2020 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 2020 Annual Report for the Musicians' Pension Fund of Canada. It provides an overview of the Plan's operations as of December 31, 2020. 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

2020 PLAN INFORMATION AT A GLANCE

The Plan had approximately **14,309 members** on December 31, 2020.

14,309

Over **$45 million** in pension payments were made in 2020. The Fund also paid **$3.6 million** in termination benefits and death benefits for the year.

$45 million

The Fund's **overall rate of investment return was 10.8%** for 2020.

10.8%

Total employer **contributions to the Fund were approximately $7.1 million** for 2020, compared to $9.7 million in 2019.

$7.1 million

viability

MESSAGE FROM THE CHAIR

We're pleased to present to you the Musicians' Pension Fund of Canada's 2020 Annual Report.

Ellen M. Versteeg-Lytwyn
Board Chair

Due to the COVID-19 pandemic, 2020 was an unprecedented year for the Fund as live, in-person music came to a near standstill. The lack of live, in-person music created a difficult situation for musicians, making it more challenging for potential members to become Plan members. The Trustees recognized the difficulty potential members faced and approved a Plan Amendment to help. (Please visit **mpfcanada.ca** for more information about the Plan Amendment.)

I assure you the Trustees remain committed to our members and to the Plan's goal to protect members' retirement benefits. The Trustees worked tirelessly to ensure the continued financial growth of the Fund and communicate with members as clearly and as often as possible throughout 2020.

After 24 years of dedicated service to our Fund, Mr. John G. Sinclair retired from the Board of Trustees on December 31, 2020. During his time on the MPF Canada Board, John was a strong advocate for improving the Board's communication with members. He also had a keen interest in the Fund's investments and attended many educational sessions, giving him great insight on the investment side of our pension fund. We appreciate John's service and contributions to the Fund and wish him many happy and healthy years in retirement!

The Fund welcomed William (Bill) J. Stafford who replaced John G. Sinclair as Employer Trustee, effective January 1, 2021. Bill spent over 40 years in the investment management industry. Most recently, he was Director of Investments for the Salvation Army in Canada and Bermuda. Bill is currently a member of the Investment Advisory Committee of the Canadian Cancer Society and served for many years as Board member and Treasurer of the Art Gallery of Burlington Foundation. We welcome Bill to the Board and look forward to his contributions to the Fund's continued success.

As always, the Fund office will continue to be available for any questions or concerns you may have throughout the year. It is my hope that the music industry will recover in 2021 and we can all enjoy live, in-person music once again.

Take care of yourselves and your families.

ELLEN M. VERSTEEG-LYTWYN
Board Chair

MESSAGE FROM THE EXECUTIVE DIRECTOR

We know that 2020 was a difficult year for live music and are hopeful that better times are coming.

With the shuttering of live-music venues in 2020 because of the COVID-19 pandemic, this past year was a difficult one for musicians and the music industry. Although the pandemic brought many challenges, our members have always shown resilience and creativity during difficult times. With the anticipation that live, in-person music will return at some point, I hope that our member musicians will once again delight music lovers across the country.

Due to the pandemic, contributions to the Fund in 2020 were lower than the previous year and we continue to closely monitor contribution levels in 2021. The Fund relies heavily on the investments to fund benefits.

And although it was a difficult year, the Fund's financial successes in 2020 continued to provide the Fund with a strong financial foundation for 2021 and beyond.

I want to thank the Fund's investment advisors for keeping us informed and on track during the pandemic. They have been regularly monitoring the progress of the coronavirus pandemic and its effect on our assets, to ensure investment success. They also provide the Trustees with updates on the financial markets relative to the Fund's investments. They have stayed committed to the Fund and its members.

The Fund Office staff remain devoted to serving our members during the pandemic. It was a difficult and stressful year for the staff but they remain diligent in their support of the Fund and its members. It's a pleasure working with them every day. We've included short biographies of each Fund Office staff member in this year's Annual Report so you can learn more about what they do and their dedication to the Fund. We hope you will spend a few minutes getting to know them.

Please stay safe and healthy in 2021.

JILL GIUSTINO
Executive Director

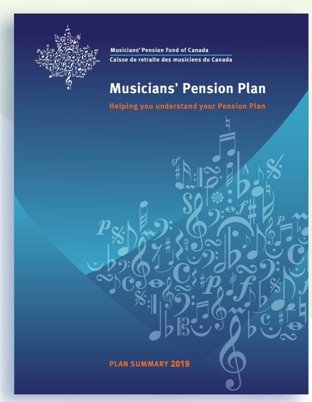
Jill Giustino
Executive Director

reliability

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.

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 Summary Plan 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.

responsibility

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 Commission of Ontario (FSCO).

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, 2020*

* This was the most-recently-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.

GETTING TO KNOW YOUR FUND OFFICE STAFF

This year we are showcasing the individuals who are behind the daily operations in our office providing quality service and care to our members.

LISA DEWITT

Data Processing Manager, Years at the Fund as of December 31, 2020: 20

Lisa is responsible for entering and allocating member contributions for musicians across Canada. She works with the various Locals to resolve issues and ensure that agreements are up-to-date in the Fund system. This ensures that the Fund can process contracts in a timely manner. She is also responsible for running reports to ensure contracts have been posted accurately.

Lisa started in the Fall of 2000 as a receptionist and transferred to the data processing department in 2006. She was promoted to Data Processing Manager in January 2021.

Personal Fact about Lisa: Lisa enjoys spending time with her husband, nieces and nephews. She also enjoys travelling, cooking and writing in her spare time.

" I enjoy the structure in my job. From the staff, to the Executive Director, to the Board of Trustees, everyone is friendly and MPF Canada is a very positive environment. We work well as a team."

JILL GIUSTINO

Executive Director, Years at the Fund as of December 31, 2020: 37

As the Fund's Executive Director, Jill is responsible for administering the Plan to ensure the long-term viability of the Fund and members' retirement benefits. She oversees the Fund Office staff and works closely with the Board to support the Trustees.

Jill began her career at the Fund at age 15 as a summer intern assisting with annual statements. She was later hired as a full-time employee and transitioned into the data processing department. Jill was eventually promoted to the Director of Administration and most recently, Executive Director.

Personal Fact about Jill: Jill enjoys travelling, gardening and reading. She also enjoys spending time with her husband and three cats.

" The thing I like most about working here are the people—the Trustees who are knowledgeable, caring and supportive, the staff who make coming to work enjoyable, the professional advisors who are accessible and invested in the Fund's success, and the members who are so very talented."

JOSEPHINE HITIMANA

Bilingual Receptionist, Years at the Fund as of December 31, 2020: 4

Josephine is responsible for providing quality customer service to Fund members in English and French. She also greets guests who visit the Fund office.

Personal Fact about Josephine: Josephine enjoys reading, writing, singing and travelling. She also enjoys spending time with family and friends.

" I enjoy the outstanding leadership of the Fund. I also enjoy the atmosphere of unity among staff in fulfilling MPF Canada's mission which is "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.""

HUMBERT MARTINS

Director, Pension Benefits, Years at the Fund as of December 31, 2020: 39

Humbert is responsible for overseeing pension applications and paying monthly benefits to members and beneficiaries. He also responds to member questions about their status with the Fund or their pension application.

Personal Fact about Humbert: Humbert enjoys spending time with family, especially his niece and nephews, and playing board games and card games. He loves to read, especially science fiction and fantasy books. Humbert also enjoys going to the movies and is looking forward to this activity post-COVID.

" I enjoy helping members with the benefits they have earned working as musicians and providing them with the information they need to make a choice about the type of benefit they elect at retirement. I've also worked with good people at the Fund office for many years."

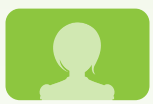
SANDRA NADEAU

Pension Department Assistant, Years at the Fund as of December 31, 2020: 2

Sandra performs a variety of administrative functions in English and French. She works closely with members to handle documentation related to their pension, payout and death benefits.

Personal Fact about Sandra: Sandra likes to stay fit and enjoys yoga and Pilates. She also enjoys reading, watching programs and writing about philosophy, psychology, science, and ancient civilizations.

"Working at the Fund office is enjoyable for many reasons starting with the friendly, yet professional, atmosphere and the appreciation extended by management through quality of expression and various events held throughout the year. I also enjoy the variety of work and the opportunity to work in two languages."



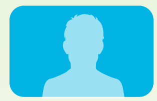
NADIA CHAMALE

Contract Processing, Years at the Fund as of December 31, 2020: 2

Nadia is responsible for processing employer cheques. This includes data entry, data processing, reviewing collective agreements, reviewing industry codes, and maintaining employer records. She also ensures pension contributions and contracts are processed efficiently.

Personal Fact about Nadia: Nadia enjoys travelling, watching movies, listening to music and spending time with her family.

" I enjoy working with Fund leadership. I also like the teamwork, the work itself, what the Fund stands for, the relationships between the members and Locals, and the professional, supportive, helpful, motivating, comfortable, friendly, and positive management and staff."



PAUL VERSTEEG-LYTWYN

Office Manager, Years at the Fund as of December 31, 2020: 17

Paul is responsible for Fund administration and accounting, which includes paying bills, and monitoring and reconciling bank accounts. He responds to requests or issues that arise from Locals and Federation Officers. Paul also oversees the Fund staff.

Personal Fact about Paul: Paul enjoys travelling, watching or playing sports and going out to support the artists that grace Toronto with their presence. He attends concerts, comedy shows, Jays/Leafs games and exhibits. He also enjoys spending time at home with his girlfriend and their two cats.

" My favorite thing about working at the MPF Canada Fund office is the people. With the staff's dedication to both hard work and team work, as well as the leadership of our Executive Director and the Trustees, there are no challenges or obstacles the Musicians' Pension Fund of Canada can't overcome."

compatibility

FINANCIAL STATEMENT SUMMARY

Legislation requires Trustees to have audited financial statements of the Fund every year. The following is a summary of preliminary results and are subject to change.

FINANCIAL STATEMENT SUMMARY

In thousands of dollars	December 31, 2020
Net assets available for benefits, beginning of year	**869,031**
Increase in net assets:	
Total investment income	57,979
Realized gains on sale of investments	20,084
Unrealized gains	10,600
Employer Contributions	7,128
Total increase in net assets	**95,791**
Decrease in net assets:	
Monthly pension benefits	46,059
Death benefits	74
Termination payments and transfers	3,125
Plan expenses	4,407
Total decrease in net assets	**53,665**
Net assets available for benefits, end of year	**911,157**

accountability

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.

sustainability

ASSET MIX
As of December 31, 2020

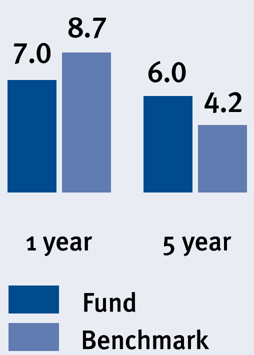
%	
15.4	Canadian Equities
25.4	Global Equities
12.4	Private Equities
11.3	Public Fixed Income
11.6	Private Debt
8.4	Mortgages
6.9	Real Estate
4.7	Infrastructure
3.9	Cash

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

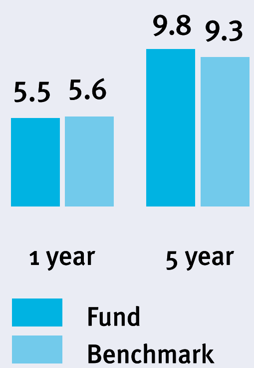
MAJOR ASSET CLASSES

One-year and five-year rates of return on December 31, 2020.
Note: "NA" appears for investment classes that have existed within the Fund for less than five years.

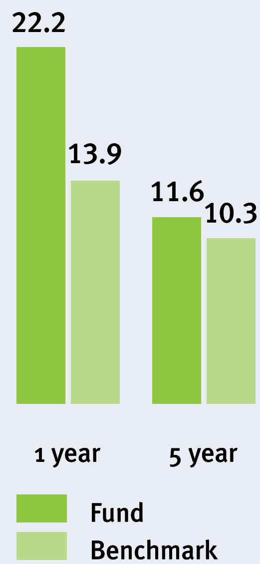
FIXED INCOME



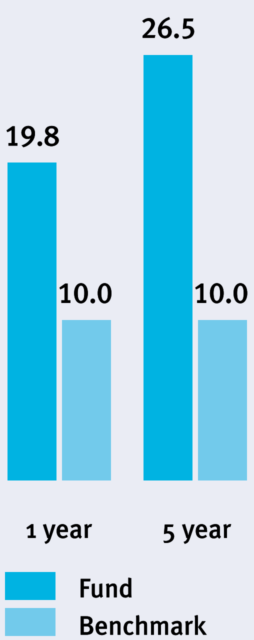
CANADIAN EQUITY



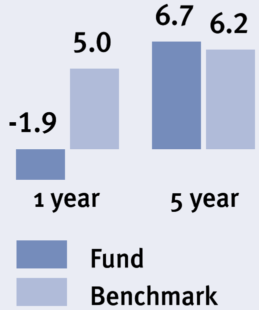
GLOBAL EQUITY



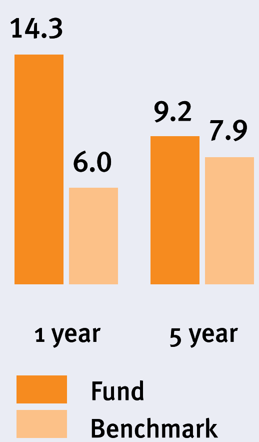
PRIVATE EQUITY



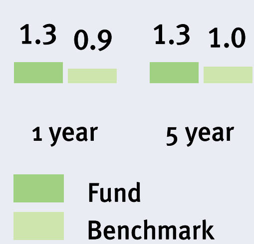
REAL ESTATE



INFRASTRUCTURE EQUIVALENTS



CASH & EQUIVALENTS



MEMBERSHIP DATA AND BENEFIT PAYMENTS

PLAN MEMBERSHIP SUMMARY

As of December 31, 2020	2020	2019	2018
Actives	3,874	4,359	4,448
Pensioners and beneficiaries	3,750	3,622	3,483
Vested inactives	6,685	6,170	6,216
Total	**14,309**	**14,151**	**14,147**

Participant counts are based on preliminary data and are subject to change.

BENEFIT PAYMENTS

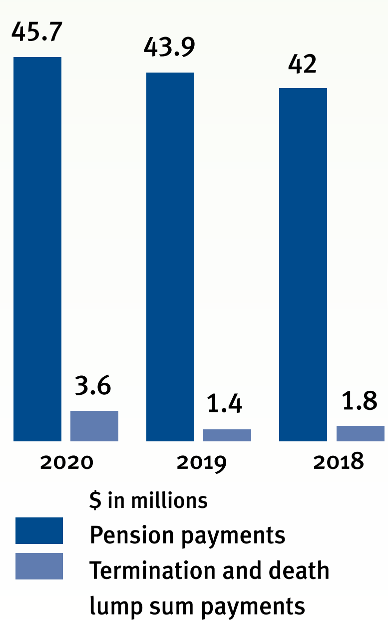
Over the past three years, the following benefit payments have been made:

In thousands of dollars*	2020	2019	2018
Pension payments	45,656	43,914	41,992
Termination and death lump sum payments	3,598	1,360	1,761

* The 2020 totals are approximate and only can be confirmed after the completion of the 2020 audit.

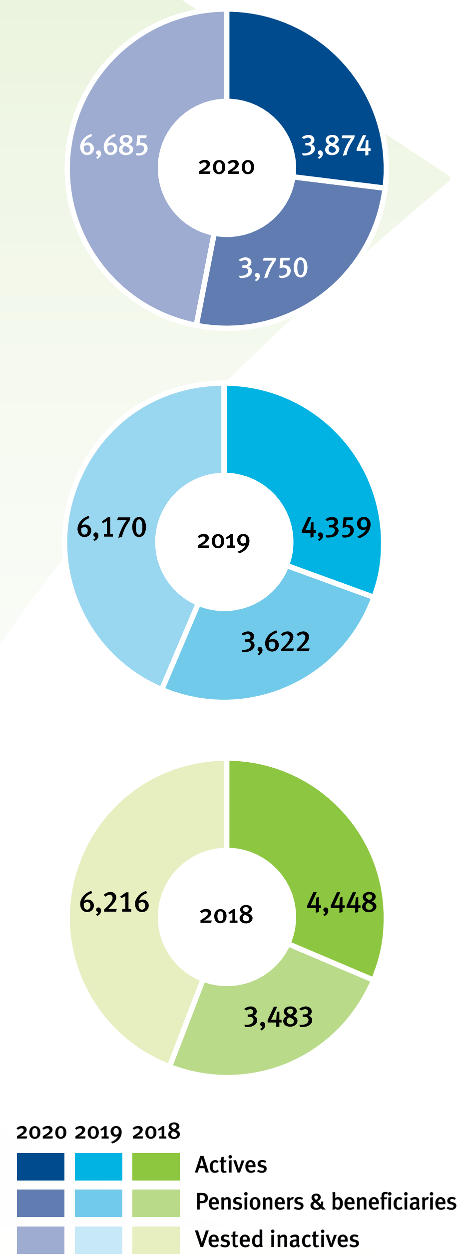
The Fund paid approximately $49,254,000.00 in benefits in 2020.

BENEFIT PAYMENTS



COMPARATIVE PLAN MEMBERSHIP SUMMARY

As of December 31, of the year noted below.



FUND PERFORMANCE

The Fund's total investment return for the year ending December 31, 2020, was 10.8%; the Fund benchmark return was 8.9%.

INVESTMENT RETURNS

As of December 31, 2020

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 shows the Fund's total return compared with the one-year benchmark as of December 31, 2020, and the five-year benchmark 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.

The 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

200 Yorkland Blvd., Suite 605,
Toronto, Ontario M2J 5C1

May 2021