

Financial Statements of

**MUSICIANS' PENSION FUND  
OF CANADA**

(FORMERLY AMERICAN FEDERATION OF  
MUSICIANS' AND EMPLOYERS' PENSION  
WELFARE FUND (CANADA))

Year ended December 31, 2010



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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees of Musicians' Pension Fund of Canada

We have audited the accompanying financial statements of the fund of Musicians' Pension Fund of Canada (formerly American Federation of Musicians' and Employers' Pension Welfare Fund (Canada)), which comprise the statement of net assets available for benefits as at December 31, 2010, the statement of changes in net assets available for benefits for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management based on the financial reporting provisions of Section 76 of the Regulations to the Pension Benefits Act (Ontario).

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Section 76 of the Regulations to the Pension Benefits Act (Ontario), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of Musicians' Pension Fund of Canada (formerly American Federation of Musicians' and Employers' Pension Welfare Fund (Canada)) as at December 31, 2010, and its changes in net assets available for benefits for the year then ended in accordance with the financial reporting provisions of Section 76 of the Regulations to the Pension Benefits Act (Ontario).

*Basis of Accounting and Restriction on Use*

Without modifying our opinion, we draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist Musicians' Pension Fund of Canada (formerly American Federation of Musicians' and Employers' Pension Welfare Fund (Canada)) to meet the requirements of the Financial Services Commission of Ontario. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Trustees of Musicians' Pension Fund of Canada (formerly American Federation of Musicians' and Employers' Pension Welfare Fund (Canada)) and the Financial Services Commission of Ontario and should not be used by parties other than the Trustees of Musicians' Pension Fund of Canada (formerly American Federation of Musicians' and Employers' Pension Welfare Fund (Canada)) or the Financial Services Commission of Ontario.

*KPMG LLP*

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Chartered Accountants, Licensed Public Accountants

June 9, 2011  
Toronto, Canada

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Statement of Net Assets Available for Benefits

December 31, 2010, with comparative figures for 2009

	2010	2009
<b>Assets</b>		
Cash	\$ 3,933,423	\$ 3,637,966
Accrued investment income	2,119,179	2,485,449
Contributions due from employers	1,167,513	1,236,643
GST rebate receivable	—	55,782
Prepaid expenses	1,728,722	1,508,543
Fixed assets (note 5)	62,322	70,780
	<u>9,011,159</u>	<u>8,995,163</u>
Investments (notes 3 and 9):		
Short-term notes and treasury bills	3,564,985	2,678,854
Money market fund	1,111,934	422,858
Canadian bonds:		
Government	77,109,982	74,892,970
Corporate	95,724,975	117,915,897
Canadian equities	177,887,198	174,570,082
Canadian pooled funds	26,157,880	—
Foreign equities	94,833,846	100,587,014
Foreign pooled funds	78,258,409	73,394,329
Foreign government bonds	4,273,740	4,720,209
Foreign corporate bonds	16,738,549	321,746
Pooled real estate fund	33,842,558	31,186,257
Total investments	<u>609,504,056</u>	<u>580,690,216</u>
Derivative contracts receivable (note 6)	411,402	12,411
Total assets	618,926,617	589,697,790
<b>Liabilities</b>		
Accounts payable and accrued liabilities	689,078	1,443,793
Commitments (note 7)		
Net assets available for benefits	<u>\$ 618,237,539</u>	<u>\$ 588,253,997</u>

See accompanying notes to financial statements.

On behalf of the Board of Trustees:

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

## Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Increase in net assets:		
Investment income (note 4)	\$ 13,361,115	\$ 15,967,402
Net realized gain on sales of investments	4,332,473	—
Employer contributions	8,834,011	8,676,933
Change in net unrealized gains	33,661,272	91,744,002
	<u>60,188,871</u>	<u>116,388,337</u>
Decrease in net assets:		
Net realized loss on sales of investments	—	14,908,533
Pension and death benefits	24,454,367	23,456,992
Termination payments and portability transfers	1,688,645	428,552
Administrative expenditures (Schedule)	4,062,317	3,756,203
	<u>30,205,329</u>	<u>42,550,280</u>
Increase in net assets	29,983,542	73,838,057
Net assets available for benefits, beginning of year	588,253,997	514,415,940
Net assets available for benefits, end of year	<u>\$ 618,237,539</u>	<u>\$ 588,253,997</u>

See accompanying notes to financial statements.

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Notes to Financial Statements

Year ended December 31, 2010

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Musicians' Pension Fund of Canada (formerly American Federation of Musicians' and Employers' Pension Welfare Fund (Canada)) (the "Fund"), registration number 0215145, is a pension trust established under an agreement and Declaration of Trust dated April 9, 1962, restated and amended on February 28, 2006 and August 12, 2010, for the purpose of providing pension benefits to eligible employees in the music industry. The Fund is a Specified Ontario Multi-Employer Pension Plan.

The last actuarial valuation of the Fund filed with the Financial Services Commission of Ontario was conducted by The Segal Company Ltd., as of January 1, 2008.

## 1. Significant accounting policies:

### (a) Basis of presentation:

The financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the accounting requirements prescribed by the Financial Services Commission of Ontario ("FSCO") for financial statements under Section 76 of the Regulations to the Pension Benefits Act (Ontario). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because it excludes the actuarial liabilities of the Fund. Consequently, these financial statements do not purport to show the adequacy of the Fund's assets to meet its pension obligations.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets available for benefits during the year. Actual results could differ from those estimates.

### (b) Investments:

Investments are stated at fair value. The change in the difference between the fair value and cost of investments at the beginning and end of each year is reflected in the statement of changes in net assets available for benefits as change in net unrealized gains.

Investment purchase and sale transactions are accounted for on the trade date.

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Notes to Financial Statements (continued)

Year ended December 31, 2010

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## 1. Significant accounting policies (continued):

Fair values of investments are determined as follows:

Bonds and equities are valued at year-end quoted market prices where available. Where quoted prices are not available, estimated fair values are calculated using comparable securities.

Short-term notes, treasury bills and term deposits maturing within one year are stated at cost, which, together with accrued interest income, approximates fair value given the short-term nature of these investments.

Guaranteed investment certificates are valued at the present value of estimated future cash flows discounted at interest rates in effect on the last business day of the year for investments of a similar type, quality and maturity.

Pooled fund investments are valued at the unit values supplied by the pooled fund administrator, which represent the Fund's proportionate share of underlying net assets at fair values determined using closing market prices.

Investments in derivative financial instruments, including futures, forwards and option contracts, are valued at year-end quoted market prices where available. Where quoted prices are not available, values are determined using pricing models, which take into account current market and contractual prices of the underlying instruments, as well as, time value and yield curve or volatility factors underlying the positions.

### (c) Net realized gain/loss on sales of investments:

The net realized gain/loss on sales of investments is the difference between proceeds received and the average cost of investments sold.

### (d) Investment income and transaction costs:

Investment income, which is recorded on the accrual basis, includes interest income and dividends.

Transaction costs are expensed in the statement of changes in net assets available for benefits in the year incurred.

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Notes to Financial Statements (continued)

Year ended December 31, 2010

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## 1. Significant accounting policies (continued):

### (e) Foreign currency translation:

The fair values of foreign currency-denominated investments included in the statement of net assets available for benefits are translated into Canadian dollars at year-end rates of exchange. Gains and losses arising from translation are included in the change in net unrealized gains. Foreign currency-denominated transactions, as well as cost amounts included in note 3, are translated into Canadian dollars at the rates of exchange on the dates of the related transactions.

### (f) Contributions:

Contributions are recorded upon the basis of reports received from the employers concerned. The accompanying financial statements reflect contributions due from employers in respect of engagements prior to December 31, 2010, as reported on April 29, 2011.

### (g) Fixed assets:

Fixed assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis so as to amortize the cost of the assets over their estimated useful lives as follows:

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Furniture, office and computer equipment and vehicles	5 years
Computer software	3 years

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### (h) Income taxes:

The Fund is a registered pension plan, as defined by the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Notes to Financial Statements (continued)

Year ended December 31, 2010

## 2. Future new accounting pronouncement:

The Accounting Standards Board's ("AcSB") April 2008 Exposure Draft, Adopting IFRS in Canada, proposed that, upon adoption of International Financial Reporting Standards by publicly accountable enterprises, pension plans would continue to prepare their financial statements in accordance with The Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 4100, Pension Plans ("Section 4100"), rather than International Accounting Standards 26, Accounting and Reporting by Retirement Benefit Plans. On July 30, 2009, the AcSB issued an Exposure Draft that proposed changes to existing Section 4100 in the areas of presentation and disclosure. It also provided more guidance on how to measure fair value of investment assets and investment liabilities. In February 2010, the AcSB approved CICA Handbook Section 4600, Pension Plans ("Section 4600"), as Part IV of the CICA Handbook. The new Section 4600 was released in April 2010 and is based on existing Section 4100 with substantive modifications and will be effective for annual financial statements for fiscal years beginning on or after January 1, 2011. The Fund is currently in the process of evaluating the potential impact of adopting Section 4600.

## 3. Investments:

The following table summarizes investments at cost:

	2010	2009
Short-term notes and treasury bills	\$ 3,564,985	\$ 2,678,854
Money market fund	1,111,934	423,124
Canadian bonds:		
Government	75,007,008	74,249,245
Corporate	91,237,733	114,088,333
Canadian equities	125,095,454	130,458,233
Canadian pooled funds	24,000,000	—
Foreign equities	91,974,605	105,358,020
Foreign pooled funds	82,948,783	87,798,034
Foreign government bonds	4,394,634	5,315,800
Foreign corporate bonds	16,513,895	328,820
Pooled real estate fund	30,008,838	30,008,838
	<u>\$ 545,857,869</u>	<u>\$ 550,705,301</u>

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Notes to Financial Statements (continued)

Year ended December 31, 2010

### 3. Investments (continued):

As required by the Pension Benefits Act (Ontario), the following is provided in respect of individual investments where either the fair value or cost exceeds 1% of the total for the Fund:

	Cost	Fair value
Canadian government bonds:		
Government of Canada - September 2011	\$ 10,215,678	\$ 10,237,772
Government of Canada - June 2011	7,308,207	7,303,468
Canadian equities:		
Bank of Nova Scotia	4,864,567	9,062,341
Manulife Financial Corp.	6,915,574	5,990,572
Royal Bank of Canada	6,623,656	10,186,966
Talisman Energy Inc.	3,655,723	7,901,596
Toronto Dominion Bank	6,722,361	10,767,364
Research in Motion	8,032,324	7,284,011
Suncor Energy Inc.	7,874,462	9,849,826
Tek Resources Limited	2,889,550	6,431,103
Canadian Natural Resources Ltd.	4,264,545	7,609,795
Potash Corp. of Saskatchewan Inc.	3,595,051	6,174,911
Canadian pooled funds:		
Performance Diversified Fund (i)	24,000,000	26,157,880
Foreign pooled funds:		
MB American Equity Fund (ii)	46,951,310	39,902,554
Marathon Legacy Securities Public Private Investment Fund (iii)	12,556,200	14,675,155
Clairvest Equity Partners IV Ltd. Partnership (iv)	7,675,573	7,604,531
Protégé Partners QP Fund, Ltd. (v)	15,765,700	16,076,169
Pooled real estate fund:		
Greystone Real Estate Fund (vi)	30,008,838	33,842,558

(i) Performance Diversified Fund is operated by Performance Group Ltd., holding alternative funds.

(ii) The MB American Equity Fund is operated by McLean Budden, holding U.S. and foreign equities.

(iii) Marathon Legacy Securities Public Private Investment Fund is operated by Marathon Asset Management, holding mortgage-backed securities, both residential and commercial.

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Notes to Financial Statements (continued)

Year ended December 31, 2010

### 3. Investments (continued):

(iv) Clairvest Equity Partners IV Ltd. Partnership is operated by Clairvest Group Inc., holding U.S. equities.

(v) Protégé Partners QP Fund, Ltd. is operated by Protégé Partners LLC, holding hedge funds which hold U.S. and foreign equities and U.S. and foreign fixed income.

(vi) The pooled real estate fund is operated by Greystone Managed Investments Inc., holding properties in Canada.

### 4. Investment income:

	2010	2009
Short-term notes and treasury bills	\$ 18,243	\$ 37,113
Money market fund	4,758	5,002
Canadian bonds	8,159,132	9,132,984
Canadian equities	3,539,386	4,044,589
Foreign equities and pooled funds	2,701,823	2,708,950
Foreign government and corporate bonds	696,138	140,194
Foreign exchange losses	(2,212,998)	(181,472)
Unrealized gain on derivative contracts (note 6)	411,402	12,411
Other	43,231	67,631
	<b>\$ 13,361,115</b>	<b>\$ 15,967,402</b>

### 5. Fixed assets:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and office equipment	\$ 63,801	\$ 43,407	\$ 20,394	\$ 15,475
Computer software and equipment	160,525	145,603	14,922	19,989
Vehicles	41,545	14,539	27,006	35,316
	<b>\$ 265,871</b>	<b>\$ 203,549</b>	<b>\$ 62,322</b>	<b>\$ 70,780</b>

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Notes to Financial Statements (continued)

Year ended December 31, 2010

## 6. Derivative financial instruments:

Derivatives are financial contracts, the value of which is derived from the value of underlying assets or exchange rates. The Fund utilizes such contracts to enhance investment returns and for managing exposure to foreign currency volatility. The Fund holds forward foreign exchange contracts to sell foreign currencies in the future. Futures and forwards are contractual obligations either to buy or to sell a specified amount of equity indices or foreign currencies at predetermined future dates and prices. Futures are transacted in standardized amounts on regulated exchanges and are subject to daily cash margining. Forwards are customized contracts transacted in the over-the-counter market.

At December 31, 2010, the Fund has the following derivative contracts outstanding:

Currency forwards:

Amount	Currency	Fair value	Exchange rate	Expiration
104,553,000	JPY	\$ 1,035	81.43	March 2011
4,268,000	HKD	9,429	7.81	March 2011
14,371,163	USD	400,938	0.99	March 2011

## 7. Commitments:

At December 31, 2010, the Fund is committed under an operating lease for rental of office space until 2016, which requires minimum rental payments as follows (excluding taxes and operating costs):

2011	\$ 42,840
2012	48,960
2013	48,960
2014	48,960
2015	48,960
Thereafter	36,720
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	\$ 275,400

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Notes to Financial Statements (continued)

Year ended December 31, 2010

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## 8. Capital risk management:

The main objective of the Fund is to sustain a certain level of net assets in order to meet the pension obligations of the Fund, which are not presented or discussed in these specified-purpose financial statements. Under the Pension Benefits Act (Ontario) and its regulations, the Fund is required to prepare a funding status of the fund every three years. The Fund fulfils its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures ("SIPP"), which is reviewed annually by the Fund. The Fund manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year's employer contributions) in accordance with the approved SIPP. Increases in net assets are a direct result of investment income generated by investments held by the Fund and contributions into the Fund by employers. Contributions are recorded upon the basis of reports received from the employers concerned. The Fund is required to file financial statements with the FSCO.

## 9. Financial instruments:

### (a) Fair values:

The fair values of investments and derivatives are as described in notes 3 and 6, respectively. The fair values of other financial assets and liabilities, being cash, accrued investment income, contributions due from employers and accounts payable and accrued liabilities, approximate their carrying values due to the short-term nature of these financial instruments.

Fair value measurements recognized in the statement of net assets available for benefits are categorized using a fair value hierarchy that reflects the significance of inputs used in determining the fair values.

- Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs for assets and liabilities that are not based on observable market data.

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Notes to Financial Statements (continued)

Year ended December 31, 2010

## 9. Financial instruments (continued):

The following tables illustrate the classification of the Fund's financial instruments using the fair value hierarchy as at December 31:

				2010	2009
	Level 1	Level 2	Level 3	Total	Total
Money market fund	\$ 1,111,934	\$ —	\$ —	\$ 1,111,934	\$ 422,858
Short-term notes and treasury bills	—	3,564,985	—	3,564,985	2,678,854
Canadian equities	177,887,198	—	—	177,887,198	174,570,082
Canadian pooled funds	26,157,880	—	—	26,157,880	—
Canadian bonds	414,100	172,420,857	—	172,834,957	192,808,867
Foreign equities	94,833,846	—	—	94,833,846	100,587,014
Foreign pooled funds	39,902,554	—	38,355,855	78,258,409	73,394,329
Foreign bonds	647,712	20,364,577	—	21,012,289	5,041,955
Pooled real estate fund	33,842,558	—	—	33,842,558	31,186,257
Derivative contracts	—	—	411,402	411,402	12,411
	\$ 374,797,782	\$ 196,350,419	\$ 38,767,257	\$ 609,915,458	\$ 580,702,627

Investment in Canadian bonds with a fair value of \$553,776 was transferred from Level 3 to Level 2 during the year as a result of increased activity in the market for securities that were not being actively traded.

The following table reconciles the Fund's Level 3 fair value measurements from December 31, 2009 to December 31, 2010:

	Canadian bonds	Foreign pooled funds	Derivatives
Balance, beginning of year	\$ 993,962	\$ —	\$ 12,411
Gain (loss) included in income	(27,803)	1,846,455	411,402
Purchases	—	36,509,400	—
Sales	(412,383)	—	—
Settlements	—	—	(12,411)
Transfers out	(553,776)	—	—
Balance, end of year	\$ —	\$ 38,355,855	\$ 411,402

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Notes to Financial Statements (continued)

Year ended December 31, 2010

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## 9. Financial instruments (continued):

### (b) Associated risks:

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate, market price, liquidity and foreign currency risks. The Fund has formal policies and procedures that establish target asset mix. The Fund's policies also require diversification of investments within categories and set limits on exposure to individual investments.

#### (i) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Fund's financial instruments are carried at fair value with fair value changes recognized in the statement of changes in net assets available for benefits, all changes in market conditions will directly result in an increase (decrease) in net assets. Market price risk is managed by the Fund through construction of a diversified portfolio of instruments traded on various markets and across various industries.

#### (ii) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Although market events could lead to some investments becoming illiquid, the diversity of the Fund's portfolios should ensure that liquidity is available for benefit payments. The Fund also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities. At December 31, 2010, the Fund had cash in the amount of \$3,933,423 (2009 - \$3,637,966).

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Notes to Financial Statements (continued)

Year ended December 31, 2010

## 9. Financial instruments (continued):

### (iii) Foreign currency risk:

Foreign currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund invests primarily in financial instruments and enters into transactions denominated in various foreign currencies, other than its measurement currency. Consequently, the Fund is exposed to risk that the exchange rates of the various currencies may change in a manner that has an adverse effect on the value of the portion of the Fund's assets or liabilities denominated in currencies other than the Canadian dollar.

Foreign currency risk is hedged by using foreign exchange forward contracts.

### (iv) Interest rate risk:

The following table summarizes fair values of investments at December 31, by maturity dates, as well as average yields by class of investment:

	Maturity	Fair value	Average yield
Short-term notes and treasury bills	January 2011 - October 2011	\$ 3,564,985	0.460%
Canadian bonds:			
Federal	June 2011 - June 2041	\$ 47,457,735	0.293% - 5.750%
Provincial	June 2013 - June 2040	27,844,452	3.900% - 11.000%
Municipal	December 2017 - June 2033	1,807,795	3.800% - 5.900%
Corporate	January 2011 - December 2106	95,724,975	2.640% - 9.900%
		\$ 172,834,957	
Foreign bonds:			
Government	March 2025 - May 2039	\$ 4,273,740	4.250% - 5.200%
Corporate	June 2011 - October 2049	16,738,549	1.062% - 6.666%
		\$ 21,012,289	

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

Notes to Financial Statements (continued)

Year ended December 31, 2010

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## **9. Financial instruments (continued):**

Interest rate risk is the risk that the market value of the Fund's investments will fluctuate due to changes in market interest rates. To properly manage the Fund's interest rate risk, appropriate guidelines on the weighting and duration for the bonds and other fixed investments are set and monitored. The Fund's investments in fixed income are sensitive to interest rate movements.

## **10. Comparative figures:**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.

# MUSICIANS' PENSION FUND OF CANADA

(FORMERLY AMERICAN FEDERATION OF MUSICIANS' AND EMPLOYERS' PENSION WELFARE FUND (CANADA))

## Schedule of Administrative Expenditures

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Professional services:		
Investment manager fees	\$ 1,921,081	\$ 1,832,000
Custodial fees	280,762	269,970
Actuarial services	179,012	167,430
Legal fees	162,962	97,710
Audit and tax	33,484	27,000
Investment advisory fees	23,185	30,915
	<hr/> 2,600,486	<hr/> 2,425,025
Indirect taxes	206,967	111,870
Amortization	23,990	32,212
	<hr/> 230,957	<hr/> 144,082
Operating:		
Salaries and related	682,327	668,940
Rent and space	117,736	118,693
Dues and fees	91,225	81,612
Data processing	78,229	76,752
Office	51,289	42,130
Communications	46,804	51,821
Accounting fees	39,086	38,400
Insurance	32,204	33,144
Staff travel	21,763	19,689
Trustee education	16,947	10,276
Postage and delivery	15,543	16,241
Trustees travel	15,131	6,133
Bank charges	9,159	9,865
Staff education	8,784	12,275
Translation	4,647	1,125
	<hr/> 1,230,874	<hr/> 1,187,096
	<hr/> <hr/> \$ 4,062,317	<hr/> <hr/> \$ 3,756,203