.4702
Toll Free: 888.462.6666

Email: info@mpfcanada.ca

Please visit our website for additional information about the Fund and the Plan, and for answers to questions you may have: www.mpfcanada.ca.

DISCLAIMER

The Trustees expect to maintain the Fund indefinitely. However, they have the right, in accordance with applicable laws, to change or cancel any or all benefits under the Fund for active or retired members and their survivors and dependents.

This publication was prepared on behalf of the Trustees of the Musicians' Pension Fund of Canada. It provides summary information about the Fund in plain language. This publication is not intended to provide advice. If there is a discrepancy between this document and the legal documents that govern the Fund, the legal documents will apply.

Design: Ledden Design iT

Musicians' Pension Fund of Canada

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May 2020