For the

Members of

The Edmonton

Pipe Industry

Pension Trust Fund

and

Health and Welfare Fund

2020

ANNUAL REPORT

DIRECTORY

The Edmonton Pipe Industry Pension Trust Fund
and
The Edmonton Pipe Industry Health and Welfare Fund

16214 – 118 Avenue, Edmonton, Alberta T5V 1M6

Phone (780) 452-1331 Fax (780) 487-4063

Website: ***www.epibenefitplans.com*** Pension Plan Registration Number 0546028

Board of Trustees

Administration Services Provider

McAteer – Employee Benefit Plan Services Limited
Executive Administrator – Rick McAteer

Auditor

KPMG LLP, Edmonton, Alberta

Legal Counsel

Bryan & Company, Edmonton, Alberta

Pension Trust Fund Investment Managers

Brookfield Asset Management Inc., Toronto, Ontario
Marathon Asset Management, LP, New York, New York, USA
Phillips, Hager & North Investment Management Ltd., Vancouver, British Columbia
Letko Brosseau & Associates Inc., Montreal, Quebec
Orbis Investment Management – Bermuda
CBRE Group, Los Angeles, California, USA
Third Eye Capital, Toronto, Ontario
Northleaf Capital Partners, Toronto, Ontario
JP Morgan Investment Management Inc.,
Manulife Financial Asset Management, Toronto, Ontario
Clairvest Group Inc., Toronto, Ontario
Connor, Clark & Lunn Investment Management Ltd., Vancouver, British Columbia
QV Investors Inc., Calgary, Alberta
Neuberger Berman, New York, New York, USA
Trez Capital Asset Management, Toronto, Ontario
DRC (Duet) Capital, London, England
IFM Investors, New York, New York, USA
Infracapital – Edinburgh, Scotland
MB Global Partners – New York, New York, USA
Cyprium Investment Partners – Cleveland, USA
Macquarie Infrastructure Partners – New York, New York, USA
White Oak Global Advisors – New York, New York, USA
Wellington Financial, Toronto, Ontario
Morgan Stanley Investment Management, New York, New York USA

Pension Trust Fund Custodian

CIBC Mellon Trust Company, Calgary, Alberta

Pension Plan Actuary

Mercer (Canada) Limited, Calgary, Alberta

Pension Trust Fund Investment Counsel

Ellement Consulting Group, Vancouver, British Columbia

Health and Welfare Plan Insurer

Canada Life, Winnipeg, Manitoba

Health and Welfare Fund Investment Managers

Phillips, Hager & North Investment Management Ltd., Vancouver, British Columbia
TD Asset Management, Toronto, Ontario

Health and Welfare Plan Employee Assistance Program Provider

United Association Member Assistance Plan

Roles and Responsibilities

A number of parties are responsible for ensuring that the Pension Trust Fund and the Health and Welfare Fund are maintained in a financially sound way that will provide pension and health benefits for members over the long term. They include:

Board of Trustees

The Board of Trustees has overall responsibility for the Pension Trust Fund and the Health and Welfare Fund, including supervision of the administration services provider, the investment managers and other delegates in the governance process. The Board is also responsible for the approval of the annual audited financial statements. The Board is made up of:

- four trustees elected by Local Union 488 members,
- three independent trustees selected by a nominating committee comprised of a representative of Local Union 488 and Construction Labour Relations – Alberta (CLRa). Included in this group is the independent chairman.

The Board's Audit Committee meets with the administration services provider and the external auditors to review the financial statements and examine other auditing and accounting matters. The Audit Committee examines the quality of the financial statement disclosure, the accounting principles applied and any significant judgments affecting the financial statements. The audited financial statements in this Report have been approved by the Board of Trustees.

Administration services provider

The administration services provider is appointed by the Board of Trustees and manages the Pension Trust Fund and the Health and Welfare Fund, and is responsible for providing quality service to the members. The administration services provider develops and maintains high-quality systems for internal accounting and administrative control. These systems are designed to provide reasonable assurance that transactions are properly authorized, reliable financial records are maintained, financial information is timely, accurate and reliable, and assets are appropriately accounted for and adequately safeguarded. The administration services provider is also responsible for preparing financial statements in accordance with Canadian accounting standards for pension plans.

Actuary

The actuary is appointed by the Board of Trustees and carries out an annual valuation of the Pension Plan's actuarial liabilities in accordance with accepted actuarial principles. This process involves analyzing the benefits to be provided under the Pension Plan, including any increases to benefits. The actuary also provides advice to the Board of Trustees on funding and benefit policies, asset and liability structure, and other matters.

External auditors

The external auditors are appointed by the Board of Trustees. Their responsibility, the scope of their examination and their opinion is set out in the Independent Auditors' Report. The external auditors have full and unrestricted access to staff of the administration services provider, the Audit Committee and the Board of Trustees to discuss any findings related to the integrity of the financial reporting and the adequacy of internal control systems on which they rely for the purposes of their audit. The external auditors use the work of the actuary to support the pension obligations included in financial statements of the Pension Trust Fund.

Custodian

The custodian holds the Pension Fund's assets and executes trades under the direction of the Pension Fund's investment managers. The custodian is appointed by the Board of Trustees.

Investment managers

The investment managers each direct a portfolio of assets on behalf of the Pension Trust Fund or the Health and Welfare Fund. Investment guidelines are set by the Board of Trustees and communicated through a Statement of Investment Policies and Procedures. The investment managers are appointed by the Board of Trustees.

Investment consultant

The investment consultant is appointed by the Board of Trustees. The consultant is responsible for providing advice in respect of an appropriate asset mix, which is designed to protect the benefits promised to members of the Pension Plan. The investment consultant is also engaged to review the performance of the investment managers and to make recommendations about the selection, and retention, of investment managers.

TABLE OF CONTENTS

Report of the Board of Trustees

We are pleased to present the Annual Report of the Pension Trust Fund and the Health and Welfare Fund for the fiscal year ended December 31, 2020.

Covid-19 Pandemic

Despite the chaos and financial uncertainty caused by the Covid-19 pandemic, we are pleased to report that both the Pension and Health and Welfare Funds weathered the storm and are in strong financial condition. At the time of writing this report, we are starting to come out of the third, and hopefully last, phase of social and business restrictions arising from pandemic.

Despite the challenges of mostly working remotely, our office staff in Edmonton and Markham have performed at an exceptional level during the pandemic and have continued to provide services to members at their usual high standards. In the very near future, it would appear that most restrictions will be lifted and life will return to a more 'normal' normal.

Pension Trust Fund

The Pension Trust Fund is in a strong financial position. As at December 31, 2020 the Pension Fund had net assets available for benefits of $2.3 billion, a funding excess (as determined on a going concern basis) of $579.5 million and a going concern funded ratio of 134%.

For the year ended December 31, 2020, the Fund earned a rate of return of 8.18% (13.07% for Fiscal 2019) net of investment manager and custodial fees. This rate of return ranks the Pension Fund in the top quartile of pension funds measured by our Investment Consultant.

The Trustees annually review, and amend when deemed necessary, the Funding and Benefits Policy and the Statement of Investment Policies and Procedures (SIPP). No significant amendments were made in 2020.

The current hourly pension contribution rate of $6.61, as determined by the Collective Agreement, may change upon the finalization of a new Agreement. Any change in the contribution rate will affect the pension accrual rate. We will inform members of any change after a new Agreement is signed.

We plan to release an online pension estimate tool in early 2022. Members will be able to use this tool to plan for retirement and to provide an estimate of their expected pension from the Pension Plan. This tool will also provide members with easy access to pension statements as well as Pension Plan forms and documents.

Health and Welfare Fund

The Health and Welfare Fund is in a strong financial position. As at December 31, 2020, net assets available for benefits were $111.9 million. The Trustees continue to focus on the long-term sustainability of the Health & Welfare Fund and strive to ensure that benefits can be financially supported through investment income, active member contributions and premiums paid by retirees, widows and disabled and pay direct members.

The results for the year ended December 31, 2020 reflect lower than expected investment income. Investment income includes unrealized gains and losses from low volatility equities held by the Health and Welfare Fund. This type of equity did not enjoy the same return as other equities during the year but have shown recovery in 2021. We believe that low volatility investments are still a long-term desirable component of the Health and Welfare Fund's investment portfolio.

The financial statements also show an ongoing decline in employer contributions, resulting from a corresponding decline in the number of hours worked. In addition, there has not been an increase to the hourly contribution rate since 2014. It should be noted that there was a significant draw down of approximately $9 million in the Active members hour bank reserve that was used to pay for benefits provided and expenses in 2020.

Many members have experienced reduced income and, at times during 2020, were denied access to certain health care services. We attempted to address these matters with a Covid-19 Relief Plan established in April 2020. The aim of the Relief Plan was to provide needed short-term relief on an equitable basis to all members, while protecting the long-term financial sustainability of the Health and Welfare Plan.

In response to input from the members, we changed the provider of the employee assistance program, effective March 1, 2021.

Boards of Trustees

At the Board meetings in May 2021, the Boards accepted the recommendation of the Trustee Nominating Committee and reappointed Gordon Clanachan and Ralph Peterson as Independent Trustees, and reappointed Gordon Clanachan as Chair of the Boards.

The Board of Trustees of the Pension Trust Fund met five times during the year ended December 31, 2020. The Health and Welfare Fund met six times. In addition, the Board of Trustees has an Audit Committee which met twice in 2020.

Your Boards of Trustees strive to apply governance best practices and procedures. The Boards are comprised of dedicated, knowledgeable Trustees who are passionate about ensuring that members continue to receive valuable benefits that are sustainable over the long term.

In an effort to reduce overall costs, the Trustees decided that distribution of Annual Reports will be done electronically except where legislation requires that certain members receive it via mail. To that end, Annual Reports will be posted in the Newsroom section of the Plan website ***www.epibenefitplans.com***. Those who wish to receive a paper copy of the Annual Report may visit the Administration Office to pick one up or call and one will be mailed to your home address.

Submitted on behalf of the Trustees,

Gordon Clanachan, FCA, ICD.D
Chairman, Board of Trustees
June 2021

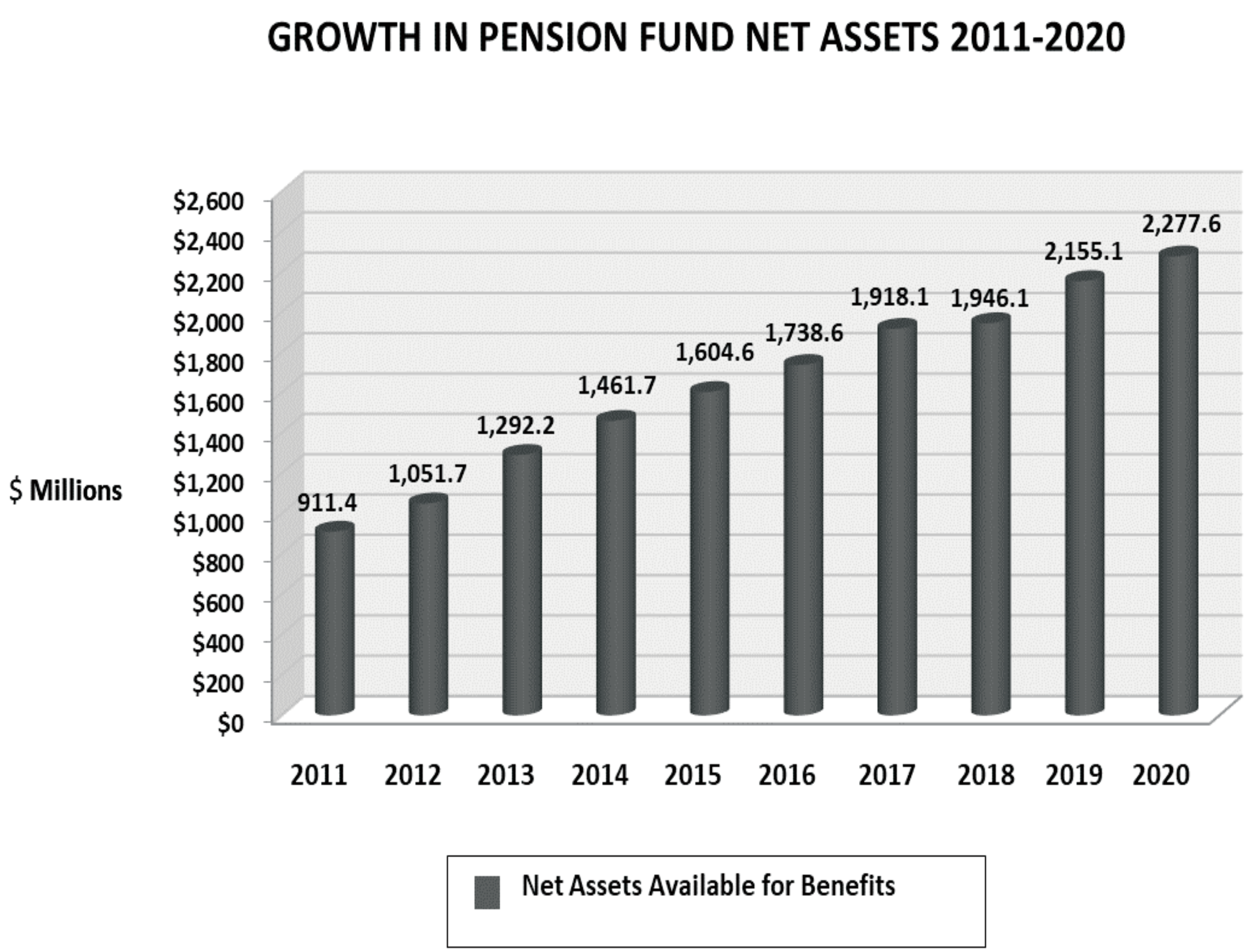
PENSION FUND HIGHLIGHTS AND COMMENTARY

Pension Fund Assets

At December 31, 2020, the Pension Fund had $2.278 billion in net assets available for benefits. This is an increase of $123 million compared to the net assets available for benefits at December 31, 2019. Employer contributions in 2020 were $27.2 million, a decrease of $9.3 million compared to 2019.

The Pension Fund received contributions in respect of 4.1 million hours worked during 2020. During 2019 the Fund received contributions in respect of 5.5 million hours.

The chart below illustrates the growth in the Pension Fund's net assets.



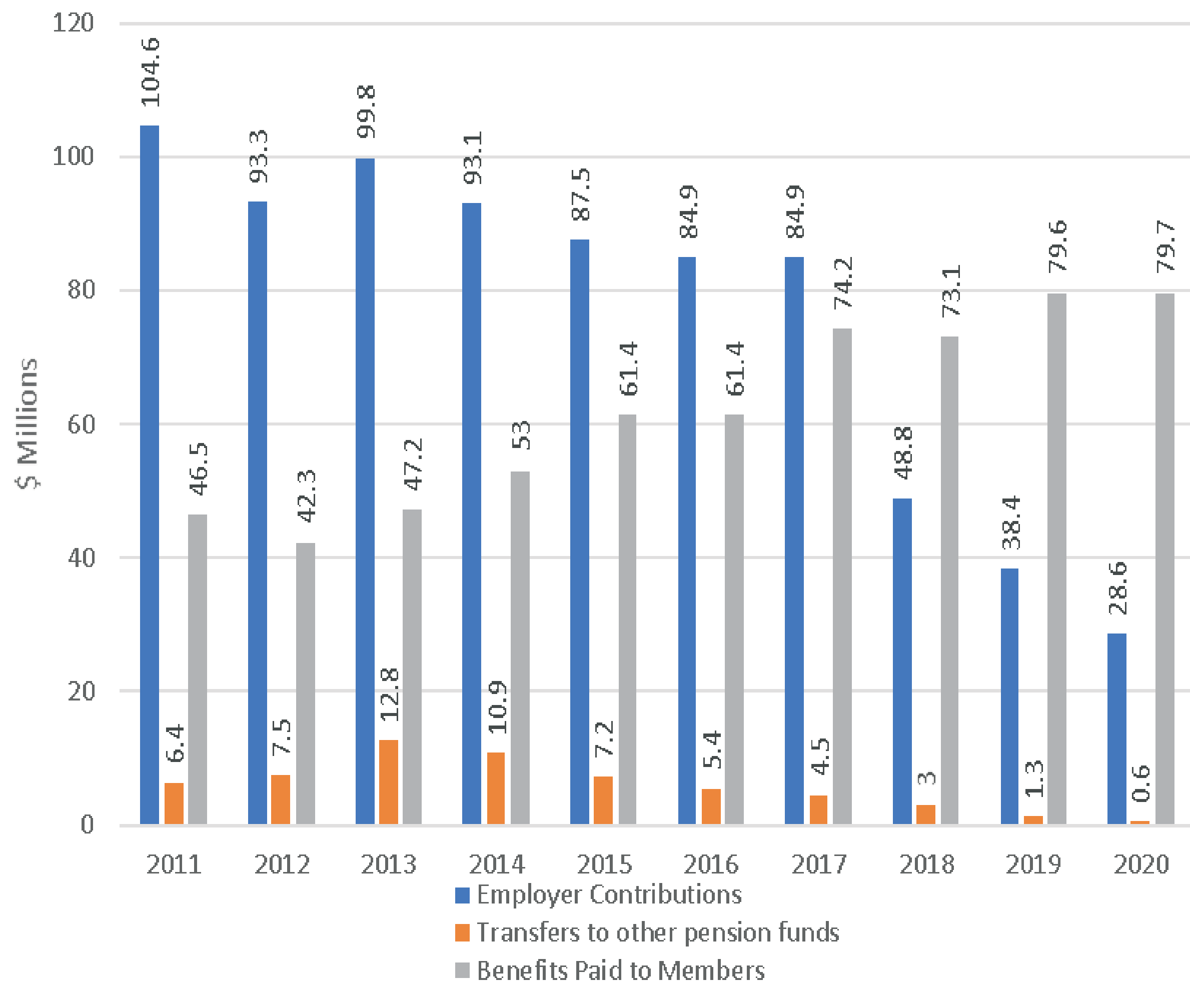
Pension Fund Contributions

During 2020, contributing employers (including Reciprocal Transfers in) paid $28.6 million into the Pension Fund on behalf of Members, compared to $38.4 million in 2019.

From the $28.6 million received, the Pension Fund transferred $0.6 million to other pension funds on behalf of individuals who were subject to reciprocal agreements.

For the year ended December 31, 2020, the Pension Fund paid $79.7 million ($79.6 million in 2019) in pension, death and termination benefit payments.

The chart below illustrates, for the period 2011 to 2020, the employer contributions received, reciprocal transfers to other pension funds and the pension benefits paid to plan members.

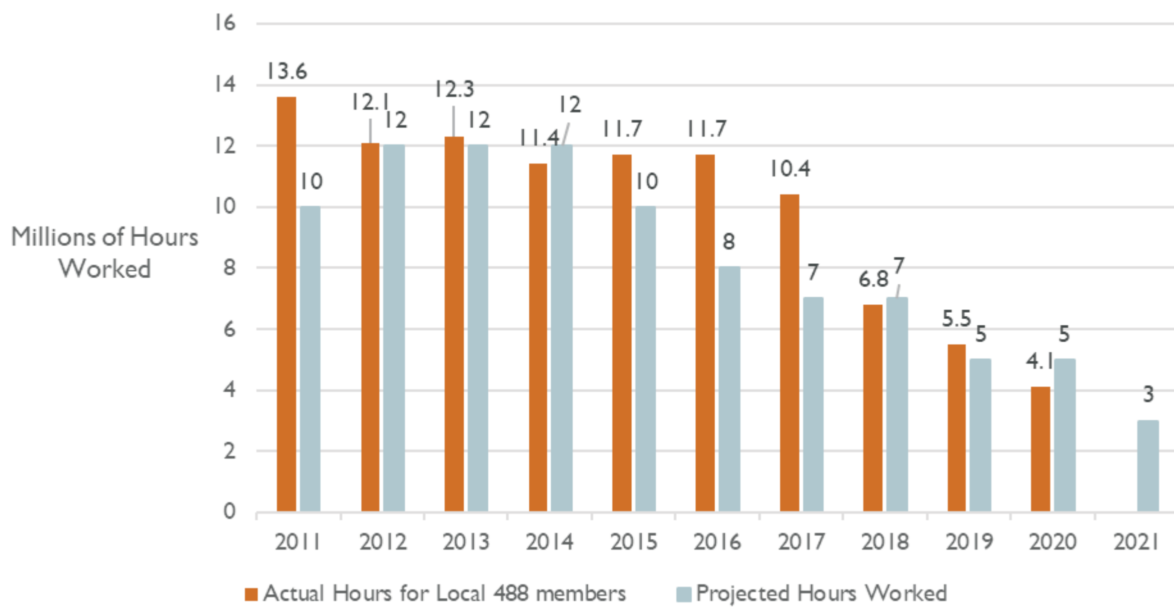


Employer Contributions and Hours Reported to the Pension Fund

During the year ended December 31, 2020, the Pension Fund received employer contributions based on 4.1 million hours worked in the Local 488 jurisdiction. The Pension Fund transferred contributions based on 0.8 million hours to other pension funds on behalf of union members who were not members of Local 488. Included in the remaining hours of 3.3 million is 0.3 million hours earned by Retired Members.

For Fiscal 2021, the Pension Plan will use an assumption that 3 million hours will be worked by Local 488 Members. The Trustees gather information about the work outlook for Local 488 Members from sources including Local 488. The Trustees' assumption for hours worked, used for actuarial valuation purposes, is also discussed with the Pension Plan's actuary.

PROJECTED AND ACTUAL HOURS WORKED BY MEMBERS 2011 – 2021



Pension Fund Investment Rate of Return

Asset class and the Pension Fund's returns for the year ended December 31, 2020 were:

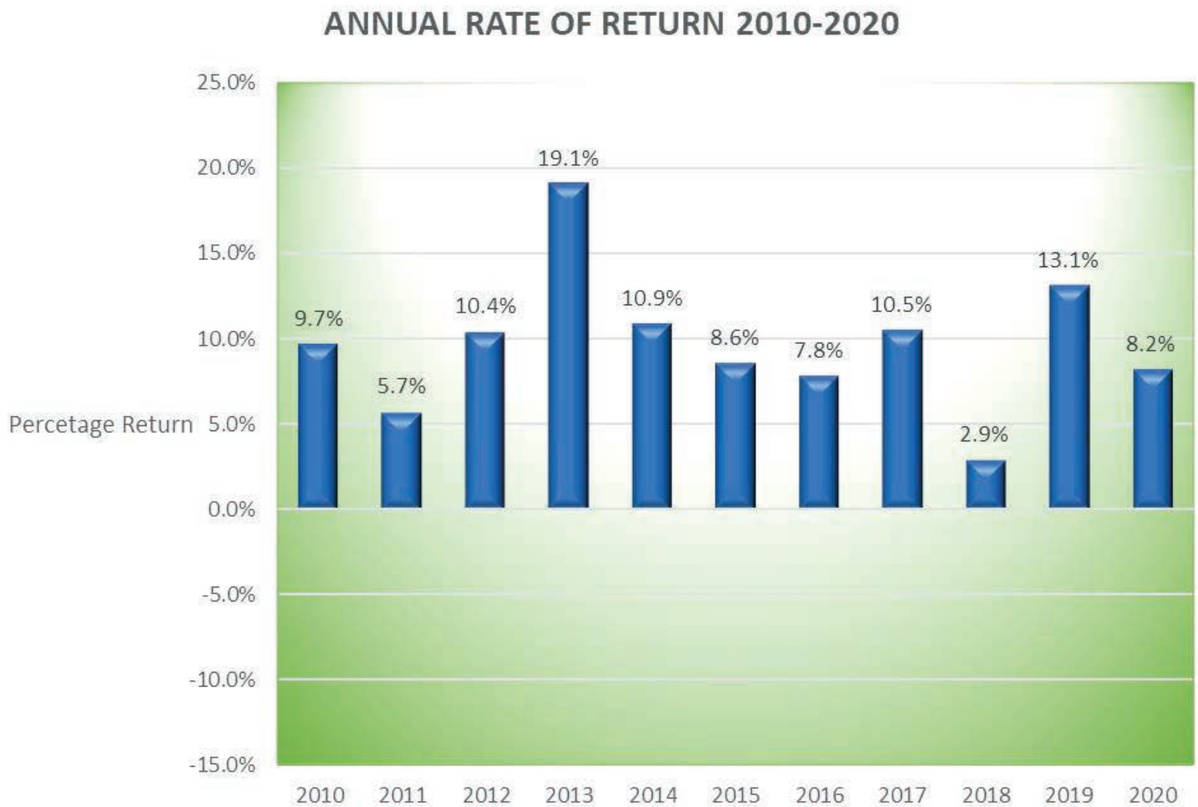
Asset Class	Pension Fund Return for The Year Ended December 31, 2020	Market Return for the Year Ended December 31, 2020
Canadian Equities	3.8%	5.6%
Canadian Long Term Bonds	12.8%	11.9%
Canadian Universe Bonds	11.1%	8.7%
Canadian Treasury Bills	0.9%	0.9%
Global Equities	12.9%	13.9%
Alternative Fixed Income (Private Debt)	2.3%	**
Infrastructure	13.5%	**
Private Equities	20.0%	**
Real Estate	1.5%	**

**** Market Returns for these Asset Classes not publicly available**

For the year ended December 31, 2020, the Pension Fund earned an overall rate of return of 8.18%, net of investment manager and custodial fees. In Fiscal 2019, the Pension Fund had a rate of return of 13.07%. The Pension Plan's assumed investment return from the 2019 actuarial valuation was 4.74%. The chart on the following page shows the annual rates of return of the Pension Fund from 2010 to 2020 inclusive.

The Pension Fund's assumed investment return of 4.74% was set by the Trustees based on input from the Pension Plan's actuary and after taking into consideration the continued volatility in the global investment markets. This assumption is reviewed annually.

Pension Fund Investment Rate of Return (Cont'd)



Pension Fund Investments

For the year ended December 30, 2020 the Pension Fund's investments returned 8.18% after fees (8.77% before investment manager and custodial fees). The average pension fund, invested in a balanced portfolio, measured by our independent performance measurement service returned 9.1% before fees for the year ended December 31, 2020. The Pension Fund's four year average return of 8.5% ranks in the top quartile.

Pension Fund Investments (Cont'd)

As part of their ongoing management of the Pension Fund, the Trustees complete an annual review of the asset mix of the Fund. The table below outlines how the Pension Fund's assets will be allocated among different classes of investments.

Asset Class	Guidelines set by Statement of Investment Policies and Procedures			Actual Allocation as of December 31, 2020 (based on market values)
	Minimum	Normal	Maximum	
Cash and Cash Equivalents	0%	0%	4%	0.2%
Canadian Fixed Income (Bonds)	15%	19%	30%	16.2%
Publicly Traded Equities (Canadian)	10%	15%	25%	15.9%
Publicly Traded Equities (Foreign)	10%	19%	30%	21.9%
Private Equities	5%	12%	15%	8.4%
Real Estate	5%	10%	12.5%	10.6%
Infrastructure	5%	10%	15%	12.9%
Alternative Fixed Income	5%	15%	20%	13.9%

The Pension Fund's investment strategy is designed to provide income to pay current pensions and asset growth to support future payments while managing overall investment risk. Providing income is particularly challenging today given current and recent low interest rates. Accordingly, the Trustees continue on the path of diversification among asset classes with a further focus on investments in alternative asset classes.

Pension Fund Investments (Cont'd)

The alternative asset classes include Private Equity, Real Estate, Infrastructure and Alternative Fixed Income, with the latter three being a significant source of income. The trade-off for investing in the alternative asset classes is liquidity since many of the investments cannot be readily sold on the open market until they mature. Having a portion of the pension portfolio in illiquid assets is not a concern since a pension plan has a very long time horizon and the majority of assets are still invested in public market instruments.

Alternative investments are made through legal entities called Limited Partnerships (LP) managed by a General Partner who is a specialist in the particular area in which investments will be made. The Pension Fund participates as a Limited Partner which has the benefit of limiting exposure to the capital invested.

Real Estate and Infrastructure are real assets with a long life horizon. Real Estate holdings include office towers, shopping complexes and industrial buildings located in prime urban areas, while infrastructure are assets essential to the operations of the economy such as ports, roads, bridges, pipelines, energy generation complexes and waste disposal facilities. In all cases, the assets generate regular income from rents and user tariffs which is paid to the investors and will rise with inflation. The value of the assets themselves will also typically rise with inflation.

Private Equity is direct ownership of a company rather than though publicly traded shares. The expectation is that these investments will earn a higher return than publicly traded equities to compensate for the fact that they can't be easily sold in the short term. Alternative Fixed Income includes private mortgages and debt instruments. These will typically be backed by a specific asset and are senior secured so that the Pension Fund gets its money back first should there be problems. The attraction of these types of investments is that they provide two to three times the level of income that could be earned from publicly traded corporate and government bonds. They are also less sensitive to interest rate changes and will perform better when interest rates begin to rise.

By investing in a variety of different asset classes, the Pension Fund is able to diversify its assets across a broader range of return expectations and investment risk. This is expected to produce a more stable risk and return profile which more closely matches the investment needs of a pension plan. It also allows the Pension Flan to improve the income characteristics of the investment which can then be relied upon to fund pension payments.

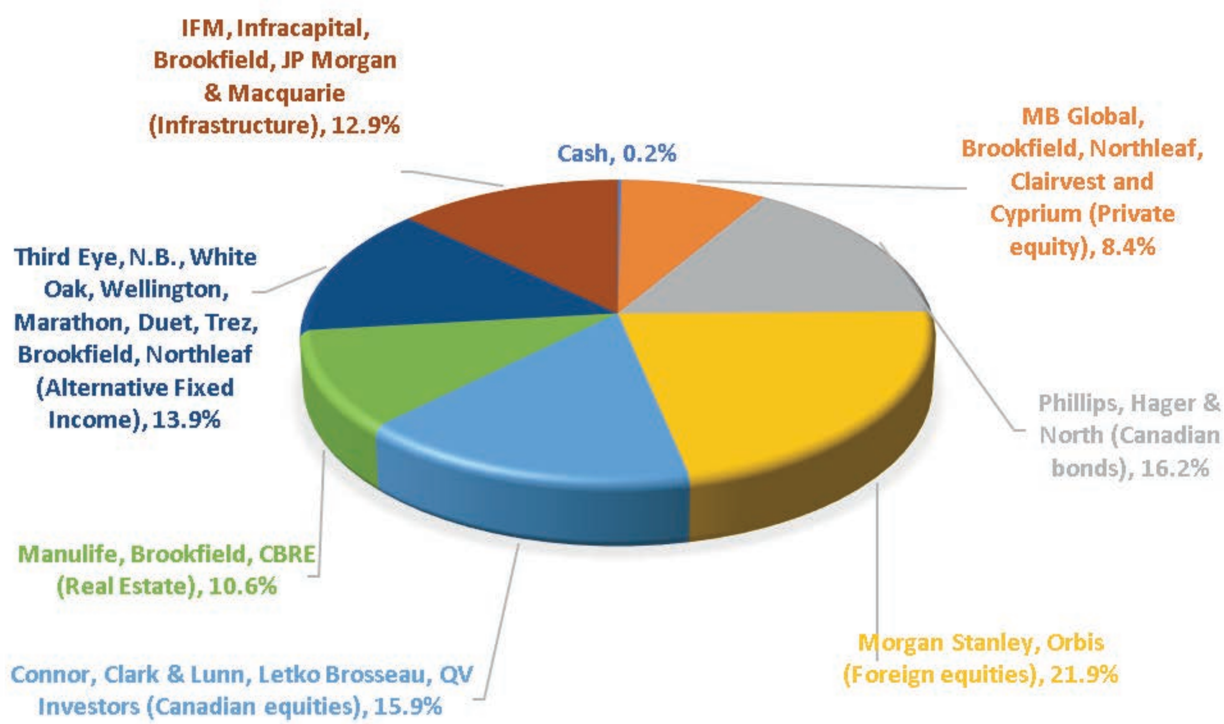
The Trustees have policies in place to monitor the overall asset mix of the Pension Fund and to guide the investment of contributions from employers and investment income.

An important element of the Pension Fund's governance is that the Trustees set standards for the performance of the investment managers and measure the actual performance against the standards. The Trustees retain an independent investment consultant to assist them in this monitoring responsibility. On a quarterly basis, the Trustees receive reports which give very detailed information about the investment activities of each investment manager along with the return they achieved in the

Pension Fund Investments (Cont'd)

The Trustees compare this information to their standards and review whether the standards have been achieved. If standards are not achieved, the Trustees consider whether the performance deficiency is temporary. The Trustees then take action in the event they believe an investment manager's performance will not meet the standard.

The Pension Funds assets are divided amongst 24 independent investment managers. In addition, the Pension Fund's Custodian, CIBC Mellon, manages the Pension Fund's short term cash assets. The Trustees have a policy for the allocation of employer contributions which gives guidance about where new monies received by the Pension Fund will be invested. These guidelines also protect the Pension Fund from unacceptable market risk. The allocation of Pension Fund assets to the independent investment managers, as at December 31, 2020, is illustrated as follows:



PENSION PLAN BENEFITS – FUNDING AND BENEFIT POLICY

The Pension Plan has a Funding and Benefit Policy. This Policy sets guidelines for the Trustees about what considerations to take when thinking about the Pension Plan's benefits and how to react if the Pension Plan becomes under financial stress or when it has surplus. The Funding and Benefits Policy also helps Members to understand what to expect from the Pension Plan.

The Trustees act in the best interest of Plan Members, by ensuring that the benefits provided by the Pension Plan are sustainable. One of the products of an actuarial valuation is the demonstration of benefit security.

The Pension Plan's Funding and Benefits Policy is posted on the Plan website ***www.epibenefitplans.com***

ACTUARIAL VALUATION

Membership Data	2013	2014	2015	2016	2017	2018	2019	2020
Number of active members	8441	8108	8267	8461	7606	7345	6487	**5329**
Average age of active members (in years)	40.6	40.6	40.6	40.7	41.1	41.8	41.9	**42.5**
Average hours worked	1740	1715	1575	1555	1549	1110	1124	**1043**
Number of pensioners (including disabled)	2748	2892	3080	3234	3431	3610	3820	**3971**
Average age of pensioners (in years)	69.5	69.8	70.0	70.1	70.3	70.8	70.8	**71.1**

The Pension Plan's actuarial valuation is a sophisticated mathematical tool prepared by a certified actuary. The actuary uses accepted actuarial standards, guided by the Canadian Institute of Actuaries, to estimate the future rate of growth of the Pension Plan's liabilities. This result is compared to the actual market value of the assets of the Pension Fund. The actuary also takes into consideration the negotiated contribution rate established in the collective agreements and the estimated number of hours to be worked by the Plan's Members.

As part of satisfying their responsibility for monitoring the Pension Plan, the Trustees have an actuarial valuation of the Pension Plan carried out each year. Current pension legislation requires that a valuation be filed at least every three years. The Trustees consider that the knowledge acquired from an actuarial valuation is vital to their understanding of the funded status of the Pension Plan. If the Pension Plan's assumptions for investment return, hours worked or life expectancy are not met by the actual results of the Pension Plan, the Trustees can take early corrective action, if necessary. The results of the actuarial valuation are taken into consideration when the Trustees review whether benefit improvements can be made.

Each year the Trustees, together with the Pension Plan's actuary, review and approve the assumptions to be included in the actuary's preparation of the actuarial valuation. The Trustees are confident that the Pension Plan's assumptions are realistic forecasts about the Pension Plan's future. The assumptions include a reasonable margin in case there is a poor result in investment markets, contributions to the Pension Fund or Pension Plan demographics.

ACTUARIAL VALUATION (Cont'd)

There are many assumptions included in the preparation of an actuarial valuation. The two most important assumptions are:

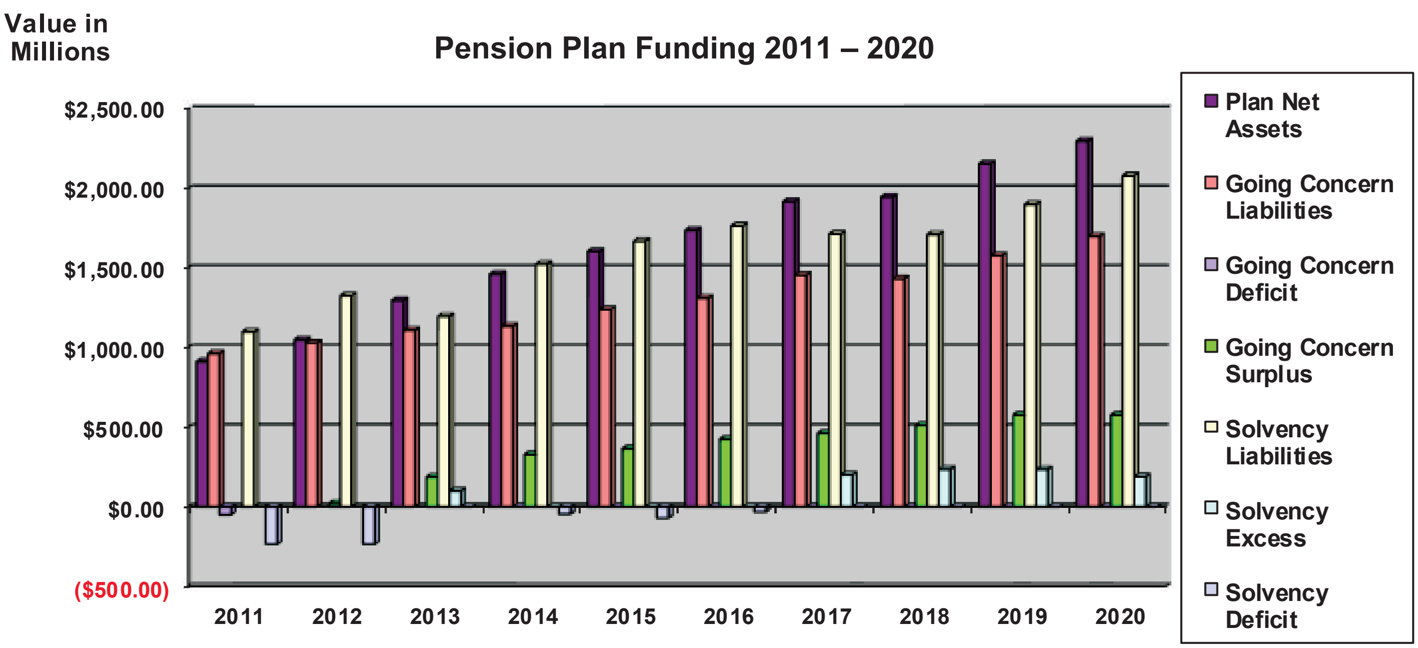
- *The rate of return that the Pension Fund's investments will earn.* This assumption predicts the future growth of the Pension Fund's assets.

  For the 2020 actuarial valuation, the target rate of return on Pension Fund investments is 4.31%. This is determined based on target asset allocation of the Pension Fund and guidance from Alberta Treasury Board and Finance.

- *The number of hours each member will work in the future.* This assumption predicts the amount of contributions the Pension Fund will receive each year. The contribution rate is set out in the collective agreement and is a defined amount to be paid per hour worked.

The more hours worked by Local 488 members, the higher the total amount of contributions that are paid to the Pension Fund. Contributions are invested and are used to pay the Pension Plan's benefits. For the 12 months ended December 31, 2020, Local 488 members worked a total of 4.1 million hours, compared to the forecast of 5 million hours. For Fiscal 2021 the Plan's assumption is that Local 488 members will work 3 million hours. The assumption regarding hours worked is closely monitored at each Trustees' meeting.

The Pension Plan's funding status from 2011 to 2020 is shown in the illustration below:



ACTUARIAL VALUATION (Cont'd)

The Pension Plan's going concern funded ratio decreased to 134% at December 31, 2020 compared to 137% at December 31, 2019. The Pension Plan's solvency funding ratio declined to 109% at December 31, 2020 compared to 114% at December 31, 2019. The Pension Plan had a solvency excess of $195.9 million at the end of Fiscal 2020. At December 31, 2019, the Pension Plan had a solvency excess of $265.5 million.

The Pension Plan pays Termination Benefits based upon the going concern method used in the Actuarial Valuation. The interest rate used for this calculation in 2021 will be 4.31% if a funding valuation for the year ended December 31, 2020 is filed. Until such time, the interest rate used for termination benefit calculations is 5.42%, consistent with the last filed funding valuation at December 31, 2018.

Effective January 1, 2007 the Pension Plan was amended to allow a defined contribution benefit accrual for retired Members who return to work in participating employment. In 2015 the Trustees amended the accrual rate to be the hourly contribution less 5% (currently $6.279 per hour worked). At December 31, 2020 the value of the defined contribution benefit for retired Members is $21.7 million.

Financial Statements of

THE EDMONTON PIPE INDUSTRY PENSION TRUST FUND

Year ended December 31, 2020

KPMG

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of The Edmonton Pipe Industry Pension Trust Fund

Opinion

We have audited the financial statements of The Edmonton Pipe Industry Pension Trust Fund (the Entity), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of changes in net assets available for benefits for the year then ended
- the statement of changes in pension obligation for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, its changes in net assets available for benefits and its changes in pension obligation for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled the "2020 - Annual Report".

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled the "2020 - Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada
May 12, 2021

THE EDMONTON PIPE INDUSTRY PENSION TRUST FUND

Financial Statements

Year ended December 31, 2020

THE EDMONTON PIPE INDUSTRY PENSION TRUST FUND

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019 (Recasted - note 13)
ASSETS		
Cash and cash equivalents	$ 39,003,101	$ 36,853,880
Investments (note 4)	2,238,497,352	2,119,495,544
Contributions receivable	1,675,187	2,067,479
Accounts receivable	111,108	106,654
Prepaid expenses and deposits	22,723	35,084
	2,279,309,471	2,158,558,641
LIABILITIES		
Accounts payable and accrued liabilities	1,513,484	1,577,420
Retroactive benefit improvement payable	-	1,764,485
Amounts due to other pension funds (note 5)	119,499	137,444
Due to The Edmonton Pipe Industry Health and Welfare Fund (note 6)	5,357	2,894
	1,638,340	3,482,243
Net assets available for benefits	2,277,671,131	2,155,076,398
Pension obligations (note 7)	1,936,236,000	1,798,086,000
Accumulated surplus	$ 341,435,131	$ 356,990,398

See accompanying notes to financial statements.

THE EDMONTON PIPE INDUSTRY PENSION TRUST FUND

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Increase in net assets:		
Investment and other income, net (note 8)	$ 191,072,656	$ 267,990,030
Employer contributions (note 9)	27,150,415	36,514,038
Pension credits and reciprocal transfers in	1,483,469	1,881,847
	219,706,540	306,385,915
Decrease in net assets:		
Benefit payments:		
Retirement	63,169,113	60,081,379
Transfers and lump sum payments	14,834,169	18,775,946
Death benefits	1,681,261	702,552
Pension credits and reciprocal transfers out	577,891	1,339,793
Investment manager and custodian fees	15,430,829	15,102,966
Administrative expenses (note 10)	1,418,544	1,382,582
	97,111,807	97,385,218
Increase in net assets available for benefits	122,594,733	209,000,697
Net assets available for benefits, beginning of year	2,155,076,398	1,946,075,701
Net assets available for benefits, end of year	$ 2,277,671,131	$ 2,155,076,398

See accompanying notes to financial statements.

THE EDMONTON PIPE INDUSTRY PENSION TRUST FUND

Statement of Changes in Pension Obligations

Year ended December 31, 2020, with comparative information for 2019

	2020	2019 (Recasted - note 13)
Pension obligations, beginning of year	$ 1,577,479,000	$ 1,432,965,000
Benefit improvement, effective January 1st	-	36,244,000
	1,577,479,000	1,469,209,000
Benefits accumulated	24,981,000	28,666,000
Pension credits and reciprocal transfers in	1,483,000	1,882,000
Reciprocal transfers out	(152,000)	(480,000)
Benefits paid	(79,684,000)	(79,559,000)
Interest	73,508,000	78,290,000
Impact of assumption changes – end of year	108,383,000	81,979,000
Net experience gains – end of year	(7,819,000)	(2,508,000)
Pension obligations before provision for adverse deviation	1,698,179,000	1,577,479,000
Provision for adverse deviation, end of year	238,057,000	220,607,000
Pension obligations, end of year	$ 1,936,236,000	$ 1,798,086,000

See accompanying notes to financial statements.

1. Nature of The Edmonton Pipe Industry Pension Trust Fund:

The United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, Local 488 (the "Union") and the Construction Labour Relations - an Alberta Association Mechanical (Provincial) Trade Division Pursuant to Registration Certificate No. 27 (the "Party Employers") entered into an agreement and declaration of trust dated October 1, 1968 (the "Pension Trust Agreement") which has been amended and restated as of August 13, 2007. The Pension Trust Agreement provides for the establishment, maintenance, investment and administration of a trust fund known as The Edmonton Pipe Industry Pension Trust Fund (the "Pension Fund") created pursuant to The Edmonton Pipe Industry Pension Plan (the "Plan") which includes all restatements and amendments to January 1, 2019. The Plan itself was established pursuant to a collective agreement between the Union and the Party Employers dated May 1, 1965 (the "Collective Agreement") which expired on April 30, 2019. An updated Collective Agreement is currently under negotiation. The Plan is a registered pension plan with Canada Revenue Agency.

The following is a brief summary of the main provisions of the Plan in effect at December 31, 2020. It is not intended as a complete description of the Plan. For more complete information, reference should be made to the Plan documents.

(a) Eligibility for membership:

The Plan covers employees of the Party Employers that are bound by the Collective Agreement to contribute to the Pension Fund and other parties as determined by the Plan.

(b) Pension benefit:

Effective January 1, 2017, for each full 100 covered hours, a member earns a monthly pension benefit of $6.79 for service on or after January 1, 2017.

(c) Contributions:

Members do not contribute to the Pension Fund. Employers contribute to the Pension Fund at the rates specified in the Collective Agreement.

(d) Retirement dates:

(i) Normal retirement date:

The normal retirement date is the first day of the month coincident with or next following the member's 65th birthday.

1. Nature of The Edmonton Pipe Industry Pension Trust Fund (continued):

(d) Retirement dates (continued):

(ii) Early retirement date:

The member may choose to retire as early as age 55.

(iii) Postponed retirement:

Pension commencement may be postponed, and pension credits may continue to accrue up to the end of November of the year during which the member attains age 71.

(e) Retirement benefits:

(i) Normal retirement:

If a member retires on their normal retirement date, the member will be entitled to the pension that was accrued prior to retirement.

(ii) Early retirement pension:

If a member retires early, they will be entitled to a pension that is calculated the same way as for a normal retirement. If the member does not qualify for the special early retirement pension:

1. Their earned pension is actuarially reduced from age 65; or

2. For a qualified member retiring after age 60, their earned pension is reduced by 3 percent for each year that their actual retirement age precedes the normal retirement age.

A qualified member retiring after attaining age 58, but prior to their normal retirement age, is entitled to a special early retirement pension if the sum of their age and years of credited service equal at least 80 points for ages 58 and 59, and 75 points after age 60, provided they have at least 15 years of credited service. The special early retirement pension is an unreduced pension commencing on their early retirement date.

(iii) Postponed retirement pension:

A member may elect to postpone retirement. In that case, benefits continue to accrue.

Upon the member's actual retirement date, they will be entitled to their accrued benefit without any actuarial adjustment or increase.

1. Nature of The Edmonton Pipe Industry Pension Trust Fund (continued):

(f) Survivor benefits:

(i) Death prior to receipt of a pension:

If a member not in receipt of a pension dies after accruing a vested pension, their surviving spouse shall receive an immediate lifetime pension. The amount of monthly pension payable to them is the lesser of the amount of the monthly pension earned by the member prior to their death or 66-2/3% of their earned pension plus the amount they would have earned had they worked to age 65, subject to the minimum standards under the Employment Pension Plans Act. In lieu of a monthly pension, the surviving spouse may elect to receive a commuted value equal to the deceased members termination benefit calculated as if the member had terminated at their date of death.

No death benefit is payable in respect of any accrued pension which was not vested in the member at the time of their death. Benefits earned prior to October 1, 1999 vest after the member completes five years of vesting service. Benefits earned after September 30, 1999 vest after the member completes two years of vesting service. Benefits earned on or after September 1, 2014 are immediately vested.

If a member dies without a spouse, the member’s beneficiary or estate shall receive the commuted value of any vested pension earned.

(ii) Death while in receipt of a pension:

For a member in receipt of a pension who does not have a spouse at the time of their death, all payments would cease upon the death of the member. Effective with retirements on or after March 1, 2014 the normal form of pension for a member without a spouse at retirement is Life, guaranteed 10 years.

For a member who retired prior to January 1, 1992 who has a spouse at the time of their death, 75% of their monthly pension will be payable to their spouse after their death. For a member who retired on or after January 1, 1992 who has a spouse at the time of their death, the normal form of pension provides that 66-2/3% of their monthly pension will be payable to their spouse after their death.

Notwithstanding the foregoing, for a member who retired prior to the introduction of the long-term disability plan who dies prior to age 65 while in receipt of a disability pension, the spouse shall receive a survivor pension equal to the lesser of 66-2/3% of the monthly pension the member was receiving at the time of their death and the amount of pension accrued by the member to the date of their death.

1. Nature of The Edmonton Pipe Industry Pension Trust Fund (continued):

(f) Survivor benefits (continued):

(ii) Death while in receipt of a pension (continued):

For any member who elected an optional form of pension at the time of their retirement, any applicable survivor benefits will be payable in accordance with the terms of the optional form of pension chosen.

(g) Termination benefits:

A member terminating membership in the Plan after seven years of vesting service is entitled to receive a deferred pension from the Plan. A member terminating membership in the Plan after five years of vesting service is entitled to a deferred pension from the Plan in respect of their credited service after October 1, 1986. A member terminating their membership in the Plan after two years of vesting service is entitled to a deferred pension from the Plan in respect of their credited service after October 1, 1999. Effective September 1, 2014, a member terminating membership in the Plan is entitled to a deferred pension from the Plan.

The normal, special and early retirement provisions applicable to a qualified member with deferred pension entitlements correspond to the provisions applicable to a qualified member as noted under the Retirement benefits section above. For other members entitled to deferred pensions, the pension is payable commencing at age 65. However, a member may elect to receive an actuarially reduced early retirement pension as early as age 55.

If a member is under the age of 55, they may also transfer the commuted value of that pension into another retirement vehicle in accordance with the applicable federal and provincial legislation.

(h) Disability:

A member who is in receipt of benefits from the long-term disability plan sponsored by The Edmonton Pipe Industry Health and Welfare Fund ("Health and Welfare Fund") shall be credited with deemed hours of covered employment at the average rate earned by all active members during the previous plan year.

All other members with a vested pension who become totally and permanently disabled are entitled to receive an immediate monthly pension equal to the vested pension earned prior to their becoming disabled.

1. Nature of The Edmonton Pipe Industry Pension Trust Fund (continued):

(i) Post retirement benefits for retired members:

An amendment to the Plan was approved by the Trustees on September 7, 2007, effective January 1, 2007, to permit contributions for retired members under age 71 returning to work with a contributing employer to accrue for the benefit of the retired member. The contributions received by the Pension Fund, for work periods after the retired members' initial retirement date, are held with the general assets of the Pension Fund and are immediately vested. For work periods after the retired member's initial retirement date and prior to October 1, 2009, the entire employer contribution accrues for the benefit of the retired member. For work periods after the retired member's initial retirement date and between September 30, 2009 and December 31, 2014, a portion of the employer contribution, based on the Plan's current service cost rate, accrues for the benefit of the retired member. For work periods after the retired member's initial retirement date and after January 1, 2015, the entire employer contribution less a 5% administrative fee accrues for the benefit of the retired member. Upon subsequent retirement, a benefit will be transferred to a Locked-In Retirement Account ("LIRA") on behalf of the retired member.

The Board of Trustees have engaged McAteer – Employment Benefit Plan Services Limited as administration services provider for the Pension Fund.

2. Basis of preparation:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian accounting standards for pension plans and present information about the aggregate financial position of the Pension Fund and the net assets available to meet future benefit payments.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Canadian accounting standards for pension plans require the Pension Fund to comply (on a consistent basis) with either International Financial Reporting Standards ("IFRS") in Part I of The Chartered Professional Accountants' of Canada ("CPA") Handbook - Accounting or Canadian accounting standards for private enterprises in Part II of the CPA Handbook - Accounting. The Pension Fund has chosen to comply on a consistent basis with IFRS.

These financial statements are prepared to assist Plan members and others in reviewing the financial activities of the Plan for the fiscal period, but they do not portray the funding requirements of the Plan nor the benefit security of individual Plan members.

2. Basis of preparation:

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for investments and derivative financial instruments which are recorded at fair value through the statement of changes in net assets available for benefits.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Pension Fund's functional currency.

(d) Use of estimates and judgments:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts of changes in net assets available for benefits during the year. Actual results may differ from those estimates.

Measurement uncertainty exists in the valuation of the pension obligations of the Plan and the Pension Fund's Level 3 investments. Measurement uncertainty arises because:

i) the Plan's actual experience may differ, perhaps significantly, from assumptions used in the valuation of the pension obligations of the Plan; and

ii) the estimated fair values of the Pension Fund's Level 3 investments may differ significantly from the values that would have been used had a ready market existed for these investments.

While best estimates have been used in the valuation of the pension obligations of the Plan and the Pension Fund's Level 3 investments, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts.

Differences between actual results and expectations in the pension obligations of the Plan are disclosed as assumption or other changes and net experience gains or losses in the statement of changes in pension obligations in the year when actual results are known.

Differences between the estimated fair values and the amount ultimately realized for investments are included in investment and other income, net in the year when the ultimate realizable values are known.

3. Significant accounting policies:

These financial statements have been prepared in accordance with the significant accounting policies set out below.

(a) Foreign currency:

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Canadian dollars at the exchange rate at that date. Foreign currency differences arising on translation are recognized in the statement of changes in net assets available for benefits as changes in net unrealized gains (losses) on investments.

(b) Income recognition:

Investment income is recorded on an accrual basis and includes interest, dividends and other income.

(c) Financial assets and financial liabilities:

(i) Financial assets:

Financial assets are recognized initially on the trade date, which is the date that the Pension Fund becomes a party to the contractual provisions of the instrument. Upon initial recognition, attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred.

The Pension Fund derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Pension Fund neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset and consideration received is recognized in the statement of changes in net assets available for benefits as a net realized gain on sale of investments.

3. Significant accounting policies:

(c) Financial assets and financial liabilities (continued):

(ii) Financial liabilities:

All financial liabilities are recognized initially on the trade date at which the Pension Fund becomes a party to the contractual provisions of the instrument.

The Pension Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(iii) Derivative financial instruments:

Derivative financial instruments are recognized initially at fair value and attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and all changes are recognized immediately in the statement of changes in net assets available for benefits.

Financial assets and liabilities are offset and the net amount presented in the statement of net assets available for benefits when, and only when, the Plan has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(d) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Pension Fund has adopted the guidance in IFRS 13, Fair Value Measurement ("IFRS 13"), in Part I of the CPA Canada Handbook as required by Section 4600. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Pension Fund uses closing market price as a practical expedient for fair value measurement.

When available, the Pension Fund measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

3. Significant accounting policies (continued):

(d) Fair value measurement (continued):

If a market for a financial instrument is not active, then the Pension Fund establishes fair value using valuation techniques that include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of changes in net assets available for benefits as part of the changes in net unrealized gains (losses) on investments.

Fair values of investments are determined as follows:

Cash and cash equivalents are stated at cost, which together with accrued investment income approximates fair value given the short term nature of these instruments.

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

Canadian and non-Canadian equities and fixed income securities are valued on the basis of quoted closing prices where available. Where quoted prices are not available, estimated values are calculated using comparable securities.

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

Alternative fixed income, infrastructure, private equities and real estate investments are held through ownership in limited partnership arrangements or other similar investment vehicles. Fair value is determined based on relevant information reported by the General Partner using accepted industry valuation methods using valuations as of December 31 being the most recently available market information. These methods include considerations such as earnings multiples of comparable publicly-traded companies, discounted cash flows and third party transactions, or other events which would suggest a change in value of the investment.

3. Significant accounting policies (continued):

(d) Fair value measurement (continued):

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. Unrealized gains and losses on derivative financial instruments, net of premiums paid or received on options contracts, are included in derivative contracts investments.

(e) Net realized gain on sale of investments:

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

(f) Pension obligations:

The value of pension obligations is determined based on actuarial valuations prepared by an independent actuarial firm. Actuarial valuations are prepared every year for financial statement reporting purposes and for purposes of determining funding requirements.

For financial statement reporting purposes, the Pension Fund is required to report the actuarial value of pension obligations using management's assumptions and the unit credit actuarial cost method assuming the Plan is maintained indefinitely.

(g) Common expenses:

Certain expenses are shared equally between the Pension Fund and The Edmonton Pipe Industry Health and Welfare Fund and (the "Health and Welfare Fund"), which operate out of the same premises and under the same Board of Trustees and management.

(h) Income taxes:

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

4. Investments:

		2020		2019
By investment manager:				
Direct investments:				
Letko, Brosseau & Associates Inc.	$	79,314,069	$	87,048,281
		79,314,069		87,048,281
Pooled funds:				
Phillips, Hager & North Investment Management Ltd.		361,931,356		350,099,716
Orbis Institutional Global Equity		207,274,429		213,292,041
Morgan Stanley Investment Management		282,110,915		251,768,514
QV Investors Inc.		131,004,725		139,577,511
Connor, Clark & Lunn Investment Management Ltd.		152,297,317		130,870,605
		1,134,618,742		1,085,608,387
Alternative fixed income:				
Trez Capital Finance LP		21,929,582		25,517,154
White Oak Global Advisors		103,916,876		85,568,865
Wellington Financial LP		518,948		455,603
Trez Capital Yield Trust		59,812,016		58,541,524
Duet European Real Estate Debt Fund		32,578,375		34,289,463
Brookfield Asset Management Inc.		26,912,874		20,927,763
Marathon Asset Management		2,529,700		4,440,994
Neuberger Berman Investment Advisors LLC		24,334,593		25,818,866
Third Eye Capital		5,937,161		46,845,818
Northleaf Capital Partners, including transfers in transit		31,784,851		-
		310,263,976		302,406,050
Infrastructure:				
Brookfield Asset Management Inc.		97,211,985		96,776,682
Macquarie Infrastructure Partners Inc.		92,906,608		79,054,638
JP Morgan Infrastructure Investments Fund		46,289,284		47,757,861
Infracapital		10,474,242		12,279,799
IFM Global Infrastructure Fund		39,733,679		39,003,631
		286,615,798		274,872,611

4. Investments (continued):

	2020	2019
By investment manager (continued):		
Private equities:		
Brookfield Asset Management Inc.	55,005,655	53,582,976
Clairvest Equity Partners	45,592,917	35,721,420
Cyprium Capital Partners	35,039,508	23,174,096
Northleaf Capital Partners	31,213,098	14,946,913
MB Global Partners	21,817,462	14,654,106
GE Asset Management Fund	-	190,801
	188,668,640	142,270,312
Real estate:		
Brookfield Asset Management Inc.	139,243,213	127,105,350
Manulife Financial	52,403,495	53,248,828
CBRE Global Investors	43,950,836	42,753,751
	235,597,544	223,107,929
Derivative contracts:		
CIBC Capital Markets	3,418,583	4,181,974
	3,418,583	4,181,974
	$ 2,238,497,352	$ 2,119,495,544

The Pension Fund has committed to make an investment of $40,000,000US with Neuberger Berman Investment Advisors LLC after December 31, 2020.

In the prior year, the Pension Fund committed to make an investment of $40,000,000US with Northleaf Capital Partners. During the year, a total of $24,000,000US was invested leaving an outstanding commitment of $16,000,000US at year end.

4. Investments (continued):

	2020	%	2019	%
By asset class:				
Cash and cash equivalents	$ 4,982,463	0.2	$ 4,915,653	0.2
Canadian equities and funds	357,000,376	15.9	350,439,016	16.5
Non-Canadian equity funds	490,018,616	21.9	467,202,283	22.0
Fixed income and pooled funds	361,931,356	16.2	350,099,716	16.5
Alternative fixed income	310,263,976	13.9	302,406,050	14.4
Infrastructure	286,615,798	12.8	274,872,611	13.0
Private equities	188,668,640	8.4	142,270,312	6.7
Real estate	235,597,544	10.5	223,107,929	10.5
Derivative contracts	3,418,583	0.2	4,181,974	0.2
	$ 2,238,497,352	100.0	$ 2,119,495,544	100.0

Derivative contracts represent derivative financial instruments, the value of which is derived from the value of underlying assets, interest rates or exchange rates. The Pension Fund utilizes such contracts for managing exposure to foreign currency volatility. Derivative contracts, transacted either on a regulated exchange market or in the over-the-counter market directly between two counterparties include:

	Notional amount		Fair value	
	2020	2019	2020	2019
Foreign exchange contracts:				
US dollar	$ 400,862,006	$ 348,919,870	$ 3,710,056	$ 4,153,965
British pound	60,395,564	52,055,103	(941,367)	(181,487)
Euro	79,246,584	68,033,379	649,894	209,496
	$ 540,504,154	$ 469,008,352	$ 3,418,583	$ 4,181,974

The foreign exchange contracts mature over the next three months.

Notional amounts are the contract amounts used to calculate the cash flows to be exchanged. They are a common measure of volume of outstanding transactions but do not represent credit or market risk exposure.

5. Reciprocal agreements with other pension funds:

The Pension Fund has entered into reciprocal agreements with other pension funds. These agreements provide that contributions received on account of employees working outside of their local union jurisdiction are remitted on a monthly basis to the pension fund of which they are a member.

6. Due to The Edmonton Pipe Industry Health and Welfare Fund:

The amount due to the Health and Welfare Fund is non-interest bearing, unsecured and has no set terms of repayment.

7. Pension obligations:

An actuarial valuation of the pension obligations of the Plan was carried out by Mercer, the Plan's actuaries, as at December 31, 2018 to determine funding requirements for the Plan.

The actuarial valuation of the pension obligations of the Plan was updated by the Plan's actuaries based on membership data as at December 31, 2020 as provided by the Plan. The Plan's actuaries applied tests for internal consistency, as well as for consistency with the data used for the December 31, 2018 actuarial valuation for funding purposes, and this updated information has been used to calculate the Plan's pension obligations for financial statement reporting purposes in the current year.

The assumptions used for financial statement reporting purposes as at December 31, 2020 are unchanged from those included in the actuarial valuation for funding purposes as at December 31, 2018, except for the discount rate as noted below and changes to certain demographic assumptions resulting from an experience study performed by the Plan's actuaries. The major assumptions used in the actuarial valuations for financial statement reporting purposes, as approved by the Plan's Trustees, are as follows:

	2020		2019	
	Assumption	Actual	Assumption	Actual
Discount rate* / investment return	4.31%	8.18%	4.74%	13.07%
Provision for adverse deviation	14.2%	14.2%	14.2%	14.2%
Hours worked	5,000,000	4,127,747	5,000,000	5,479,032

*Benchmark Discount Rate

Investment return represents investment income net of investment manager and custodian fees.

7. Pension obligations (continued):

The mortality table assumption used for the 2020 and 2019 valuations is 120% of the 2014 Private Sector Canadian Pensioners Mortality (CPM) table fully generational using scale CPM-B.

The Pension Fund's funded position on a going concern basis is as follows:

	2020	2019
Net assets available for benefits	$ 2,277,671,131	$ 2,155,076,398
Actuarial present value of accrued benefits, excluding a provision for adverse deviation for:		
Active members	628,087,000	615,584,000
Pensioners and survivors	825,070,000	760,904,000
Disabled pensioners	75,031,000	64,897,000
Deferred pensioners	148,270,000	112,188,000
Defined contribution balances for active retired members	21,721,000	23,906,000
	1,698,179,000	1,577,479,000
Funding excess as determined on a going concern basis	$ 579,492,131	$ 577,597,398
Funded ratio	134%	137%

The next actuarial valuation of the Pension Fund must be carried out no later than December 31, 2021. Any differences between the actuarial valuation results and the results as reported in these financial statements that affect the financial position of the Pension Fund will be accounted for as gains or losses in the following year.

THE EDMONTON PIPE INDUSTRY PENSION TRUST FUND

Notes to Financial Statements (Continued)

Year ended December 31, 2020

8. Investment and other income, net:

		2020		2019
By investment type:				
Direct investments:				
Interest	$	40,226	$	95,744
Dividends		2,201,699		2,273,616
Pooled funds		23,524,293		23,432,817
Alternative fixed income, infrastructure, real estate and private equities		38,347,107		37,306,856
Realized gains on sale of investments		75,150,857		46,531,734
Realized foreign currency gains		9,608,235		8,113,872
Change in unrealized gains on investments		58,404,882		171,845,165
Change in unrealized foreign currency losses		(16,366,813)		(22,314,631)
		190,910,486		267,285,173
Other income		162,170		704,857
	$	191,072,656	$	267,990,030

9. Employer contributions:

Commencing November 4, 2012, contributions are made by employers at a negotiated rate of $6.61 per hour. The *Alberta Employment Pension Plans Act* prescribes the minimum contributions that must be made to the Pension Fund. The minimum required contribution rates sufficient to meet the funding needs of the Pension Fund are as follows:

		2020		2019
Current service cost	$	5.512	$	5.512
Provision for adverse deviation		0.743		0.743
Total minimum required contribution rate		6.255		6.255
Average negotiated contribution rate		6.610		6.610
Net margin in contribution rate	$	0.355	$	0.355

10. Administrative expenses:

	2020	2019
Direct expenses:		
Administration services provider fees	$ 543,378	$ 493,731
Actuarial and consulting fees	248,655	188,520
Investment consulting fees	162,887	187,075
Audit	85,850	75,366
Independent trustees' fees	77,000	77,000
Non-deductible GST and HST	56,687	55,277
Registration	35,465	36,415
Insurance	27,599	27,143
Legal	26,736	80,859
Other expenses	918	2,983
	1,265,175	1,224,369
Common expenses shared equally with the Health and Welfare Fund (note 3(f)):		
Rent	121,840	121,840
Office expenses	97,240	82,609
Postage	42,793	45,844
Annual report to members	25,012	22,900
Non-deductible GST and HST	14,379	13,963
Other shared expenses	4,030	4,834
Travel, conferences and meeting expenses	1,444	24,435
	306,738	316,425
Less Health and Welfare Fund share	(153,369)	(158,212)
	153,369	158,213
	$ 1,418,544	$ 1,382,582

The Pension Fund defines its key management personnel as members of the Board of Trustees and its administration services provider who are responsible for planning, controlling and directing the activities of the Pension Fund.

11. Capital risk management:

The capital of the Pension Fund is represented by the net assets available for benefits. The main objective of the Pension Fund is to sustain a certain level of net assets in order to meet the pension obligations of the Pension Fund, which are not presented or discussed in these financial statements.

The Pension Fund fulfils its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (the "SIPP"), which is reviewed annually by the Pension Fund Trustees. The Pension Fund’s risk management strategy has not changed due to the COVID-19 pandemic. The SIPP established on February 11, 2000 and was last amended on December 10, 2020.

The Pension Fund's investment was allocated within allowed asset categories in the SIPP, as of the date of the Pension Fund’s financial statements. The following tables present the asset allocation for each asset category and total investments, along with appropriate benchmarks, based on the SIPP in effect at the end of December 31, 2020 and December 31, 2019:

2020	Benchmark	Target Range (%)	Actual (%)
Cash and cash equivalents	91 Day Treasury Bill	0.0 - 4.0	0.2
Canadian equities	S&P TSX Composite BMO Small Cap Unweighted Blended Index	10.0 - 25.0	15.9
Non-Canadian equities	MSCI World Index	10.0 - 30.0	21.9
Fixed income securities	FTSE TMX Canada Long Term Bond Index	15.0 - 30.0	16.2
Alternative fixed income	FTSE TMX Canada Universe Term Bond Index	5.0 - 20.0	13.9
Infrastructure	Canadian CPI + 6%	5.0 - 15.0	12.9
Private equities	MSCI World Index	5.0 - 15.0	8.4
Real estate	Canadian CPI + 5%	5.0 - 12.5	10.6
Total investments		100.0	100.0

11. Capital risk management (continued):

2019	Benchmark	Target Range (%)	Actual (%)
Cash and cash equivalents	91 Day Treasury Bill	0.0 - 4.0	0.2
Canadian equities	S&P TSX Composite BMO Small Cap Unweighted Blended Index	10.0 - 25.0	16.5
Non-Canadian equities	MSCI World Index	10.0 - 30.0	22.0
Fixed income securities	FTSE TMX Canada Long Term Bond Index	15.0 - 30.0	16.5
Alternative fixed income	FTSE TMX Canada Universe Term Bond Index	5.0 - 20.0	14.4
Infrastructure	Canadian CPI + 6%	5.0 - 15.0	13.1
Private equities	MSCI World Index	5.0 - 15.0	6.7
Real estate	Canadian CPI + 5%	5.0 - 12.5	10.6
Total investments		100.0	100.0

The Pension Fund's investments are within the asset allocation target ranges as at December 31, 2020 and 2019.

The Pension Fund's investment positions expose it to a variety of financial risks which are discussed in note 12. The Pension 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. The allocation of assets among various asset categories is monitored on a monthly basis. A comprehensive review is conducted quarterly, which includes measurement of returns, comparison of returns to appropriate benchmarks, ranking of returns and risk analysis.

Increases in net assets available for benefits are a direct result of investment income generated by investments held by the Pension Fund and contributions into the Pension Fund by the employers. The main use of net assets is for benefit payments to eligible Plan members.

12. Financial instruments:

(a) Fair values:

The fair values of investments are as described in note 3(d). The fair values of other financial assets and liabilities, being cash and cash equivalents, contributions receivable, accounts receivable, accounts payable and accrued liabilities, amounts due to other pension funds and due to The Edmonton Pipe Industry Health and Welfare Fund, 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.

The following table illustrates the classification of the Pension Fund's financial instruments using the fair value hierarchy as at December 31. There were no transfers between Levels during the years ended December 31, 2020 and 2019.

2020	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 4,982,463	$ -	$ -	$ 4,982,463
Canadian equities	73,698,334	283,302,042	-	357,000,376
Non-Canadian equities	633,272	489,385,344	-	490,018,616
Fixed income securities	-	361,931,356	-	361,931,356
Alternative fixed income	-	-	310,263,976	310,263,976
Infrastructure	-	-	286,615,798	286,615,798
Private equities	-	-	188,668,640	188,668,640
Real estate	-	-	235,597,544	235,597,544
Derivative contracts	-	3,418,583	-	3,418,583
	$ 79,314,069	$1,138,037,325	$1,021,145,958	$ 2,238,497,352

12. Financial instruments (continued):

(a) Fair values (continued):

2019	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 4,915,653	$ -	$ -	$ 4,915,653
Canadian equities	79,990,900	270,448,116	-	350,439,016
Non-Canadian equities	2,141,728	465,060,555	-	467,202,283
Fixed income securities	-	350,099,716	-	350,099,716
Alternative fixed income	-	-	302,406,050	302,406,050
Infrastructure	-	-	274,872,611	274,872,611
Private equities	-	-	142,270,312	142,270,312
Real estate	-	-	223,107,929	223,107,929
Derivative contracts	-	4,181,974	-	4,181,974
	$ 87,048,281	$1,089,790,361	$ 942,656,902	$ 2,119,495,544

The following table reconciles the Pension Fund's Level 3 fair value measurements for the years ended December 31:

2020	Alternative fixed income	Infrastructure	Private equities	Real estate	Total
Balance, beginning of year	$ 302,406,050	$ 274,872,611	$ 142,270,312	$ 223,107,929	$ 942,656,902
Purchases and transfers, net of disposals	(2,164,789)	(36,786,014)	20,217,971	9,897,954	(8,834,878)
Change in cash balance held with investment managers	522,704	13,420,047	(4,430,229)	-	9,512,522
Interest, dividends and net realized gains (losses)	21,023,168	24,013,238	21,782,296	4,757,319	71,576,021
Investment manager and custodial fees	(3,138,248)	(2,985,529)	(2,523,663)	(2,536,119)	(11,183,559)
Change in unrealized foreign currency (losses) gains	(5,264,152)	(887,402)	(5,240,497)	(1,011,933)	(12,403,984)
Change in unrealized other (losses) gains	(3,120,757)	14,968,847	16,592,450	1,382,394	29,822,934
Balance, end of year	$ 310,263,976	$ 286,615,798	$ 188,668,640	$ 235,597,544	$1,021,145,958

12. Financial instruments (continued):

(a) Fair values (continued):

2019	Alternative fixed income	Infrastructure	Private equities	Real estate	Total
Balance, beginning of year	$ 245,752,564	$ 266,083,811	$ 166,697,837	$ 211,507,643	$ 890,041,855
Purchases and transfers, net of disposals	42,499,301	(6,758,936)	(54,077,916)	3,676,183	(14,661,368)
Change in cash balance held with investment managers	221,371	14,626	5,667,597	-	5,903,594
Interest, dividends and net realized gains (losses)	19,856,696	6,773,012	22,995,449	10,461,518	60,086,675
Investment manager and custodial fees	(2,713,914)	(3,070,120)	(2,280,934)	(2,432,722)	(10,497,690)
Change in unrealized foreign currency (losses) gains	(5,666,150)	(10,423,094)	(6,985,777)	(8,567,954)	(31,642,975)
Change in unrealized other (losses) gains	2,456,182	22,253,312	10,254,056	8,463,261	43,426,811
Balance, end of year	$ 302,406,050	$ 274,872,611	$ 142,270,312	$ 223,107,929	$ 942,656,902

(b) Associated risks:

(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. The COVID-19 pandemic and the measures taken to contain the virus continue to impact the market as a whole. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the pension fund is not known at this time. As all the Pension 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 a change in net assets available for benefits. Market price risk is managed by the Pension Fund through construction of a diversified portfolio of instruments traded on various markets and across various industries.

12. Financial instruments (continued):

(b) Associated risks:

(i) Market price risk (continued):

The Pension Fund’s investments in equities are also sensitive to market fluctuations. An immediate hypothetical decline of 10% in Canadian and non-Canadian equity values will impact the Pension Fund’s equity investments by an approximate loss of $84,701,899 (2019 - $81,764,130).

(ii) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities under both normal and stressed conditions.

Approximately 54.2% (2019 - 55.2%) of the Pension Fund’s investments are in securities traded in public markets. These include Canadian and non-Canadian equity, which is approximately 37.8% (2019 - 38.5%) of the Pension Fund’s total investments, cash and fixed income securities (classified as either Level 1 or 2 in the fair value hierarchy). Although market events could lead to some investments becoming illiquid, the diversity of the Pension Fund portfolios should ensure that liquidity is available for benefit payments. The Pension Fund also maintains cash on hand for liquidity purposes to pay accounts payable and accrued liabilities and to make additional investments. At December 31, 2020, the Pension Fund had cash and cash equivalents in its operating and investing bank accounts in the amount of $39,003,101 (2019 - $36,853,880) and held with its investment managers in the amount of $4,982,463 (2019 - $4,915,653).

(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 Pension Fund holds financial instruments denominated in currencies other than the Canadian dollar. Consequently, the Pension 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 Pension Fund's assets or liabilities denominated in currencies other than the Canadian dollar.

12. Financial instruments (continued):

(b) Associated risks (continued):

(iii) Foreign currency risk (continued):

Fluctuations in the relative value of the Canadian dollar against these foreign currencies can result in a positive or negative effect on the fair value of investments. Approximately 44.8% (2019 - 42.3%), or $1,002,483,592 (2019 - $896,614,965) of the Pension Fund's financial instruments are denominated in currencies other than the Canadian dollar.

The following table summarizes the Pension Fund's exposure to foreign currency investments if the value of the Canadian dollar increased by 10% against all currencies, and all other variables are held constant, as at December 31:

	2020 Fair Value	Sensitivity	2019 Fair Value	Sensitivity
Currency:				
US dollar	$ 915,448,917	$ (91,544,892)	$ 812,167,527	$ (81,216,753)
British pound	43,052,617	(4,305,262)	46,569,261	(4,656,926)
Euro	43,982,058	(4,398,206)	37,878,177	(3,787,818)
Total	$1,002,483,592	$(100,248,360)	$ 896,614,965	$ (89,661,497)

The Pension Fund partially hedges its foreign currency exposure for investments denominated in a currency other than Canadian dollars through the use of certain derivatives including foreign exchange forward and swap transactions.

(iv) 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 Pension Fund. 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.

12. Financial instruments (continued):

(b) Associated risks (continued):

(iv) Credit risk (continued):

The Pension Fund's fixed income investments are primarily in Canadian-issued instruments and are diversified among federal, provincial, corporate and other issuers. In order to minimize the exposure to credit risk, a comprehensive investment policy has been developed. The SIPP restriction prohibits directly or indirectly investing more than 25% of assets in any one entity. Furthermore, the SIPP limits the purchase of fixed income securities to those having a credit rating of BBB or higher by the Dominion Bond Rating Service. There were no significant concentrations of credit risk in the portfolio in either 2020 or 2019. The maximum credit risk exposure as at December 31, 2020 is $673,981,628 (2019 - $654,679,899), comprised of contributions receivable and accounts receivable of $1,786,296 (2019 - $2,174,133) and fixed income securities and alternative fixed income of $672,195,332 (2019 - $652,505,766).

(v) Interest rate risk:

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

13. Comparative information:

In the current year, the Pension Fund concluded that its pension obligations should include a provision for adverse deviation. As a result, the Pension Fund has retrospectively adjusted certain financial statement accounts as at December 31, 2019 to increase its reported pension obligations and reduce its accumulated surplus balances by $220,607,000 to reflect a provision for adverse deviation.

Certain other comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

THE EDMONTON PIPE INDUSTRY HEALTH AND WELFARE FUND

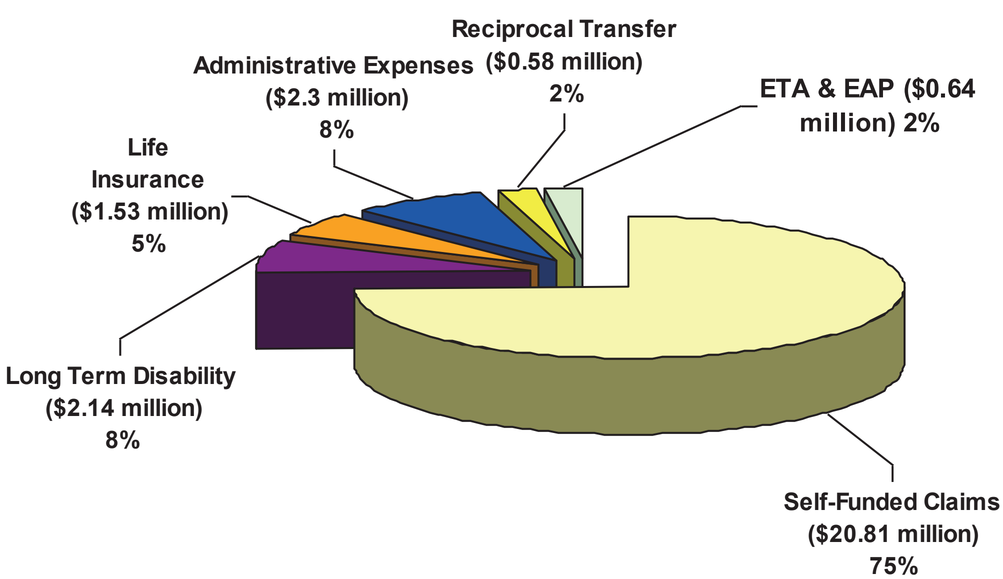
HEALTH AND WELFARE FUND HIGHLIGHTS AND COMMENTARY

The Trustees of the Health and Welfare Fund have the objective of providing a plan of benefits to covered Members to help offset normal health care expenses. In addition, the Health and Welfare Plan is designed to also provide valuable benefits to help the Members and their families when there are major events such as death and disability. The Health and Welfare Plan provides life insurance, disability and health care benefits to active and disabled Members. The Health and Welfare Plan provides life insurance, health and dental care benefits to retired Members. The Health and Welfare Plan also provides health and dental benefits to the widows of active and retired Members.

During the year ended December 31, 2020, on average, the Health and Welfare Plan provided benefits to 5,169 active Members; 1,522 retired Members; 154 disabled Members and 436 widows of Members. The Health and Welfare Plan also provided 146 Members with benefits under the self-payment program.

The Trustees have the sustainable long term funding of the Health and Welfare Plan as an important objective. The Health and Welfare Plan is financed under several funding arrangements including insurance policies underwritten by Canada Life for the life, accidental death & dismemberment and long term disability benefits and, as of January 1, 2020, out of country emergency travel assistance insured by RSA. The Health and Welfare Plan's medical, dental, vision care and short term disability benefits are funded solely by the assets of the Health and Welfare Fund – there is no insurance contract guaranteeing the payment of these benefits. The Fund bears all of the risk of claims arising under these benefits. If there is not enough funding available to pay benefits, the Trustees would amend the Plan to bring funding in line with the cost of benefits.

During Fiscal 2020 total Health and Welfare Fund expenses were $28.0 million of which $20.81 million was to pay the claims for eligible health, dental, short term disability and vision care benefits (self-funded claims) for Members and their families. This chart below illustrates the Health and Welfare Fund expenses in Fiscal 2020:



HEALTH AND WELFARE FUND HIGHLIGHTS AND COMMENTARY (Cont'd)

In order to offer sustainable benefits to the Health and Welfare Plan Members, the Trustees must continually monitor the financial experience of the Health and Welfare Plan. This ongoing examination of funding and benefit usage will help to ensure that the Health and Welfare Fund has the necessary resources needed to meet the potential liabilities of the Health and Welfare Plan. The liabilities of the Health and Welfare Plan will fluctuate because of changes in our demographics and the Trustees must ensure that the Health and Welfare Plan is responsive to the changing health care needs of the Members. The average age of our membership is increasing. Retired Member benefits are highly subsidized by the Health and Welfare Fund and, as the Health and Welfare Plan covers more Retired Members, we must be careful to hold enough in reserve to support the coverage allowed under the Health and Welfare Plan. Inflation and utilization in health care are also important trends monitored by the Trustees.

Health and Welfare Plan changes announced to Members in October 2019, a copy of which can be found on the Plan website, came into effect on January 1, 2020.

It is important to note that the plan of benefits as at January 1, 2020 are based on an assumed hourly contribution rate of $2.40 (currently $2.04 per hour). The Trustees have communicated the required contribution rate to the Union.

The Trustees strive to provide the best possible health care benefits to the Members. In addition, the Trustees have set a standard for clear, accurate and timely communication with Members. A very good resource for information about the Health and Welfare Plan is the Plan Web Site, ***www.epibenefitplans.com***. Changes to the Health and Welfare Plan are always communicated to Members in newsletters.

THE EDMONTON PIPE INDUSTRY HEALTH AND WELFARE FUND

HEALTH AND WELFARE FUND HIGHLIGHTS AND COMMENTARY (Cont'd)

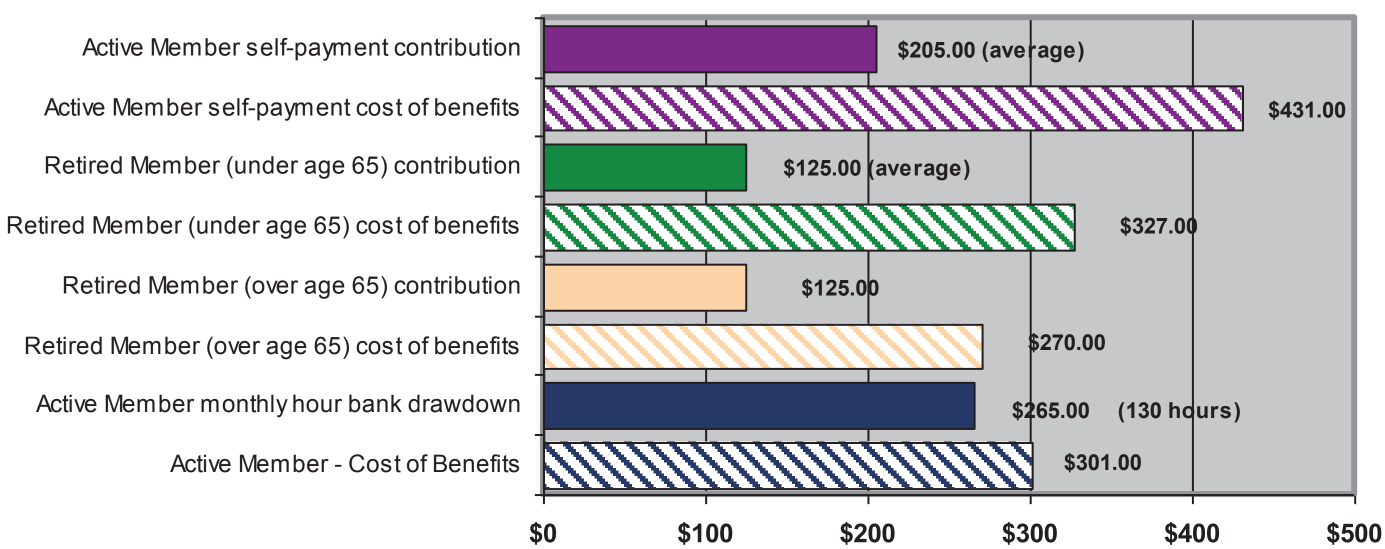
Funding of Welfare Plan Benefits

At December 31, 2020 the Health and Welfare Fund had sufficient assets on hand to provide benefits to active Members for the entire amount deposited to their hour banks. The Health and Welfare Fund also retained sufficient monies to provide retiree benefits for a period of 60 months.

Retiree benefits are an important feature of the Health and Welfare Plan. Benefits provided to Retirees are highly subsidized by the Health and Welfare Plan. The Trustees have made the decision to provide these benefits as long as the funding for them is available and there are no legislative barriers to providing them. The Trustees may change the type of benefit provided, or the amount retired Members pay to the Health and Welfare Fund for benefits, in order to secure the appropriate level of funding.

After the Health and Welfare Fund had set aside sufficient funds to cover its defined reserves, the Health and Welfare Fund held unallocated net assets available for benefits of $73.1 million.

The following graph shows the relationship between the average monthly self-payment contribution, or hour bank drawdown, and the average monthly cost of benefits paid by the Health and Welfare Plan for the year ended December 31, 2020.



HEALTH AND WELFARE FUND HIGHLIGHTS AND COMMENTARY (Cont'd)

The chart below shows how the average monthly cost of benefits has changed comparing 2019 to 2020:

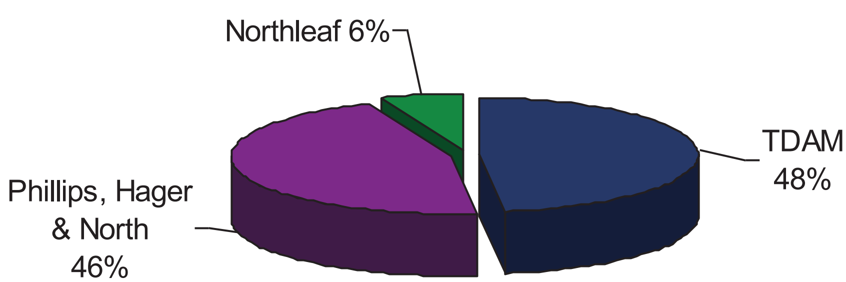
Classification	Fiscal 2019 Average Monthly Cost of Benefits	Fiscal 2020 Average Monthly Cost of Benefits	Change in Cost of Benefits 2019 to 2020
Active Members using self-payment	$441.00	$431.00	-2.3%
Retired Members under age 65	$314.00	$327.00	+4.1%
Retired Members over age 65	$299.00	$270.00	-9.7%
Active Members	$311.00	$301.00	-3.2%

HEALTH AND WELFARE FUND INVESTMENTS

The Health and Welfare Fund's investments are governed by an investment policy approved by the Trustees. Investment income is important to the Health and Welfare Fund because, as shown above, some of the Health and Welfare Plan's benefits are highly subsidized. Investment income helps to support the subsidies. Without investment income, earned under a conservative investment mandate, the active Members' hour bank drawdown would be higher. The Health and Welfare Fund's investment policy ensures that there are sufficient liquid assets on hand to pay benefits and premiums. The investment policy also allows some assets to be invested in longer-term securities.

The Health and Welfare Fund earned investment income of $0.03 million in Fiscal 2020 ($12.55 million in Fiscal 2019). At December 31, 2020, assets managed by TD Asset Management (TDAM) had a market value of $51.90 million. The assets managed by Phillips, Hager & North had a market value of $49.72 million. The assets Managed by Northleaf Capital Partners had a market value of $5.95 million.

A snapshot of where the Health and Welfare Fund's assets are invested at December 31, 2020 is as shown in the graph below:



Financial Statements of

THE EDMONTON PIPE INDUSTRY HEALTH AND WELFARE FUND

Year ended December 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of The Edmonton Pipe Industry Health and Welfare Fund

Opinion

We have audited the financial statements of The Edmonton Pipe Industry Health and Welfare Fund (the Entity), which comprise:

- the statement of net assets available for benefits as at December 31, 2020
- the statement of changes in net assets available for benefits for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the Entity as at December 31, 2020 and its changes in net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled the "2020 - Annual Report".

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled the "2020 - Annual Report" is expected to be made available to us after the date of this auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for pension plans, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada
May 12, 2021

THE EDMONTON PIPE INDUSTRY HEALTH AND WELFARE FUND

Financial Statements

Year ended December 31, 2020

THE EDMONTON PIPE INDUSTRY HEALTH AND WELFARE FUND

Statement of Net Assets Available for Benefits

December 31, 2020, with comparative information for 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 4,333,726	$ 4,724,934
Investments (note 4)	107,573,717	114,725,706
Contributions receivable	1,216,241	1,735,279
Accrued investment income	1,666	11,107
Prepaid expenses and deposits	2,420,939	2,422,998
Due from The Edmonton Pipe Industry Pension Trust Fund (note 5)	5,357	2,894
	115,551,646	123,622,918
LIABILITIES		
Accounts payable and accrued liabilities	2,688,487	3,052,751
Amounts due to other health and welfare funds (note 6)	159,816	248,356
Provision for unpaid claims	737,098	1,086,020
Provision for advance contributions	29,977	41,048
	3,615,378	4,428,175
Net assets available for benefits (note 7)	$ 111,936,268	$ 119,194,743

See accompanying notes to financial statements.

THE EDMONTON PIPE INDUSTRY HEALTH AND WELFARE FUND

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Increase in net assets:		
Investment and other income, net (note 8)	$ 30,406	$ 12,551,262
Employer contributions	15,154,762	17,690,600
Members' and pensioners' cash contributions	3,222,543	1,724,749
Members' optional insurance contributions	37,939	48,728
Reciprocal transfers from other health and welfare funds (note 6)	1,361,251	1,385,717
Transfers from the Alberta Refrigeration Industry Health and Welfare Trust Fund	587,166	2,182,766
Decrease in provision for unpaid claims	348,922	424,062
	20,742,989	36,007,884
Decrease in net assets:		
Health, dental, vision and short-term disability claims	20,813,839	26,429,111
Long-term disability premiums	2,140,188	2,915,545
Life insurance premiums	1,268,685	2,025,644
Accidental death and dismemberment premiums	211,260	298,017
Claims administration fees	1,137,072	1,359,638
Employee assistance program	260,845	385,223
Out-of-country insurance premiums	376,594	148,158
Members' optional life insurance premiums	42,763	47,309
Reciprocal transfers to other health and welfare funds (note 6)	584,904	858,782
Investment manager and custodian fees	264,668	299,926
Administrative expenses (note 9)	900,646	922,824
	28,001,464	35,690,177
(Decrease) increase in net assets available for benefits	(7,258,475)	317,707
Net assets available for benefits, beginning of year	119,194,743	118,877,036
Net assets available for benefits, end of year	$ 111,936,268	$ 119,194,743

See accompanying notes to financial statements.

1. Nature of The Edmonton Pipe Industry Health and Welfare Fund:

The United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada, Local 488 (the "Union") and the Construction Labour Relations - an Alberta Association Mechanical (Provincial) Trade Division Pursuant to Registration Certificate No. 27 (the "Party Employers") entered into an agreement and declaration of trust dated May 7, 1965 (the "Health and Welfare Trust Agreement") which has been amended and restated as of August 13, 2007. The Health and Welfare Trust Agreement provides for the establishment, maintenance, investment and administration of a fund known as The Edmonton Pipe Industry Health and Welfare Fund (the "Health and Welfare Fund"), created pursuant to The Edmonton Pipe Industry Health and Welfare Plan (the “Health and Welfare Plan”) which includes all restatements and amendments to January 1, 2019. The Health and Welfare Plan was further amended effective January 1, 2020. The Health and Welfare Plan itself was established pursuant to a collective agreement between the Union and the Party Employers dated May 7, 1965 (the "Collective Agreement") which expired on April 30, 2019. An updated Collective Agreement is currently under negotiation.

Members are not required to contribute to the Health and Welfare Fund. Employers contribute to the Health and Welfare Fund at the rate specified in a collective agreement. Benefits provided under the Health and Welfare Plan are paid from the Health and Welfare Fund.

Up to and including the year ended December 31, 2015, the Union sponsored two separate health and welfare plans: The Edmonton Pipe Industry Health and Welfare Plan and the Alberta Refrigeration Industry Benefit Plan. Effective May 1, 2016, the two plans sponsored by the Union amalgamated and all members of both plans now obtain their benefits through The Edmonton Pipe Industry Health and Welfare Fund. The Edmonton Pipe Industry Health and Welfare Fund invoices, on a monthly basis, the Alberta Refrigeration Industry Benefit Plan for the costs of claims for the former Alberta Refrigeration Benefit Plan members until the Alberta Refrigeration Industry Benefit Plan’s net assets are fully expended. After those net assets have been fully exhausted The Edmonton Pipe Industry Health and Welfare Fund will assume liability for all costs and expenses related to the former Alberta Refrigeration Benefit Plan members.

The following is a brief summary of the main benefits of the Health and Welfare Plan in effect at December 31, 2020. For more complete information, reference should be made to the Health and Welfare Trust Agreement, and the Health and Welfare Plan documents.

(a) health, dental, short-term disability and out-of-country benefits are funded solely by the assets of the Health and Welfare Fund except that effective January 1, 2020 out-of-country benefits are insured;

(b) long-term disability, accidental death and dismemberment, and optional life insurance benefits are provided by Canada Life or Chubb under a contract of insurance which uses a pooled funding method;

1. Nature of The Edmonton Pipe Industry Health and Welfare Fund (continued):

(c) member and dependent life insurance benefits are provided under contract with Canada Life. This contract has a hold-harmless provision which may require that the Health and Welfare Fund pay any shortfall of premiums which are insufficient to pay claims;

(d) administration of the out-of-country benefit is arranged through a contract with RSA Canada; and

(e) the employee assistance program is administered by the Construction Employees Family Assistance Program. (effective March 1, 2021 the employee assistance program is administered by the United Association's Member Assistance Plan).

The Board of Trustees reserves the right to amend or terminate any of the benefits under the Health and Welfare Plan. The Board of Trustees have engaged McAteer – Employment Benefit Plan Services Limited as administration services provider for the Health and Welfare Fund.

2. Basis of preparation:

(a) Basis of presentation:

These financial statements have been prepared by management in accordance with Canadian accounting standards for pension plans, which are also applicable to entities such as the Health and Welfare Fund that provide benefits other than pensions, and present information about the net assets available for benefits of the Health and Welfare Fund.

In selecting or changing accounting policies that do not relate to its investment portfolio, Canadian accounting standards for pension plans require the Health and Welfare Fund to comply (on a consistent basis) with either International Financial Reporting Standards ("IFRS") in Part I of The Chartered Professional Accountants' of Canada ("CPA") Handbook - Accounting or Canadian accounting standards for private enterprises in Part II of the CPA Handbook - Accounting. The Health and Welfare Fund has chosen to comply on a consistent basis with IFRS.

These financial statements are prepared to assist Health and Welfare Plan members and others in reviewing the financial activities of the Health and Welfare Fund for the fiscal period but they do not portray the financial position of the Health and Welfare Plan, its funding requirements nor the benefit security of individual Health and Welfare Plan members.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for investments and derivative financial instruments which are measured at fair value through the statement of changes in net assets available for benefits.

2. Basis of preparation (continued):

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Health and Welfare Fund's functional currency.

(d) Use of estimates and judgments:

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the statement of financial position and the reported amounts of changes in net assets available for benefits during the year. Actual results may differ from those estimates.

Measurement uncertainty exists in the valuation of the Health and Welfare Fund's Level 3 investments. Measurement uncertainty arises because the estimated fair values of the Health and Welfare Fund's Level 3 investments may differ significantly from the values that would have been used had a ready market existed for these investments.

While best estimates have been used in the valuation of the Health and Welfare Fund's Level 3 investments, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts.

Differences between the estimated fair values and the amount ultimately realized for investments are included in investment and other income, net in the year when the ultimate realizable values are known.

3. Significant accounting policies:

These financial statements have been prepared in accordance with the significant accounting policies set out below:

(a) Foreign currency:

Transactions in foreign currencies are translated into Canadian dollars at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into Canadian dollars at the exchange rate at that date.

Foreign currency differences arising on translation are recognized in the statement of changes in net assets available for benefits as changes in net unrealized gains (losses) on investments.

3. Significant accounting policies (continued):

(b) Income recognition:

Investment income is recorded on an accrual basis and includes interest, dividends and other income.

(c) Financial assets and financial liabilities:

(i) Financial assets:

Financial assets are recognized initially on the trade date, which is the date that the Health and Welfare Fund becomes a party to the contractual provisions of the instrument. Upon initial recognition, attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred.

The Health and Welfare Fund derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Health and Welfare Fund neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset, and consideration received is recognized in the statement of changes in net assets available for benefits as a net realized gain (loss) on sale of investments.

(ii) Financial liabilities:

All financial liabilities are recognized initially on the trade date at which the Health and Welfare Fund becomes a party to the contractual provisions of the instrument.

The Health and Welfare Fund derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

(iii) Derivative financial instruments:

Derivative financial instruments are recognized initially at fair value and attributable transaction costs are recognized in the statement of changes in net assets available for benefits as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and all changes are recognized immediately in the statement of changes in net assets available for benefits.

3. Significant accounting policies (continued):

(c) Financial assets and financial liabilities (continued):

Financial assets and liabilities are offset and the net amount presented in the statement of net assets available for benefits when the Health and Welfare Fund has a legal right to offset the amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(d) Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, the Health and Welfare Fund has adopted the guidance in IFRS 13, Fair Value Measurement ("IFRS 13"), in Part I of the CPA Canada Handbook as required by Section 4600. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The Health and Welfare Fund uses closing market price as a practical expedient for fair value measurement.

When available, the Health and Welfare Fund measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis.

If a market for a financial instrument is not active, then the Health and Welfare Fund establishes fair value using a valuation technique. Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

All changes in fair value, other than interest and dividend income and expense, are recognized in the statement of changes in net assets available for benefits as part of the change in net unrealized gains (losses) on investments.

3. Significant accounting policies (continued):

(d) Fair value measurement (continued):

Fair values of investments are determined as follows:

Cash and cash equivalents are stated at cost, which together with accrued investment income approximates fair value given the short-term nature of these investments.

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

Private equity investments are held through ownership in limited partnership arrangements or other similar investment vehicles. Fair value is determined based on relevant information reported by the General Partner using accepted industry valuation methods using valuations as of December 31 being the most recently available market information. These methods include considerations such as earnings multiples of comparable publicly traded companies, discounted cash flows and third-party transactions, or other events which would suggest a change in value of the investment.

(i) Net realized gain on sale of investments:

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

(j) Common expenses:

Certain expenses are shared equally between the Health and Welfare Fund and The Edmonton Pipe Industry Pension Trust Fund (the "Pension Trust Fund"), which operate out of the same premises and under the same Board of Trustees and management.

(k) Income taxes:

The Health and Welfare Fund is a trust recognized administratively by the Canada Revenue Agency. In 2019, the Health and Welfare Fund was converted to an Employee Life and Health Trust.

Investment income earned by the Health and Welfare Fund, net of eligible deductions, is subject to income taxes.

4. Investments:

	2020	2019
Phillips, Hager & North Short-Term Bond and Mortgage Fund	$ 21,112,890	$ 25,651,555
Phillips, Hager & North Mortgage Pension Trust	28,608,155	27,050,877
TD Emerald Low Volatility Canadian Equity Pooled Fund Trust	26,417,452	30,701,303
TD Emerald Low Volatility Global Equity Pooled Fund Trust	25,485,686	31,321,971
Northleaf Capital Partners Northleaf Senior Private Credit LP, including transfers in transit	5,949,534	-
	$ 107,573,717	$ 114,725,706

In the prior year, the Health and Welfare Fund committed to make an investment of $7,500,000 US in Northleaf Capital Partners Northleaf Senior Private Credit LP. During the year, a total of $4,500,000 US was invested leaving an outstanding commitment of $3,000,000 US at year end.

In addition, the Health and Welfare Fund committed to make an investment of $7,500,000 US in CBRE Global Investment Partners Global Alpha Fund FCP SIF – Global Alpha Open Ended Fund. Subsequent to year end, a total of $2,475,000 US was invested.

5. Due from The Edmonton Pipe Industry Pension Trust Fund:

The amount due from the Pension Trust Fund is non-interest bearing, unsecured and has no set terms of repayment.

6. Reciprocal agreements with other health and welfare funds:

The Health and Welfare Fund has entered into reciprocal agreements with other health and welfare funds. These agreements provide that contributions received on account of employees working in a jurisdiction other than their local union are remitted on a monthly basis to the local union of which they are a member.

7. Net assets available for benefits:

	Balance, January 1, 2020	Decrease in net assets available for benefits	Transfers	Balance, December 31, 2020
Reserve for future plan benefits	$ 44,833,336	$ -	$ (9,167,203)	$ 35,666,133
Reserve for adverse claims fluctuations	3,962,692	-	(840,616)	3,122,076
Unallocated	70,398,715	(7,258,475)	10,007,819	73,148,059
	$ 119,194,743	$ (7,258,475)	$ -	$ 111,936,268

The reserve for future plan benefits is a provision established by the Trustees to support the payment of benefits to members and their beneficiaries. The reserve for future plan benefits is comprised of two components calculated as follows:

(a) For active members, an estimated provision based on (i) the average actual cost of benefits for such members for the 12 months ended December 31, 2020 multiplied by (ii) the estimated number of months of coverage determined by dividing the accumulated hour bank for all active members by 130 hours; and

(b) For retired, disabled and spouses of deceased members, an estimated provision based on (i) the average monthly actual cost of benefits for such group of persons for the 12 months ended December 31, 2020 multiplied by (ii) 60 months.

The reserve for adverse claims fluctuations was established by the Trustees to consider the risk that future claims in the aggregate will be higher than the amount supported by current funding rates. The reserve for adverse claims fluctuations has been established at approximately 15% of benefit claims paid in the most recent fiscal year.

Transfers from the reserve for future plan benefits and the reserve for adverse claims fluctuations to the unallocated net assets available to benefits were approved by the Trustees during the year. Transfers from the reserve for future plan benefits reflect a drawdown from member hour banks to pay for benefits received during the year.

THE EDMONTON PIPE INDUSTRY HEALTH AND WELFARE FUND

Notes to Financial Statements (Continued)

Year ended December 31, 2020

8. Investment and other income, net:

		2020		2019
Interest and other income	$	40,882	$	126,380
Phillips, Hager & North Short Term Bond and Mortgage Fund and Mortgage Pension Trust - interest and realized capital gains		1,541,355		1,647,690
TD Emerald Low Volatility Canadian Equity and Global Equity Pooled Fund Trusts - dividends and net realized gains		1,921,967		3,824,881
Northleaf Capital Partners Northleaf Senior Private Credit LP – interest and net realized gains		247,621		-
Change in unrealized foreign currency and other (losses) gains		(3,721,419)		6,952,311
	$	30,406	$	12,551,262

9. Administrative expenses:

		2020		2019
Direct expenses:				
Administration services provider fees	$	509,307	$	462,866
Non-deductible GST and HST		49,893		46,072
Audit		42,248		33,955
Independent trustees' fees		38,000		38,000
Consulting fees		29,663		88,455
Insurance		27,599		27,143
Legal		26,374		16,806
Computer maintenance		12,180		15,650
Bank charges		11,715		17,764
Office expenses		298		17,901
		747,277		764,612
Common expenses shared equally with the Pension Trust Fund (note 3(f)):				
Rent		121,840		121,840
Office expenses		97,240		82,609
Postage		42,793		45,844
Annual report to members		25,012		22,900
Non-deductible GST and HST		14,379		13,963
Other shared expenses		4,030		4,834
Travel, conferences and meeting expenses		1,444		24,435
		306,738		316,425
Less Pension Trust Fund share		(153,369)		(158,213)
		153,369		158,212
	$	900,646	$	922,824

The Health and Welfare Fund defines its key management personnel as members of the Board of Trustees and its administration services provider who are responsible for planning, controlling and directing the activities of the Health and Welfare Fund.

10. Capital risk management:

The capital of the Health and Welfare Fund is represented by the net assets available for benefits. The main objective of the Health and Welfare Fund is to sustain a certain level of net assets in order to meet the health and welfare obligations of the Health and Welfare Plan, which are not presented or discussed in these financial statements.

The Health and Welfare Fund fulfils its primary objective by adhering to specific investment policies outlined in its Statement of Investment Policies and Procedures (the "SIPP"), which is reviewed annually by the Health and Welfare Fund Trustees. The Health and Welfare Fund's risk management strategy has not changed due to the COVID-19 pandemic. The SIPP was established on May 27, 2015 and was last amended on December 10, 2020.

The SIPP permits four broad categories of assets. The Health and Welfare Fund's investment was allocated within the allowed asset categories range, as of the date of The Health and Welfare Fund's financial statements. The following tables present the asset allocation for each asset category and total investments, along with appropriate benchmarks, based on the SIPP in effect at the end of December 31, 2020 and December 31, 2019.

2020	Benchmark	Target Range (%)	Actual (%)
Short Term Fixed Income	FTSE Canada Short Term Bond Index	10.0 - 40.0	19.6
Mortgages	FTSE TMX Canada Short Term Bond Index	15.0 – 40.0	26.6
Alternative Fixed Income	FTSE Canada Universe Bond Index	0.0 – 20.0	5.5
Canadian Equity	S&P TSX Composite	0.0 – 50.0	24.6
Global Equity	MSCI World Index	0.0 – 50.0	23.7
Real Estate	Canadian CPI + 5%	0.0 – 20.0	0.0
Total investments		100.0	100.0

10. Capital risk management (continued):

2019	Benchmark	Target Range (%)	Actual (%)
Short Term Fixed Income	FTSE Canada Short Term Bond Index	10.0 - 40.0	22.4
Mortgages	FTSE TMX Canada Short Term Bond Index	15.0 – 40.0	23.6
Alternative Fixed Income	FTSE Canada Universe Bond Index	0.0 – 20.0	0.0
Canadian Equity	S&P TSX Composite	0.0 – 50.0	26.7
Global Equity	MSCI World Index	0.0 – 50.0	27.3
Real Estate	Canadian CPI + 5%	0.0 – 20.0	0.0
Total investments		100.0	100.0

The Health and Welfare Fund's investments are within the asset allocation target ranges as at December 31, 2020 and 2019.

The Health and Welfare Fund's investment positions expose it to a variety of financial risks which are discussed in note 11. The Health and Welfare 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. The allocation of assets among various asset categories is monitored by The Health and Welfare Fund Trustees on a monthly basis. A comprehensive review is conducted quarterly, which includes measurement of returns, comparison of returns to appropriate benchmarks, ranking of returns and risk analysis.

Increases (decreases) in net assets available for benefits are a direct result of investment income generated by investments held by the Health and Welfare Fund and contributions into the Health and Welfare Fund by the employers. The main use of net assets is for benefit payments to eligible Health and Welfare Plan members.

11. Financial instruments:

(a) Fair values:

Determination of fair values of investments are as described in note 3(d). The fair values of other financial assets and liabilities, being cash and cash equivalents, contributions receivable, accrued investment income, due from The Edmonton Pipe Industry Pension Trust Fund, accounts payable and accrued liabilities and amounts due to other health and welfare funds approximate their carrying values due to the short-term nature of these financial instruments.

11. Financial instruments (continued):

(a) Fair values (continued):

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.

The following table illustrates the classification of the Health and Welfare Fund's financial instruments using the fair value hierarchy as at December 31. There were no transfers between Levels during the years ended December 31, 2020 and 2019.

2020	Level 1	Level 2	Level 3	Total
Phillips, Hager & North Short Term Bond and Mortgage Fund	$ -	$ 21,112,890	$ -	$ 21,112,890
Phillips, Hager & North Mortgage Pension Trust	-	28,608,155	-	28,608,155
TD Emerald Low Volatility Canadian Equity Pooled Fund Trust	-	26,417,452	-	26,417,452
TD Emerald Low Volatility Global Equity Pooled Fund Trust	-	25,485,686	-	25,485,686
Northleaf Capital Partners Northleaf Senior Private Credit LP	-	-	5,949,534	5,949,534
	$ -	$ 101,624,183	$ 5,949,534	$ 107,573,717

11. Financial instruments (continued):

(a) Fair values (continued):

2019	Level 1	Level 2	Level 3	Total
Phillips, Hager & North Short Term Bond and Mortgage Fund	$ -	$ 25,651,555	$ -	$ 25,651,555
Phillips, Hager & North Mortgage Pension Trust	-	27,050,877	-	27,050,877
TD Emerald Low Volatility Canadian Equity Pooled Fund Trust	-	30,701,303	-	30,701,303
TD Emerald Low Volatility Global Equity Pooled Fund Trust	-	31,321,971	-	31,321,971
	$ -	$ 114,725,706	$ -	$ 114,725,706

The following table reconciles changes in the Health and Welfare Fund's Level 3 investments:

	2020	2019
Balance, beginning of year	$ -	$ -
Purchases and transfers, net of disposals	6,024,538	-
Interest and net realized gains	247,621-	
Investment manager and custodial fees	(18,615)	-
Change in unrealized foreign currency and other (losses) gains	(304,010)	-
Balance, end of year	$ 5,949,534	$ -

11. Financial instruments (continued):

(b) Associated risks:

(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. The COVID-19 pandemic and the measures taken to contain the virus continue to impact the market as a whole. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Health and Welfare Fund is not known at this time. As all of the Health and Welfare 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 Health and Welfare Fund through construction of a diversified portfolio of instruments traded on various markets and across various industries.

The Health and Welfare Fund's investments in equities are also sensitive to market fluctuations. An immediate hypothetical decline of 10% in Canadian and non-Canadian equity values will impact the Health and Welfare Fund's equity investments by an approximate loss of $5,190,314 (2019 - $6,202,327).

(vi) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities under both normal and stressed conditions.

The Health and Welfare Fund maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities. At December 31, 2020, the Health and Welfare Fund had cash and cash equivalents on hand in the amount of $4,333,726 (2019 - $4,724,934).

(vii) 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 Health and Welfare Fund holds financial instruments denominated in currencies other than the Canadian dollar. Consequently, the Health and Welfare 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 Health and Welfare Fund's assets or liabilities denominated in currencies other than the Canadian dollar. Such risk is mitigated by the diversification of the balanced fund's investments across many jurisdictions including Canada.

11. Financial instruments (continued):

(b) Associated risks (continued):

(viii) 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 Health and Welfare Fund. 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 Health and Welfare Fund's fixed income investments are primarily in Canadian-issued instruments and are diversified among federal, provincial, corporate and other issuers. In order to minimize the exposure to credit risk, a comprehensive investment policy has been developed. The SIPP restriction prohibits directly or indirectly investing more than 10% of assets in any one entity. Furthermore, the SIPP limits the purchase of fixed income securities to those having a credit rating of BBB or higher by the Dominion Bond Rating Service. There were no significant concentrations of credit risk in the portfolio in 2020 or 2019.

(ix) Interest rate risk:

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

780G 01