Financial statements of

The College of Family Physicians of Canada - Employees' Pension Plan

December 31, 2013

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December 31, 2013

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Independent Auditor's Report

To the Administrator of
The College of Family Physicians of Canada - Employees' Pension Plan

We have audited the accompanying financial statements of The College of Family Physicians of Canada - Employees' Pension Plan (the "Plan"), which comprise the statements of net assets available for benefits as at December 31, 2013, the statement of changes in net assets available for benefits for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared by the Plan Administrator in accordance with the requirements prescribed by the Financial Services Commission of Ontario for financial statements under Section 76 of Regulation 909 of the Pension Benefits Act (Ontario).

Plan Administrator's Responsibility for the Financial Statements

The Plan Administrator is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements prescribed by the Financial Services Commission of Ontario for financial statements under Section 76 of Regulation 909 of the Pension Benefits Act (Ontario), and for such internal control as the Plan Administrator determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 the auditor's 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, the auditor considers 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 the Plan Administrator, 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.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as at December 31, 2013, and the changes in net assets available for benefits for the year then ended in accordance with the requirements prescribed by the Financial Services Commission of Ontario for financial statements under Section 76 of Regulation 909 of the Pension Benefits Act (Ontario).

Basis of accounting and restrictions on distribution and use

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Plan Administrator to comply with the requirements prescribed by the Financial Services Commission of Ontario (“FSCO”) for financial statements under Section 76 of Regulation 909 of the Pension Benefits Act (Ontario). As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Plan Administrator and FSCO, and should not be distributed to or used by parties other than the Plan Administrator and FSCO.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
__________, 2014

The College of Family Physicians of Canada - Employees’ Pension Plan

Statement of net assets available for benefits
as at December 31, 2013

	2013			2012
	Defined benefit	**Defined contribution**	Defined benefit	Defined contribution
	$	**$**	$	$
Assets				
Investments, at market value (Note 3)	**7,634,768**	**6,662,712**	4,477,711	6,744,032
Net assets available for benefits	**7,634,768**	**6,662,712**	4,477,711	6,744,032

Approved on behalf of the Administrator

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The accompanying notes to the financial statements are an integral part of this financial statement.

The College of Family Physicians of Canada - Employees' Pension Plan

Statement of changes in net assets available for benefits
year ended December 31, 2013

	2013		2012	
	Defined benefit	**Defined contribution**	Defined benefit	Defined contribution
	$	**$**	$	$
Increase in net assets				
Contributions				
Employee				
Current service, required	**250,183**	**126,264**	-	351,452
Current service, voluntary	**-**	**3,938**	-	2,333
Employer				
Current service, required	**405,210**	**126,263**	90,152	285,120
Past service	**1,799,663**	**-**	216,096	-
Interest earned	**-**	**15,966**	-	31,523
Transfer into (out of) plan	**1,204,226**	**(1,275,365)**	95,306	(302,161)
Net realized gain	**504,124**	**231,355**	20,556	136,959
	4,163,406	**(771,579)**	422,110	505,226
Decrease in net assets				
Termination payments	**986,769**	**-**	-	7,027
Annuity payments	**173,463**	**-**	127,636	-
Investment management fees	**37,202**	**-**	29,163	-
Net unrealized gain	**(191,085)**	**(690,259)**	(309,566)	(300,590)
	1,006,349	**(690,259)**	(152,767)	(293,563)
Increase in net assets	**3,157,057**	**(81,320)**	574,877	798,789
Net assets available for benefits, beginning of year	**4,477,711**	**6,744,032**	3,902,834	5,945,243
Net assets available for benefits, end of year	**7,634,768**	**6,662,712**	4,477,711	6,744,032

The accompanying notes to the financial statements are an integral part of this financial statement.

1. Description of the plan

The following description of The College of Family Physicians of Canada - Employees' Pension Plan (the "Plan") is provided for general information purposes only. Reference should be made to the Plan Agreement for more complete information.

These financial statements present information of the fund (the "Fund") of the Plan.

(a) General

The Plan was changed from a defined benefit plan to a hybrid plan on January 1, 1993, whereby members of the Plan will receive benefits equal to the greater of their benefits under the defined benefit portion of the plan and an annuity purchased from their account balance upon their retirement. The Plan was further amended to reflect that employees hired after July 1, 2005 would only be eligible to join the defined contribution component. New employees, excluding senior staff, of the College of Family Physicians of Canada (the "College") are required to join the Plan after one year of service.

Effective December 31, 2011, the defined benefit component was amended to update the benefits accrued prior to 1993 and to use Best Average Earnings for service as a senior staff employee. Effective July 1, 2012, the Plan was amended to remove the reference to Members' accounts in determining the benefit from the defined benefit component and to have all members in the defined benefit component contribute based on the same formula, for service after 2012.

Senior staff employees of the College have the option of joining the defined benefit component or the defined contribution component of the Plan. The College's Plan is registered under the Pension Benefits Act (Ontario) and Canada Revenue Agency under registration number 0236000. Manulife Financial has been the Trustee/Administrator of the Plan since July 1. 1992. The most recent actuarial valuation of the Plan was performed by Morneau Shepell as at December 31, 2012. The next required actuarial valuation will be as at December 31, 2015.

(b) Contributions

(i) Defined benefit component

If member contributions to the Plan were made prior to January 1, 1993, they will remain as part of the defined benefit component and continue to earn interest.

Plan members in the defined benefit component are either classified Class A, B or C. Class A members contribute 5.5% of the member's plan earnings up to the Yearly Maximum Pensionable Earnings ("YMPE") plus 7.0% of plan earnings in excess of the YMPE. Class C members contribute 6.5% of the member's plan earnings up to the YMPE, plus 8.0% of plan earnings in excess of the YMPE. Certain designated executive members (Class B) are not required to contribute to the Plan.

For Class A and C members, the employer will contribute 3.5% of earnings to the YMPE and 5.0% of earnings above the YMPE. For Class B members, the employer will contribute 10% of earnings to the YMPE and 13% of earnings above the YMPE.

The total member and employer contributions made in a year are limited by the Income Tax Act money purchase limits.

All member contributions and employer contributions made after January 1, 1993 are directed to member's accounts, with the exception that the employer will contribute additional amounts as recommended by the Actuary to fund the minimum defined benefit.

For service after 2012, Class A and C members contribute 5.5% of the member's plan earnings up to the YMPE, plus 7.0% of plan earnings in excess of the YMPE. The employer will contribute amounts as recommended by the Actuary to fund the defined benefit for service after 2012. All member contributions and employer contributions made after 2012 are directed to fund the benefit in accordance with the defined benefit formula.

1. Description of the plan (continued)

(b) Contributions(continued)

(ii) Defined contribution component

Plan members in the defined benefit component are classified as either Class A or Class C. Members contribute 3.5% of the member's plan earnings up to the YMPE, plus 5.0% of plan earnings in excess of the YMPE.

The employer will match Class A and C member contributions.

(c) Retirement benefits

(i) Normal retirement

Normally, pension payments will begin on the first day of the month following the member's 65th birthday.

1. Defined benefit component

Pension benefits for members in the defined benefit component are calculated as follows:

For service prior to January 1, 1993, the greater of:

a) 1.75% of earnings up to the YMPE and 2.5% of the earnings above the YMPE; and

b) 2.00% of 2005 earnings times the years of credited service prior to January 1, 1993 as a Class A Member, plus 2% of member's Best Average Earnings multiplied by years of service as a Class B or Class C Member

Pension benefits earned after January 1, 1993 and prior to January 1, 2013 will be calculated at the greater of:

a) 2% of member's earnings in each plan year as a Class A Member, plus 2% of member's Best Average Earnings multiplied by years of service as a Class B or Class C Member; and

b) an annuity that can be purchased from their account balance.

Pension benefits earned after December 31, 2012 will be calculated as:

a) 2% of member's earnings in each plan year as a Class A Member, plus

b) 2% of member's Best Average Earnings multiplied by years of service as a Class B or Class C Member.

2. Defined contribution component

Pension benefits are determined as the equivalent of the annuity that can be purchased from their account balance in the defined contribution component.

The pension is payable for the life of the employee with a guaranteed minimum of 60 monthly payments (the normal form of pension).

If a member's spouse is alive, the monthly pension is payable to the employee and the employee's spouse as long as they are both alive. If the employee dies, the amount of continuing monthly payments may be reduced by not more than 40% and will be payable to the spouse until the first day of the month in which the spouse dies. The pension that is payable under this form is the actuarial equivalent to the normal form of pension.

Alternatively, the employee may choose to replace the benefits payable under the normal form of pension in any other form of an annuity payable that is accordance with pension regulations. The pension payable is the actuarial equivalent to the normal form of pension.

1. Description of the plan (continued)

(c) Retirement benefits (continued)

(ii) <u>Early retirement</u>

An employee with two or more years of membership service may elect early retirement up to 10 years prior to normal retirement date.

For members in the defined benefit component, the amount of the early retirement pension shall be the employee's normal retirement defined benefit pension, as denoted in paragraph (i) above, reduced by 1/2 of 1% for each month (or 6% per year) by which the pension commencement date precedes the date on which the employee would have attained age 65. For service after January 1, 1993 and prior to January 1, 2013, the amount of early retirement pension payable is the greater of the reduced pension and the annuity that can be purchased from the account balance in the defined contribution component.

For members in the defined contribution component, the amount of early retirement pension is determined as the annuity that can be purchased from their account balance in the defined contribution component.

(d) Death benefits

For members in the defined benefit component, the death benefit payable to the member's beneficiary is equal to the following:

(i) <u>For benefits accrued prior to January 1, 1993</u>

(1) member required contributions made before January 1, 1987, with interest; and

(2) the commuted value of the defined benefit pension earned for service on and after January 1, 1987 and prior to January 1, 1993.

(ii) <u>For benefits accrued on and after January 1, 1993</u>

The greater of the commuted value of the defined benefit pension earned and the member's account balance for service on and after January 1, 1993 and before January 1, 2013; plus the commuted value of the defined benefit earned after December 31, 2012 in the defined benefit component.

If death occurs after retirement, payments to the spouse or the beneficiary will depend on the annuity option selected upon retirement.

(e) Termination benefits

If a member terminates his or her employment prior to 10 years of their normal retirement date, he or she will be entitled to any of the following options: leave the funds in the Plan, transfer to a locked-in retirement account, transfer to another registered pension plan or purchase a life annuity.

(f) Income taxes

The Plan is a registered pension plan, as defined in the Income Tax Act and, as such, the income of the Plan is not subject to income taxes.

2. Significant accounting policies

(a) *Basis of presentation*

The financial statements have been prepared by the Plan Administrator in accordance with the significant accounting policies set out below to comply with the requirements prescribed by the Financial Services Commission of Ontario ("FSCO") for financial statements under Section 76 of Regulation 909 of the Pension Benefits Act (Ontario). The basis of accounting used in these financial statements materially differs from Canadian accounting standards for pension plans because it excludes the actuarial liabilities of the Plan. Consequently, these financial statements do not purport to show the adequacy of the Plan's assets to meet its pension obligations.

Canadian accounting standards for pension plans

The Plan follows Part IV (Section 4600) - Accounting Standards for Pension Plans, of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook, except that it excludes the actuarial liabilities of the Plan as noted above. In addition, Accounting Standards for Private Entities ("ASPE") as set out in Part II of the CICA Handbook are followed for accounting policies that do not relate to the Plan's investment portfolio, to the extent that those standards do not conflict with the requirements of Section 4600.

Under Section 4600, all investment assets are measured at fair value at the date of the statement of net assets available for benefits. In determining fair value, the Plan refers to the guidance on fair value measurement and disclosure under International Financial Reporting Standards ("IFRS").

The Plan adopted IFRS 13, Fair Value Measurement, effective January 1, 2013. There were no changes to the opening balances as a result of this adoption.

(b) *Financial instruments*

Financial assets are as classified into the following specified categories: financial assets as "fair value through profit or loss" ("FVTPL") and financial assets, other than those at FVTPL. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in the statement of changes in net assets available for benefits. The net gain or loss recognized incorporates any interest earned on the financial asset and is included in the Statement of changes in net assets available for benefits.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial liabilities are classified as "other financial liabilities" and are measured at fair value and are subsequently measured at amortized cost using the effective interest method. The Fund derecognizes financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or they expire.

The Plan's financial assets are comprised of investments which are classified as FVTPL. The Plan does not have any financial liabilities.

2. Significant accounting policies (continued)

(c) Investments

Investments are stated at fair value. Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If the financial instrument has a quoted price in an active market, the quoted price is the fair value of the financial instrument. If the market for a financial instrument is not active, fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, that technique is used. A valuation technique incorporates all factors that market participants would consider in setting a price. Fair value is estimated on the basis of the results of a valuation technique that makes maximum use of market inputs, and relies as little as possible on entity-specific inputs.

In determining fair values, adjustments have not been made for transaction costs, as they are not considered to be significant. 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 a change in net unrealized gains.

Fair values of investments are determined as follows:

Guaranteed interest accounts maturing within one year are stated at cost which, together with accrued interest income, approximates fair value, due to the short-term nature of these investments. Guaranteed interest accounts maturing after one year 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.

Information regarding the return on the guaranteed interest accounts is not readily available.

Pooled funds 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.

Information regarding the book value of certain investments is not readily available as the investment manager where the funds are held does not maintain such information.

(d) Investment income

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

(e) Net realized gain on sale of investments

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

(f) Foreign exchange

The fair values of foreign currency denominated investments included in the Statement of changes in net assets available for benefits are translated into Canadian dollar at year-end rates of exchange. Gains and losses arising from translations are included in the change in net unrealized gains.

Foreign currency denominated transactions are translated into Canadian dollar at the rates of exchange on the dates of the related transactions.

2. Significant accounting policies (continued)

(g) Use of estimates

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.

(h) Future accounting requirements

The following accounting standard has been issued, but is not yet effective. Management of the Plan has not yet determined the effect of this standard on the financial statements of the Plan.

IFRS 9, Financial instruments

The Plan is required to adopt IFRS 9, Financial Instruments, for fiscal years beginning on or after January 1, 2015. IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

3. Investments

The Plan held the following investments:

Defined benefit plan

		2013		2012
	Units held	**Market value**	Units held	Market value
		$		$
Asset allocation				
Manulife Growth AA	**83,371.48854**	**2,357,876**	54,831.47821	1,294,047
Manulife Aggressive AA	**77,396.91329**	**2,401,771**	50,833.42557	1,266,355
Fixed income				
Manulife MAM Canadian Bond Index	**148,901.04439**	**2,875,121**	98,114.53512	1,917,309
		7,634,768		4,477,711

3. Investments (continued)

Defined contribution plan

The following information is provided with respect to individual investments (at market value) of the defined contribution plan and includes those with fair value in excess of 1% of the market value of the Fund, as required by the Pension Benefits Act (Ontario):

	2013	2012
	$	$
Guaranteed interest accounts		
Funds totals with the following terms of maturity:		
Manulife 1 to 4 years	**117,444**	124,611
Manulife 5 to10 years	**347,323**	670,538
Target Date Funds		
Manulife Target Date Funds with retirement dates of:		
2010	**4,984**	524,544
2015	**555,161**	643,258
2020	**631,936**	516,118
2025	**550,676**	430,881
2030	**472,247**	350,308
2035	**443,289**	333,787
2040 to 2050	**367,546**	262,792
Asset Allocation		
Manulife Conservative AA	**93,879**	97,206
Manulife Moderate AA	**65,009**	57,758
Manulife Balanced AA	**297,174**	241,808
Manulife Growth AA	**313,624**	257,945
Manulife Aggressive AA	**78,163**	61,488
Cash and Cash Equivalents		
Manulife Canadian Money Market	**36,497**	57,243
Fixed Income		
Manulife Bond & Fixed Income	**209,193**	249,110
Balanced		
Manulife Balanced Income	**700,313**	684,440
Canadian Equity		
Manulife Canadian Large Capital Equity	**568,212**	525,992
Manulife Canadian Small/Mid Capital Equity	**213,147**	174,781
Global Equity		
Manulife Fidelity US Large Capital	**352,058**	293,374
Manulife International & Global Equity	**244,837**	186,050
	6,662,712	6,744,032

4. Administration fees

In accordance with the Participant Trust Agreement, the expenses charged by the Trustee for its administration and investment duties are paid directly by the Plan and not by the College.

Audit fees are paid directly by the College on behalf of the Plan.

5. Risk management

(a) 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 caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. As all of the Plan’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 Plan investing in a diversified portfolio of instruments traded on various markets and across various industries.

(b) Interest rate risk

The Plan is subject to interest rate risk. This risk is mitigated through the Fund investing in guaranteed investments with maturities of 5 years or less which reflect current market rates.

(c) Foreign currency risk

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

(d) Price risk

Price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. All portfolio investments present a risk of loss of capital. The maximum risk resulting from financial instruments is equivalent to their market value.

To mitigate the price risk on behalf of the members, the Plan offers a range of investment options and investment managers that cover the major asset classes and a risk/return spectrum appropriate for pension funds, in addition to responsible and professional management by the investment fund managers.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

All of the Fund’s listed securities are considered to be readily realizable as they are listed on recognized stock exchanges and can be quickly liquidated at amounts close to their fair value in order to meet liquidity requirements. The Fund also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities.

5. Risk management (continued)

(f) *Credit risk*

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered into with the Plan. Credit risk is generally higher when a non-exchange traded financial instrument is involved because the counterparty for non-exchange traded financial instruments is not backed by an exchange clearing house.

The Plan's credit risk concentration is spread among listed equity securities as discussed under market price risk above and as detailed in the Statement of net assets available for benefits. All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, since delivery of securities sold is made only once the Broker has received payment. On a purchase, payment is made once the securities have been received by the broker. If either party fails to meet their obligation, the trade will fail.

6. Capital management

The capital of the plan is represented by the net assets available for benefits for which the amount of the capital being managed in included in Note 3. The main objective of the Plan is to sustain a certain level of net assets in order to meet the pension obligations of the College, which are not presented or discussed in these special-purpose financial statements.

The Plan fulfils its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (the "SIPP"). The SIPP for the Defined Benefit Plan was last amended effective August 23, 2013, and is reviewed annually by the College. Details of the amendment are related to the employer portion to the Defined Benefit Plan to be allocated in the asset categories as included in the table below.

The Plan manages net assets by engaging knowledgeable investment managers who are charged with the responsibility of investing existing funds and new funds (current year's employee and employer contributions) in accordance with the approved SIPP into four broad categories of assets. Increases in net assets are a direct result of investment income generated by investments held by the Plan and contributions into the Plan by eligible employees and by the College. The main use of net assets is for benefit payments to eligible Plan members. Although there is no regulatory requirements relating to the level of net assets and/or funding to be maintained by the Plan, the Plan is required to file financial statements with FSCO.

The SIPP permits four broad categories of assets divided into the funds as provided in Note 3. A set of benchmarks has been identified to measure against each category's annual rate of investment return (net of fees). The total investments annual rate of return is measured against a composite index made up of the weighted average of each category's benchmark return using the target allocation of the SIPP to weight the various categories. The plan's relative annual rate of investment return expectation is to equal or exceed the composite index on a net of fees basis. The plan's investment was allocated within the allowed asset categories range, as of the date of the financial statements.

The following table presents the asset allocation and annual rate of investment return for each asset category, and total investments, along with appropriate benchmarks:

6. Capital management (continued)

Defined benefit plan

			Asset allocation (%)		Annual rate of investment return (%)			
			As of December 31,		Benchmark		Actual (before fees)	
Asset category	**Benchmark**	**SIPP Target**	**2013**	2012	**2013**	2012	**2013**	2012
Asset allocation								
Manulife Growth AA	S&P/TSX Composite Index plus 0.5%	45.0% (35.0%-55.0%)	**30.88%**	28.90%	**7.10%**	9.20%	**19.00%**	10.40%
Manulife Aggressive AA	S&P/TSX Composite Index plus 0.5%	45.0% (35.0%-55.0%)	**31.46%**	28.28%	**7.10%**	9.20%	**23.70%**	11.60%
Fixed income		30.0%						
Manulife MAM Canadian Bond Index	DEX Universe Bond Index	(25.0%-45.0%)	**37.66%**	42.82%	**-1.30%**	5.50%	**-1.60%**	3.10%
Total investments		100.0%	**100.0%**	100.0%				

Defined contribution plan

		Asset allocation (%)		Annual rate of investment return (%)			
		As of December 31,		Benchmark		Actual gross	
Asset options	**Benchmark**	**2013**	2012	**2013**	2012	**2013**	2012
Guaranteed interest accounts							
Manulife 1 to 4 years	DEX 91 Day T-Bills Index	**1.76%**	1.85%	**1.10%**	0.90%	**1.53% - 3.18%**	0.45% - 2.20%
Manulife 5 to 10 years	DEX 91 Day T-Bills Index	**5.21%**	9.94%	**1.10%**	0.90%	**1.53% - 3.18%**	0.45% - 2.20%
Target Date Funds							
Retirement dates of 2010 - 20150	S&P/TSX Composite Index plus 0.5%	**45.41%**	45.40%	**7.10%**	9.20%	**6.80% - 15.70%**	9.60% - 12.90%
Asset allocation							
Manulife Conservative AA	S&P/TSX Composite Index plus 0.5%	**1.41%**	1.44%	**7.10%**	9.20%	**3.60%**	7.80%
Manulife Moderate AA	S&P/TSX Composite Index plus 0.5%	**0.98%**	0.86%	**7.10%**	9.20%	**7.20%**	9.50%
Manulife Balanced AA	S&P/TSX Composite Index plus 0.5%	**4.46%**	3.59%	**7.10%**	9.20%	**10.90%**	11.10%
Manulife Growth AA	S&P/TSX Composite Index plus 0.5%	**4.71%**	3.82%	**7.10%**	9.20%	**14.80%**	12.60%
Manulife Aggressive AA	S&P/TSX Composite Index plus 0.5%	**1.17%**	0.91%	**7.10%**	9.20%	**18.20%**	14.00%
Cash and cash equivalents							
Manulife Canadian Money Market	DEX 91 Day Treasury Bill Index	**0.55%**	0.85%	**1.10%**	0.90%	**1.30%**	1.30%
Fixed income							
Manulife Bond & Fixed Income	DEX Universe Bond Total Return Index	**3.14%**	3.69%	**-1.30%**	5.50%	**-1.00%**	6.60%

6. Capital management (continued)

Defined contribution plan (continued)

		Asset allocation (%)		Annual rate of investment return (%)			
		As of December 31,		Benchmark		Actual gross	
Asset options	**Benchmark**	**2013**	2012	**2013**	2012	**2013**	2012
Balanced							
Manulife Balanced Income	S&P/TSX Composite Index plus 0.5%	**10.51%**	10.15%	**7.10%**	9.20%	**11.40%**	10.30%
Canadian equity							
Manulife Canadian Large Capital Equity	S&P/TSX Composite Index plus 0.5%	**8.53%**	7.80%	**7.10%**	9.20%	**34.4% - 7.1%**	15.00% - 8.20%
Manulife Canadian Small/Mid Capital Equity	S&P/TSX Composite Index plus 0.5%	**3.20%**	2.59%	**7.10%**	9.20%	**21.60% - 14.20%**	18.20% - 9.00%
Global equity							
Manulife Fidelity US Large Capital	MSCI World Index C$ plus 1.0%	**5.28%**	4.35%	**26.40%**	15.80%	**30.00%**	22.20%
Manulife International & Global Equity	MSCI World Index C$ plus 1.0%	**3.68%**	2.76%	**26.40%**	15.80%	**34.50%**	9.80%
Total investments		**100.0%**	100.0%				

The employer is required under the Pension Benefit Act to pay contributions, based on actuarial valuations, necessary to ensure the benefits are funded on the plan’s provisions. Details of members’ and employer contributions that were paid during the period can be found in the Statement of changes in net assets available for benefits. No contributions remain past due as of the end of the period covered by the financial statements.

7. Investment hierarchy

IFRS 7 - Financial Instruments: disclosures, establishes a three-tier hierarchy to classify the determination of fair value measurements for disclosure purposes. Inputs refer broadly to the data and assumptions that market participants would use in pricing the investment. Observable inputs are inputs that are based on market data from independent sources. Unobservable inputs are inputs that reflect the Plan’s own assumptions about the assumptions market participants would use in pricing an investment developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is as follows:

Level 1 - quoted prices in active markets for identical investments

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the investment, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3 - inputs for the investment that are not based on observable market data (unobservable inputs)

As at December 31, 2013, all of the Plan’s investments were categorized as Level 2. There were no transfers of investments between Levels during 2013.