

**For the  
Members of  
The Edmonton  
Pipe Industry**

**Pension Trust Fund  
and  
Health and Welfare Fund**

**2024**  
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](http://www.epibenefitplans.com) Pension Plan Registration Number 0546028

### Board of Trustees

Independent Chair

Gordon Clanachan, FCA, ICD.D

Union Trustees

Rod McKay

Kevin Morin

Robert Taylor

Cody Telford

Independent Trustees

Ray Pisani, ICD.D

Ralph Peterson, CA, ICD.D

### Administration Services Provider

McAteer – Employee Benefit Plan Services Limited

Executive Administrator – Rick McAteer

### Auditor

BDO LLP, Oakville, Ontario

### 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

RBC Global Asset Management Ltd., Vancouver, BC

KKR – New York, New York, USA

Letko Brosseau & Associates Inc., Montreal, Quebec

Orbis Investment Management – Bermuda

CBRE Group, Los Angeles, California, USA

MGG Investment Group, New York, New York, USA

Northleaf Capital Partners, Toronto, Ontario

JP Morgan Investment Management Inc., New York, New York, USA

Manulife Financial Asset Management, Toronto, Ontario

Clairvest Group Inc., Toronto, Ontario

Connor, Clark & Lunn Investment Management Ltd.,

Vancouver, British Columbia

Crestline Investors Inc., Ft. Worth, Texas, USA

QV Investors Inc., Calgary, Alberta

Neuberger Berman, New York, New York, USA

Trez Capital Asset Management, Toronto, Ontario

DRC (Duet) Capital, London, UK

IFM Investors, Toronto, Ontario

Infracapital – Edinburgh, Scotland

MB Global Partners – New York, New York, USA

Cyprium Investment Partners – Cleveland, Ohio, 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 and Health & Welfare Fund Investment Counsel

Ellement Consulting Group, Vancouver, British Columbia

### Health and Welfare Plan Insurers

Canada Life, Winnipeg, Manitoba

Manulife Financial, Toronto, Ontario

Chubb Insurance Canada, Toronto, Ontario

### Health and Welfare Fund Investment Managers

RBC Global Asset Management Ltd., Vancouver, British Columbia

TD Asset Management, Toronto, Ontario

Northleaf Capital Partners, Toronto, Ontario

CBRE Group, Los Angeles, California, USA

### 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 Auditor's 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 in the notes of the 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 counsel**

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.

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## **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, 2024.

### **Pension Trust Fund**

The Pension Trust Fund's experienced another year of strong investment performance. At December 31, 2024, the Pension Fund reported net assets available for benefits of just under \$2.9 billion, an accessible going concern excess of \$1.2 billion and a going concern funded ratio of 181%.

For the year ended December 31, 2024, the Fund earned a rate of return of 13.9% (6.7% for Fiscal 2023) net of investment manager and custodial fees. The Canadian and Global equities markets both had very strong returns of just over 20%. Other asset classes performed well, with the real estate market making a modest recovery. Many of our investments are denominated in US dollars, so our overall rate of return benefited from foreign exchange gains as the US dollar strengthened against the Canadian dollar.

During the year we were pleased to announce, effective January 1, 2024, a 7.5% increase in pension payments and accrued pensions. This increase follows a similar increase in the prior year. This results in a cumulative increase of 22.1% over the last four years. The Board reviews and considers pension adjustments each year. It is our objective to increase pension rates whenever possible, but such increases are subject to regulatory approval and the long-term financial stability of the Plan.

The Trustees annually review, and amend when deemed necessary, the Funding and Benefits Policy and the Statement of Investment Policies and Procedures. No significant amendments were made in 2024.

The current hourly pension contribution rate is \$6.60, as determined by the Collective Bargaining Agreement.

### **Health and Welfare Fund**

The Health and Welfare Fund remains in a strong financial position, despite the continuing increase in benefit costs. At December 31, 2024, net assets available for benefits were \$101.7 million, an increase of \$7.9 million from 2023. After reserves for future Plan benefits, including the hour bank, unallocated net assets were \$77.7 million. Investment results have a significant impact on the Fund's financial results and have fluctuated over the years as market performance varies from year to year. Investment income for 2024 was \$12.9 million, an increase of \$7.3 million over the prior year. This income is an important component in the overall funding of our Plan.

The hourly health and welfare contribution rate for 2024 was \$2.70. A new Collective Bargaining Agreement provides for increases to the contribution rate to \$2.95 in 2026 and \$3.20 in 2028. These new contribution amounts are welcome as it will help the Fund address the ongoing increases experienced in all benefit costs.

The average monthly cost of benefits for active members in 2024 was \$368, up from \$350 in 2023. A contribution rate of \$2.70 per hour, times 130 hours, equates to \$351 per month. This is \$17 per month less than the cost incurred to provide benefits.

The Trustees continue to focus on the long-term sustainability of the Fund and strive to ensure that benefits can be financially supported through investment income, active member contributions and premiums paid by retirees, widows, disabled and pay direct members.

We regularly review the Plan's suite of benefits, and several improvements were made during the year. Dental benefits were increased to align with the 2023 Alberta Fee Guide; Short Term Disability benefit increased from \$500 to \$668 per week; Eye Exams were included in the overall \$450 per year vision care benefit and prescription safety glasses are now covered for retirees at \$400 per 24 months.

### **Plan Administration**

We thank the team at McAteer, in Edmonton and Markham, for their continued excellent service to the Boards and our members.

### **Boards of Trustees**

At the Board meetings in May 2025, the Boards accepted the recommendation of the Trustees Nominating Committee and reappointed Godon Clanachan and Ralph Peterson as Independent Trustees for a further two-year term. Mr. Clanachan was appointed as Chair for a further two-year term. No other changes were made to the Boards.

The Board of Trustees of the Pension Trust Fund and Health and Welfare Fund met five times during the year ended December 31, 2024. In addition, the Board of Trustees has an Audit Committee which met twice in 2024.

Submitted on behalf of the Trustees,

Gordon Clanachan, FCA, ICD.D  
Chairman, Board of Trustees  
June 2025

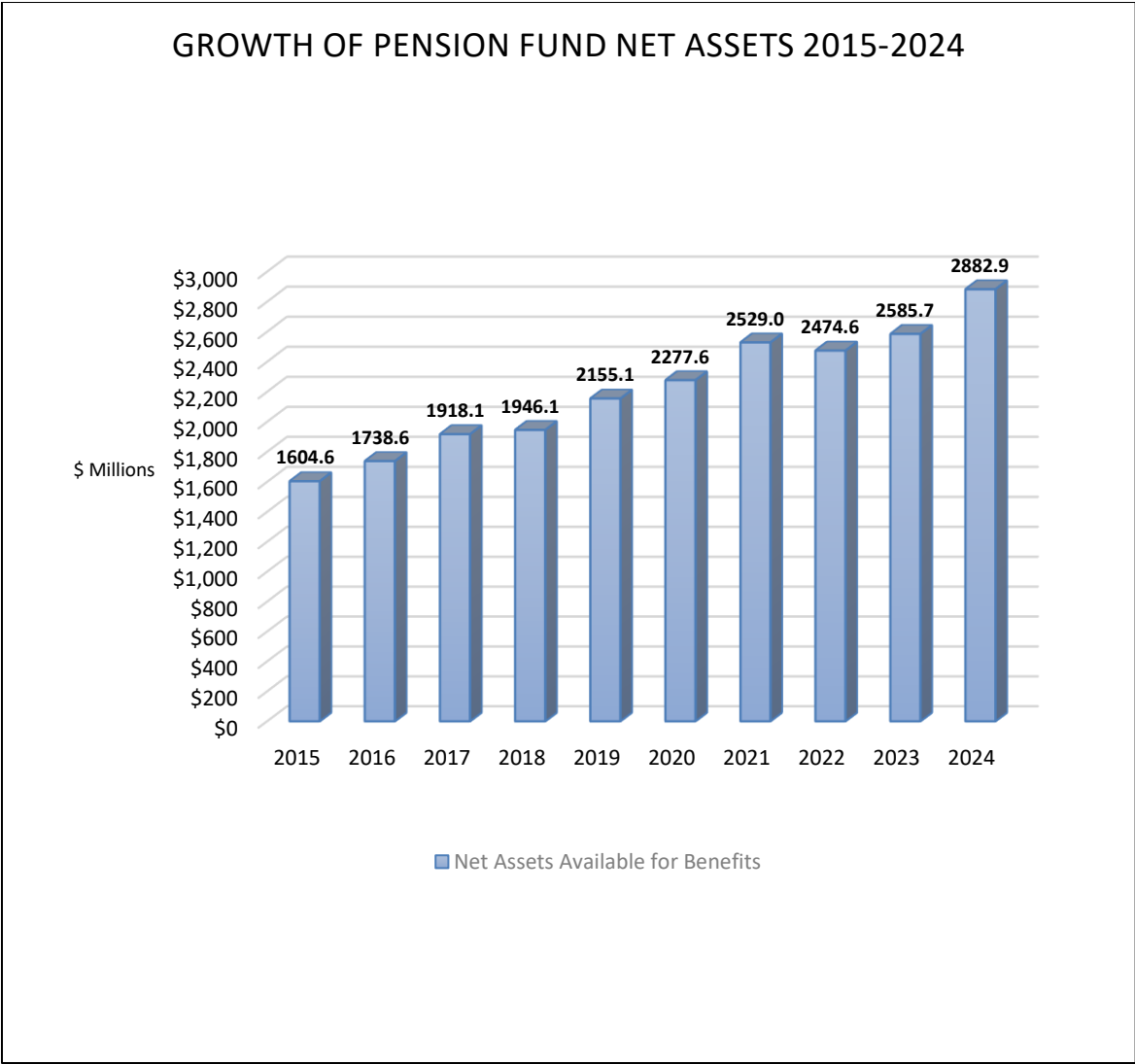
# PENSION FUND HIGHLIGHTS AND COMMENTARY

## Pension Fund Assets

At December 31, 2024, the Pension Fund had almost \$2.9 billion in net assets available for benefits. This is an increase of \$297.1 million compared to the net assets available for benefits at December 31, 2023. Net employer contributions, including reciprocal transfers, in 2024 were \$41.8 million, a decrease of \$1.4 million compared to 2023.

The Pension Fund received contributions in respect of 5.8 million hours earned during 2024. During 2023 the Fund received contributions in respect of 6.05 million hours.

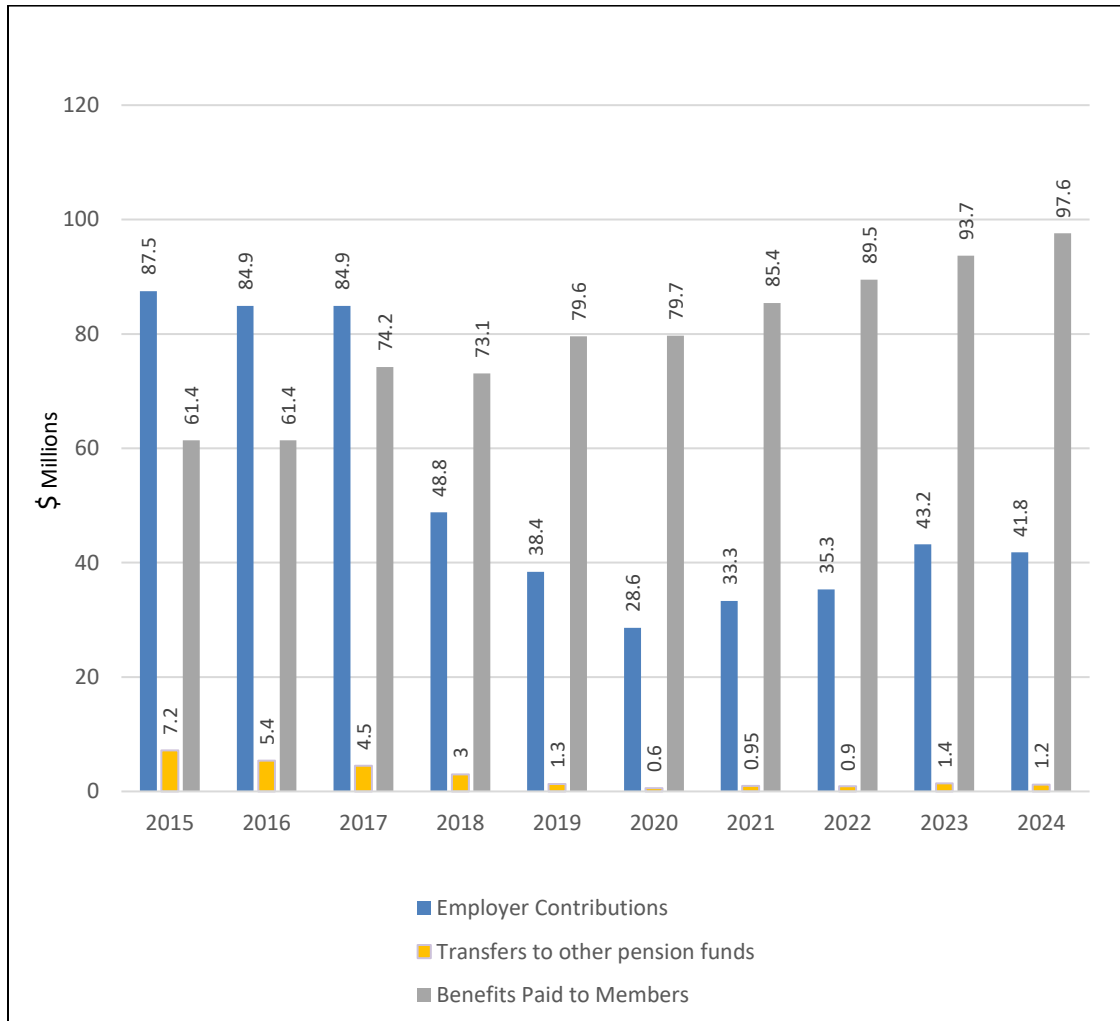
The chart below illustrates the growth in the Pension Fund’s net assets.



## Pension Fund Contributions

For the year ended December 31, 2024, the Pension Fund paid \$97.6 million (\$93.7 million in 2023) in pension, death and termination benefit payments.

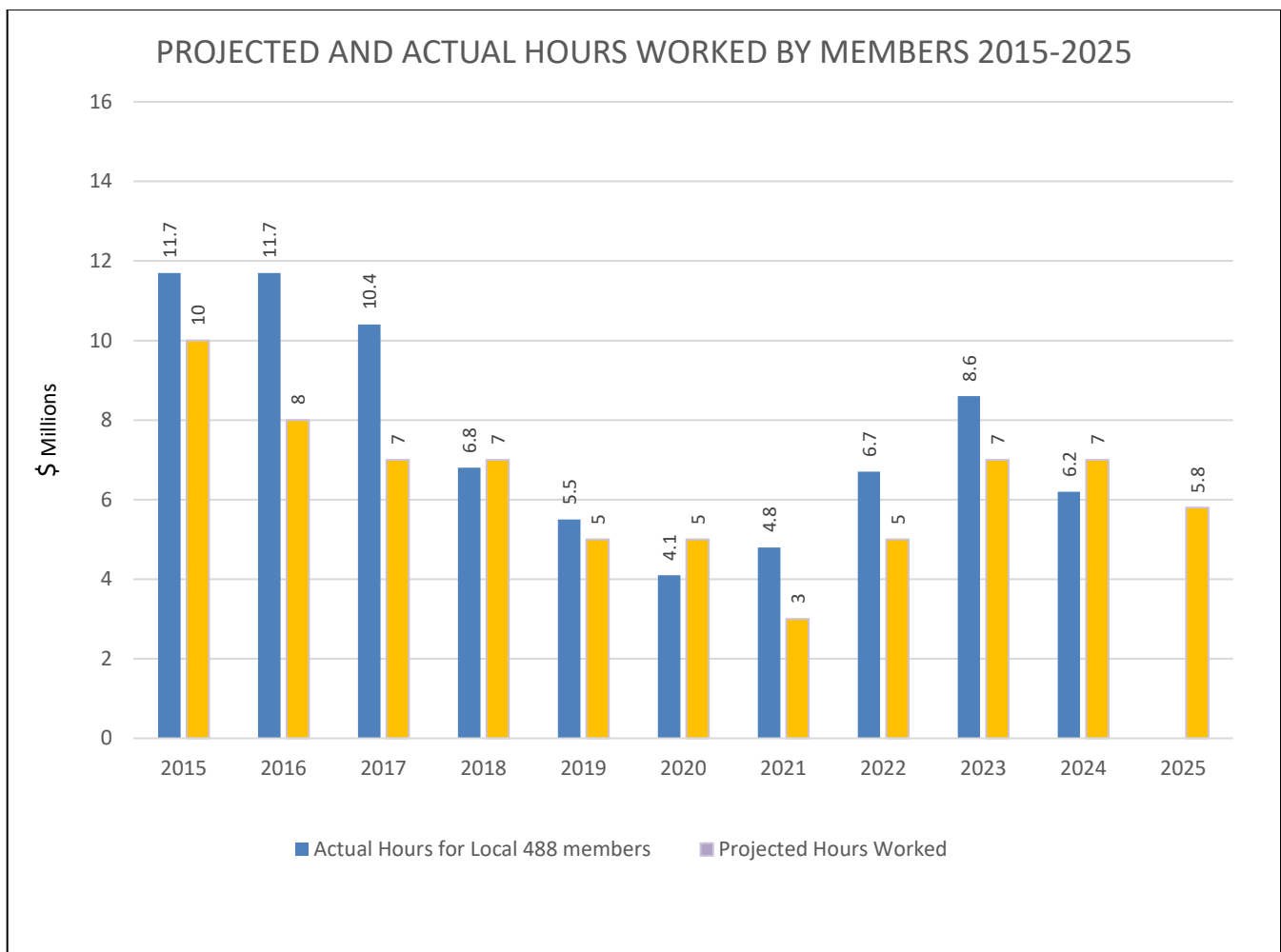
The chart below illustrates, for the period 2015 to 2024, the employer contributions received, reciprocal transfers to other pension funds and the pension benefits paid to plan members.



## Employer Contributions and Hours Reported to the Pension Fund

During the year ended December 31, 2024, the Pension Fund received employer contributions based on 6.42 million hours earned in the Local 488 jurisdiction. The Pension Fund transferred contributions based on 0.19 million hours to other pension funds on behalf of union members who were not members of Local 488. Included in the remaining hours of 6.2 million is 0.4 million hours earned by Retired Members.

For Fiscal 2025, the Pension Plan will use an assumption that 5.8 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.



## Pension Fund Investment Rate of Return

Asset class and the Pension Fund's returns for the year ended December 31, 2024 were:

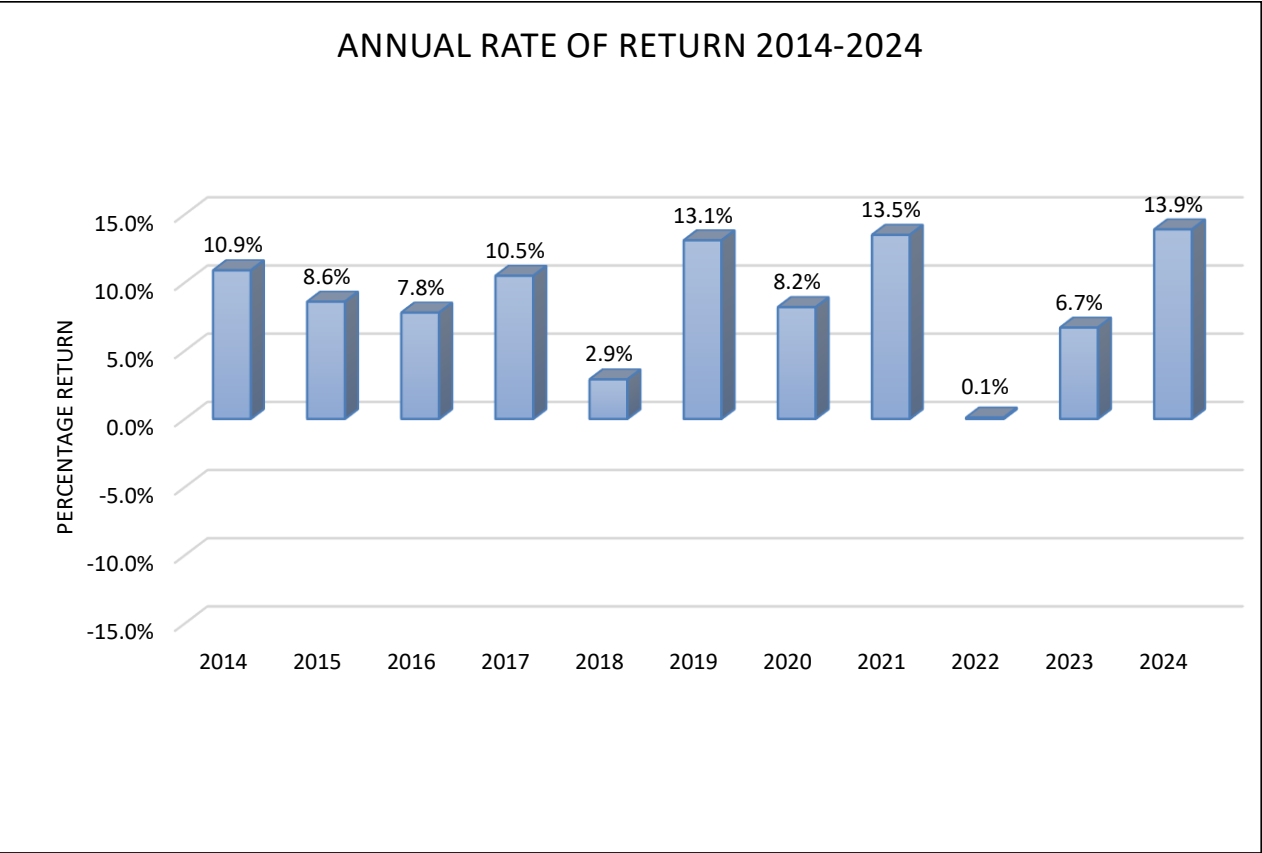
Asset Class	Pension Fund Return for The Year Ended December 31, 2024	Market Return for the Year Ended December 31, 2024
Canadian Equities	20.4%	21.7%
Canadian Long Term Bonds	2.7%	1.3%
Canadian Universe Bonds	4.8%	4.2%
Canadian Treasury Bills	4.9%	4.9%
Global Equities	20.1%	29.4%
Alternative Fixed Income (Private Debt)	14.3%	**
Infrastructure	12.0%	**
Private Equities	15.5%	**
Real Estate	5.2%	**

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

For the year ended December 31, 2024, the Pension Fund earned an overall rate of return of 13.9%, net of investment manager and custodial fees. In Fiscal 2023 the Pension Fund had a rate of return of 6.7%. The Pension Plan's assumed investment return from the 2024 actuarial valuation was 6.9%. The chart on the following page shows the annual rates of return of the Pension Fund from 2014 to 2024 inclusive.

The Pension Fund's assumed investment return of 6.9% 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 is the average rate that the Pension Fund's investments are expected to earn in the long term. The Trustees anticipate that, over short periods of time, the Fund's actual investment returns will be higher or lower than our 6.9% average return expectation. This assumption is reviewed annually.

Pension Fund Investment Rate of Return (Cont'd)



Pension Fund Investments

For the year ended December 31, 2024 the Pension Fund’s investments returned 13.9% after fees (14.8% before investment manager and custodial fees). The average pension fund, invested in a balanced portfolio, measured by our independent performance measurement service returned 14.5% before fees for the year ended December 31, 2024. The Pension Fund’s four year average return of 8.6% ranks in the second quartile (26th percentile).

## 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, 2024 (based on market values)
	Minimum	Normal	Maximum	
Cash and Cash Equivalents	0%	0%	4%	0.4%
Canadian Fixed Income (Bonds)	10%	17%	25%	11.2%
Publicly Traded Equities (Canadian)	10%	15%	25%	18.5%
Publicly Traded Equities (Foreign)	10%	19%	30%	22.6%
Private Equities	5%	12%	18%	10.7%
Real Estate	5%	10%	15%	9.0%
Infrastructure	5%	10%	15%	11.4%
Alternative Fixed Income	10%	17%	25%	16.2%

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 given 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)

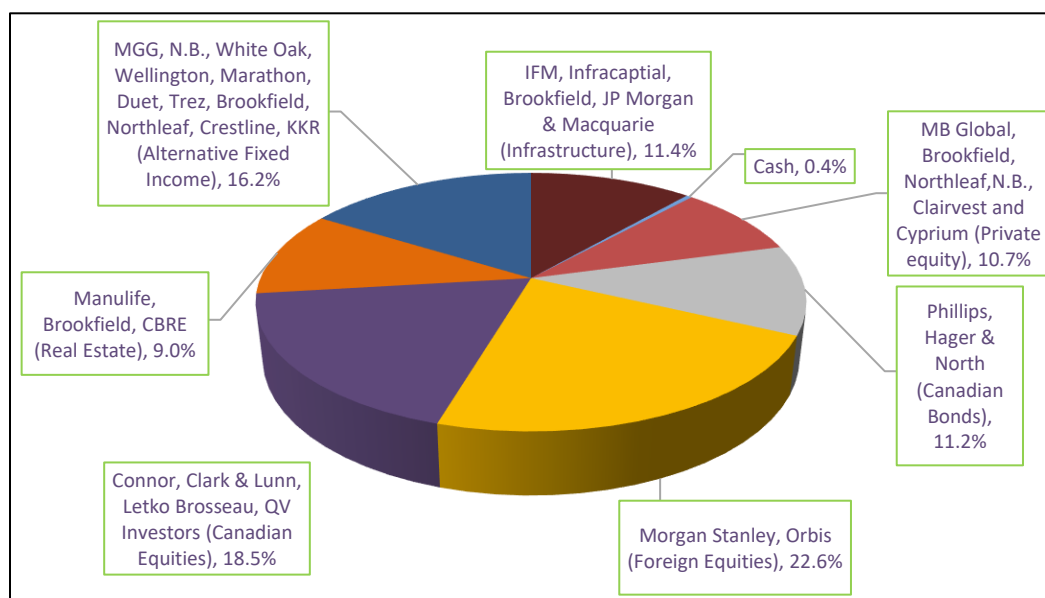
By investing in a variety of different asset classes, the Pension Fund is able to diversify its assets across a broader range of return expectations and investment risk. This is expected to produce a more stable risk and return profile which more closely matches the investment needs of a pension plan. It also allows the Pension Plan 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 quarter.

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 Fund's assets are allocated amongst 26 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, 2024, 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](http://www.epibenefitplans.com)

## ACTUARIAL VALUATION

Membership Data	2017	2018	2019	2020	2021	2022	2023	2024
Number of active members	7606	7345	6487	5339	4781	4559	4578	4473
Average age of active members (in years)	41.1	41.8	41.9	42.5	42.8	43.3	43.4	43.6
Average hours worked	1549	1110	1124	1043	1143	1704	2086	1526
Number of pensioners (including disabled)	3431	3610	3820	3971	4115	4207	4295	4435
Average age of pensioners (in years)	70.3	70.8	70.8	71.1	71.3	71.5	71.9	72.2

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:

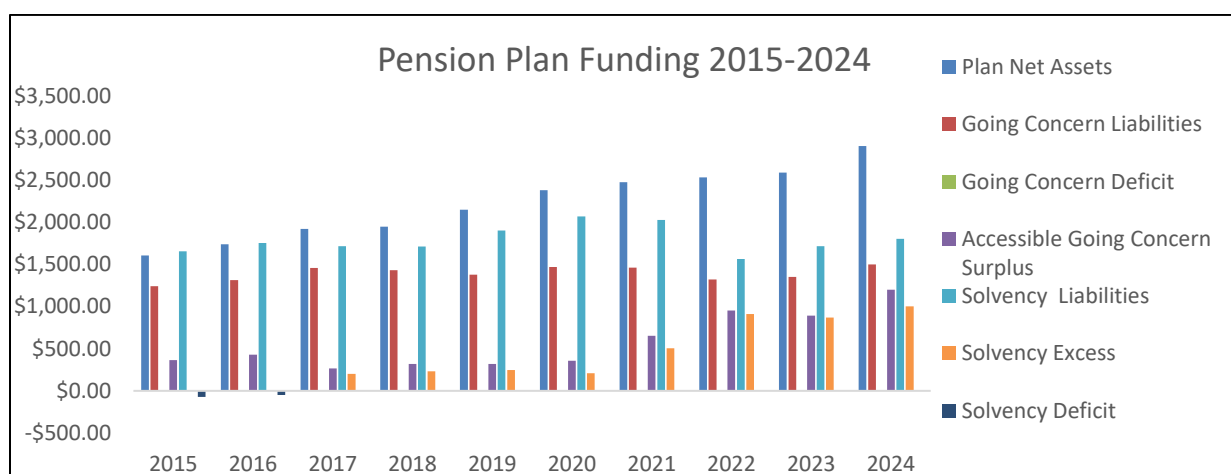
The rate of return that the Pension Fund's investments will earn. This assumption attempts to predict the future growth of the Pension Fund's assets.

For the 2024 actuarial valuation, the assumed rate of return on Pension Fund investments is 6.9%. This is the average rate that the Pension Fund's investments are assumed to earn in the long-term. The Trustees anticipate that, over short periods of time, the Fund's actual investment returns will be higher or lower than our 6.9% average return expectation.

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 earned.

The more hours earned 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, 2024, Local 488 members earned a total of 5.8 million hours, compared to the forecast of 6.5 million hours. For Fiscal 2025 the Plan's assumption is that Local 488 members will earn 5.8 million hours. The assumption regarding hours earned is closely monitored at each Trustees' meeting.

The Pension Plan's funding status from 2015 to 2024 is shown in the illustration below:



## ACTUARIAL VALUATION (Cont'd)

The Pension Plan's going concern funded ratio, after PfAD, increased to 181% at December 31, 2024 compared to 166% at December 31, 2023. The Pension Plan had an accessible going concern excess of \$1.208 billion at December 31, 2024 compared to \$890.2 million at December 31, 2023.

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 2024 will be 6.9% once the funding valuation for the year ended December 31, 2024 is filed. Until such time, the interest rate used for termination benefit calculations is 7.0%, consistent with the last filed funding valuation at December 31, 2023.

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, 2024 the value of the defined contribution benefit for retired Members is \$20.1 million.

**The Edmonton Pipe Industry  
Pension Trust Fund  
Financial Statements  
For the year ended December 31, 2024**

**The Edmonton Pipe Industry Pension Trust Fund**  
**Financial Statements**  
**For the year ended December 31, 2024**

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## Independent Auditor's Report

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

#### Qualified Opinion

We have audited the financial statements of The Edmonton Pipe Industry Pension Trust Fund (the "Fund" or "pension plan"), which comprise the statement of financial position as at December 31, 2024, and 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.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2024, and the changes in its net assets available for benefits for the year then ended in accordance with Canadian accounting standards for pension plans.

#### Basis for Qualified Opinion

As agreed to by the Trustees of the Fund and in common with many pension plan audits, the scope of our audit was limited to the records of the Fund and therefore, did not extend to an examination of the payroll records of the contributing employers. Accordingly, our verification of contribution revenue was limited to the amounts recorded in the records of the Fund and we were not able to determine whether any adjustments might be necessary to contribution revenue and increase in net assets for the years ended December 31, 2024 and 2023, assets as at December 31, 2024 and 2023 and net assets available for benefits as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund 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 qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

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## Independent Auditor's Report (Continued)

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### Auditor's 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 auditor's 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 these 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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Fund 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.

We 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
June 3, 2025

## The Edmonton Pipe Industry Pension Trust Fund Statement of Financial Position

December 31	2024	2023
<b>Assets</b>		
Investments (Note 2)	\$ 2,830,643,262	\$ 2,536,209,189
Cash	51,422,707	47,324,079
Contributions receivable	2,744,229	3,965,530
Accounts receivable	191,412	211,882
Prepaid expenses and deposits	31,707	30,890
	2,885,033,317	2,587,741,570
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 3)	2,136,816	1,893,836
Due to The Edmonton Pipe Industry Health and Welfare Fund (Note 4)	34,949	88,529
	2,171,765	1,982,365
<b>Net assets available for benefits</b> (Note 5)	\$ 2,882,861,552	\$2,585,759,205

On behalf of the Board:

\_\_\_\_\_ Trustee

\_\_\_\_\_ Trustee

## The Edmonton Pipe Industry Pension Trust Fund

### Statement of Changes in Net Assets Available for Benefits

For the year ended December 31	2024	2023
<b>Increase in assets</b>		
Employer contributions	\$ 34,327,549	\$ 37,099,518
Reciprocal transfers, net	7,546,845	6,123,380
	<b>41,874,394</b>	43,222,898
Investment income (Note 6)	377,371,216	193,134,451
	<b>419,245,610</b>	236,357,349
<b>Decrease in assets</b>		
Benefit costs		
Pension payments	87,647,538	80,468,908
Termination and other lump sum payments	8,973,913	10,509,061
Lump sum death benefits	972,568	2,692,310
Total benefit payments	<b>97,594,019</b>	93,670,279
Fund and plan management expenses		
Administrative expenses (Note 7)	1,807,764	1,785,501
Investment services and custodial fees	22,818,924	29,905,372
GST/HST recovery	(77,444)	(99,278)
Total expenses	<b>24,549,244</b>	31,591,595
	<b>122,143,263</b>	125,261,874
<b>Increase in net assets</b>	<b>297,102,347</b>	111,095,475
<b>Net assets available for benefits, beginning of year</b>	<b>2,585,759,205</b>	2,474,663,730
<b>Net assets available for benefits, end of year</b>	<b>\$ 2,882,861,552</b>	\$ 2,585,759,205

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# The Edmonton Pipe Industry Pension Trust Fund

## Notes to Financial Statements

December 31, 2024

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### 1. Significant Accounting Policies

#### Purpose of the Pension Plan

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 plan itself was established pursuant to a collective agreement between the Union and the Party Employers dated May 1, 1965 (the "Collective Agreement"). A new Collective Agreement was signed in 2025 and is effective until April 30, 2029.

#### Basis of Presentation

These financial statements are prepared using Canadian accounting standards for pension plans. For accounting policies that do not relate to the Fund's investment portfolio, the Fund has elected to apply Canadian accounting standards for private enterprises.

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Fund as a separate financial reporting entity independent of the participating employers and pension plan members. They are prepared to assist pension plan members and others in reviewing the activities of the Fund for the fiscal period but they do not portray the funding requirements of the pension plan or the benefit security of individual pension plan members.

The pension plan is a target defined benefit plan that specifies the expected benefits to be paid to members upon pension eligibility. Contributions are limited to amounts in the collective agreement and employers are not required to fund actuarially determined funding deficiencies that may occur from time to time. Rather, such actuarially determined funding deficiencies are addressed by options such as negotiating changes to the contribution levels specified in the collective agreement, making changes to the Fund's investment strategies and/or by making adjustments to benefits paid by the Fund.

#### Contributions

Contributions are recognized on an accrual basis in the accounts on the basis of hours worked as reported by contributing employers at rates set in the applicable collective agreements.

#### Pension Benefits

Pension payments are shown as expenditures in the year of payment. Information is presented in Note 5 with respect to the pension obligation and funding valuation.

#### Investments and Investment Income

All investments are reported at fair value.

#### Cash and Short-term Investments

Cash is reported at the fair value of the reporting currency, which is Canadian dollars.

Short-term investments represent highly liquid, low-risk debt investments. Due to their short-term nature, the fair value of these investments approximates cost plus accrued interest or amortized discount/premium.

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# The Edmonton Pipe Industry Pension Trust Fund

## Notes to Financial Statements

December 31, 2024

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### 1. Significant Accounting Policies (Continued)

#### **Investments and Investment Income** (continued)

##### *Cash and Short-term Investments* (continued)

Interest income is recognized on a time proportionate basis, using the effective interest method. This method ensures that interest income is recognized in accordance with the passage of time and the applicable interest rate, reflecting the economic benefits earned during the reporting period.

##### *Publicly Traded Equities*

Publicly traded equities are stated at fair value which is based on the closing quoted market prices on active exchanges.

Dividend income is recognized when the right to receive payment is established, based on the ex-dividend date.

The realized gain or losses on sale of investments sold during the year are determined by the excess of proceeds over average cost of investments sold and, accordingly, includes the applicable share of the excess fair value over cost of investments at the beginning of the year.

The current period change in fair value of investments represents the unrealized appreciation or depreciation of the fair value of investments held at year end less the related unrealized appreciation or depreciation at the previous year end.

##### *Pooled Funds*

Pooled funds are managed investments that pool assets in a diversified portfolio. The Fund holds pooled fund investments in bonds, publicly traded equities and real estate.

Pooled funds are valued at the unit net asset values supplied by the pooled fund administrator, which represents the Fund's proportionate share of underlying net assets. The unit net asset value is determined based on the fair value of the underlying assets and liabilities of the pooled fund.

The Fund's fair value holding in pooled funds is calculated as the unit net asset value of the pooled fund, multiplied by the number of units held by the Fund.

Investment income is the increase or decrease in the fair value of the pooled funds reflective of the fair value of the underlying investments held by the pooled funds. Dividends and interest are reinvested within the pooled funds. Distributions from pooled funds are recorded when declared by the pooled fund managers.

The realized gains or losses on sale of pooled funds sold during the year are determined by the excess of proceeds over average cost of investments sold and, accordingly, includes the applicable share of the excess of fair value over cost of investments at the beginning of the year.

The current period change in fair value of pooled funds represents the unrealized appreciation or depreciation of the fair value of investments held at year end less the related unrealized appreciation or depreciation at the previous year end.

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# The Edmonton Pipe Industry Pension Trust Fund

## Notes to Financial Statements

December 31, 2024

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### 1. Significant Accounting Policies (Continued)

#### **Investments and Investment Income** (continued)

##### *Limited Partnerships*

The Fund holds units in limited partnerships, that in turn, hold alternative fixed income, infrastructure, private equity and real estate investments that are not traded in an active market.

The fair values of the Fund's investments in limited partnerships are based on its proportionate share of the limited partnerships' net assets or equity as reported in its audited financial statements.

The fair value of the underlying limited partnership investments is determined using valuation techniques as described in the limited partnership's audited financial statements.

Investment income related to the Fund's holdings in the limited partnerships includes the change in fair value of investments which represents the unrealized appreciation or depreciation of the fair value of investments held at year end less the related unrealized appreciation or depreciation at the previous year end.

Investment income is also earned within the limited partnership. To the extent that the Fund receives distributions from the limited partnership, they are based on the Fund's proportionate share of the limited partnership and are recorded when declared by the limited partnership investment managers.

The realized gains or losses on sale of limited partnership investments sold during the year are determined by the excess of proceeds over average cost of investments sold and, accordingly, includes the applicable share of the excess of fair value over cost of investments at the beginning of the year.

#### **Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, investments are reported at fair value and all other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

#### **Foreign Currency**

Foreign currency accounts are translated to Canadian dollars as follows:

At the transaction date, each asset, liability, revenue or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in income in the current period.

#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates as additional information becomes available in the future.

#### **Income Tax Status**

The pension plan is registered pursuant to the Alberta Employment Pension Plans Act and the Income Tax Act (Canada), and is not subject to income taxes.

# The Edmonton Pipe Industry Pension Trust Fund

## Notes to Financial Statements

**December 31, 2024**

### 2. Investments

(a) Investments by Manager

	2024	2023
Direct investments		
Letko, Brosseau & Associates	\$ 72,786,596	\$ 62,563,677
Cash and cash equivalents	12,707,828	22,103,906
	<b>85,494,424</b>	<b>84,667,583</b>
Pooled funds		
Morgan Stanley Investment Management Limited		
- foreign equities	419,006,488	351,947,703
RBC Global Asset Management Inc. (PH&N Institutional)		
- Canadian bonds	318,109,169	308,251,452
Connor, Clark & Lunn Investment Management Ltd.		
- Canadian equities	251,384,698	202,736,208
Orbis Institutional Global Equity LP		
- foreign equities	218,586,098	178,465,432
QV Investors Inc.		
- Canadian equities	198,439,298	169,275,689
	<b>1,405,525,751</b>	<b>1,210,676,484</b>
Alternative fixed income		
Northleaf Capital Partners (Canada) Ltd.	115,376,846	110,106,181
Neuberger Berman Investment Advisors LLC	97,066,755	90,275,385
White Oak Global Advisors LLC	87,193,031	79,292,889
MGG Investment Group LP	66,563,137	55,713,381
Trez Capital Fund Management LP (TCYT)	40,940,409	50,723,201
DRC Savills Investment Management LLP	16,484,864	16,138,833
Crestline Investors Inc.	15,123,492	-
Brookfield Asset Management Inc.	10,412,547	15,549,577
KKR & Co. Inc.	10,040,201	-
Trez Capital Finance Fund Limited Partnerships	304,285	2,025,581
Wellington Financial LP	120,445	120,445
	<b>459,626,012</b>	<b>419,945,473</b>
Infrastructure		
Macquarie Infrastructure Partners Inc.	127,327,657	130,780,129
Brookfield Asset Management Inc.	91,805,612	86,215,388
IFM Global Infrastructure (Canada) B, L.P.	55,125,115	50,879,469
JP Morgan Asset Management Inc.	48,399,017	44,423,427
Infracapital Partners (NT) II LP	1,261,603	10,630,985
	<b>323,919,004</b>	<b>322,929,398</b>

# The Edmonton Pipe Industry Pension Trust Fund

## Notes to Financial Statements

**December 31, 2024**

### 2. Investments (Continued)

#### (a) Investments by Manager (continued)

	2024	2023
Private equities		
Northleaf Capital Partners GP Ltd.	95,269,280	72,920,643
Brookfield Asset Management Inc.	63,772,272	47,302,261
Cyprium Investment Partners LLC	50,705,608	45,089,947
Clairvest Equity Partners Limited Partnerships	33,149,404	38,729,547
Neuberger Berman Investment Advisors LLC	36,570,905	27,003,666
MB Global Partners	22,509,391	17,926,921
	<b>301,976,860</b>	248,972,985
Real estate		
Brookfield Asset Management Inc.	147,730,036	145,418,543
CBRE Investment Management Fund S.à.r.l.	44,995,768	43,695,936
Manulife Financial	61,375,407	59,902,787
	<b>254,101,211</b>	249,017,266
	<b>\$ 2,830,643,262</b>	\$ 2,536,209,189

#### (b) Statement of Investment Policies and Procedures

	Fund Policy Range %	Target Allocation %	2024 %	2023 %
Canadian equities	10 - 25	15.0	18.5	17.1
Foreign equities	10 - 30	19.0	22.6	20.9
Private equities	5 - 18	12.0	10.7	9.8
Short term	0 - 4	-	0.4	0.9
Canadian bonds	10 - 25	17.0	11.2	12.2
Alternative fixed income	10 - 25	17.0	16.2	16.6
Real estate	5 - 15	10.0	9.0	9.8
Infrastructure	5 - 15	10.0	11.4	12.7
		100.0	100.0	100.0

The actual asset allocation may differ from the target allocation due to commitments made and not yet called by the applicable investment manager.

## The Edmonton Pipe Industry Pension Trust Fund Notes to Financial Statements

**December 31, 2024**

### 2. Investments (Continued)

#### (c) Commitments

The Fund has the following aggregate commitments for alternative fixed income, infrastructure, private equity and real estate investments as at December 31, 2024:

	Aggregate Commitments	Capital Calls to Dec. 31, 2024	Balance Outstanding
Foreign			
USD	\$ 1,095,000,000	\$ 804,478,832	\$ 290,521,168
GBP	£ 45,500,000	£ 35,002,684	£ 10,497,316
EUR	€ 26,000,000	€ 25,869,940	€ 130,060
Canadian			
CAD	\$ 36,100,000	\$ 31,522,576	\$ 4,577,424

### 3. Accounts Payable and Accrued Liabilities

The 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. Included in accounts payable and accrued liabilities are \$84,322 (2023 - \$128,655) due to other pension funds with respect to reciprocal transfers.

### 4. Due to The Edmonton Pipe Industry Health and Welfare Fund

The amount due to The Edmonton Pipe Industry Health and Welfare Fund (the "Welfare Fund") represents expenditures paid by the Welfare Fund on behalf of the Fund, net of cash transfers. The Funds are related through common board membership.

### 5. Pension Obligation

#### (a) Changes in Pension Obligation

The major assumptions used for financial statement reporting purposes to determine the pension obligation of the Pension Plan, as approved by the Fund's Trustees, are as follows:

	2024	2023
Discount rate, beginning of year	7.03%	6.73%
Discount rate, end of year	6.88%	7.03%
Investment return, actual <sup>1</sup>	13.87%	6.67%
Provision for adverse deviation, beginning of the year	28.15%	17.65%
Provision for adverse deviation, end of the year	15.00%	28.15%
Hours worked - assumption	6,200,000	6,500,000
Hours worked - actual	6,229,687	8,676,207

<sup>1</sup> Investment return represents investment and other income and change in fair value net of investment manager and custodian fees and carried interest.

## The Edmonton Pipe Industry Pension Trust Fund Notes to Financial Statements

**December 31, 2024**

### 5. Pension Obligation (Continued)

#### (a) Changes in Pension Obligation (continued)

The Pension Plan's change in pension obligation is as follows:

	2024 (000s)		2023 (000s)
Pension obligation before provision for adverse deviation, beginning of year	\$ 1,352,339	\$	1,321,665
Benefit improvement, effective January 1st	87,893		53,168
Valuation adjustments	-		74
	<b>1,440,232</b>		1,374,907
Benefits accumulated	22,179		26,610
Pension credits and reciprocal transfers in	876		308
Reciprocal transfers out	-		(9)
Benefits paid	(97,594)		(93,670)
Interest	98,628		90,285
Impact of assumption changes - end of year	25,324		(48,120)
Net experience losses - end of year	156		2,028
Pension obligation before provision for adverse deviation	<b>1,489,801</b>		1,352,339
Provision for adverse deviation	<b>185,668</b>		343,422
Pension obligation, end of year	<b>\$ 1,675,469</b>	\$	1,695,761

# The Edmonton Pipe Industry Pension Trust Fund

## Notes to Financial Statements

**December 31, 2024**

### 5. Pension Obligation (Continued)

#### (b) Funding Valuation

An actuarial valuation of the pension obligation of the Pension Plan was carried out by Mercer, the Pension Plan's actuaries, at December 31, 2024 to determine funding requirements for the Pension Plan.

The Pension Plan's actuaries updated the actuarial valuation of the pension obligation of the Pension Plan based on membership data at December 31, 2024 as provided by the Pension Plan. The Pension Plan's actuaries applied tests for internal consistency, as well as for consistency with the data used for the December 31, 2024 actuarial valuation for funding purposes, and this updated information was used to calculate the Pension Plan's pension obligation in Note 5(a).

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

	<b>2024</b>		<b>2023</b>
	<b>(000s)</b>		<b>(000s)</b>
Net assets available for benefits	<b>\$ 2,883,862</b>	<b>\$</b>	<b>2,586,000</b>
Actuarial present value of accrued benefits, excluding a provision for adverse deviation for			
Active members	<b>405,139</b>		368,004
Pensioners and survivors	<b>888,729</b>		804,406
Disabled pensioners	<b>39,155</b>		38,111
Deferred pensioners	<b>136,731</b>		122,609
Defined contribution balances for active retired members	<b>20,047</b>		19,209
	<b>1,489,801</b>		1,352,339
Funding excess as determined on a going concern basis	<b>1,394,061</b>		1,233,661
Net provision for adverse deviation ("PfAD")	<b>(185,668)</b>		(343,422)
Accessible going concern excess	<b>\$ 1,208,393</b>	<b>\$</b>	<b>890,239</b>
Funded ratio (prior to PfAD)	<b>194%</b>		180%
Funded ratio (after PfAD)	<b>181%</b>		166%

The next actuarial valuation of the Pension Plan must be carried out no later than December 31, 2027.

## The Edmonton Pipe Industry Pension Trust Fund Notes to Financial Statements

**December 31, 2024**

### 6. Investment Income

	2024	2023
Interest and other	\$ 59,310,011	\$37,264,999
Dividends	24,380,385	25,575,164
Gain on sale of investments	86,878,106	116,600,625
Unrealized fair value adjustments	206,802,714	13,693,663
	<u>\$ 377,371,216</u>	<u>\$ 193,134,451</u>

Unrealized fair value adjustments and realized gain on sale of investments includes foreign exchange gains/losses in the year.

### 7. Administrative Expenses

Common expenses are allocated 60% to the Pension Fund and 40% to the Health and Welfare Fund.

	2024	2023
Direct expenses		
Administration and services provider fees	\$ 797,298	\$804,243
Actuarial and consulting fees	254,904	212,331
Investment consulting fees	211,785	194,901
Audit	89,716	76,448
Independent trustees' fees	89,959	87,035
Legal	68,040	94,657
Fiduciary insurance	29,794	29,468
Registration	35,462	27,668
Other expenses	7,593	22,830
	<u>1,584,551</u>	<u>1,549,581</u>
Common expenses shared with the Welfare Fund		
Rent	127,932	127,932
Office expenses	146,927	138,964
Postage	49,057	53,189
Annual report to members	15,254	27,137
Travel, conferences and meeting expenses	27,393	37,896
Other shared expenses	5,035	7,627
Insurance	423	455
	<u>372,021</u>	<u>393,200</u>
Less: Welfare Fund share	<u>(148,808)</u>	<u>(157,280)</u>
	<u>223,213</u>	<u>235,920</u>
Total	<u>\$ 1,807,764</u>	<u>\$ 1,785,501</u>

The Fund has engaged McAteer - Employee Benefit Plan Services Limited to provide administration services to the Fund.

# The Edmonton Pipe Industry Pension Trust Fund

## Notes to Financial Statements

December 31, 2024

### 8. Financial Instrument Risks

The Fund may be exposed to a variety of direct and indirect financial risks including credit risk, liquidity risk and market risk (including currency risk, interest rate risk and other price risk) as a result of its investment activities. These risks have not changed from the prior year.

#### Credit Risk

*Credit risk* is the risk that the counterparty to a financial instrument will fail to discharge an obligation that is entered into with the Fund. The risk of default on transactions in listed securities is considered minimal, as the trade will fail if either party to the transaction does not meet its obligation. The Fund also has credit risk to the extent that contributions receivable are not collectible. The Fund manages this risk by closely monitoring delinquent contributors and ensuring late contributions and deviations are pursued.

While the Fund may be exposed to credit risk with respect to bonds, it manages this risk by diversifying fixed income investments by issuer, market and debt ratings as specified in the Fund's Statement of Investment Policies and Procedures. As at December 31, the Fund's fixed income investments (excluding alternative fixed income investments) by credit rating are as follows:

	2024		2023	
	Fixed Income Investments	% of Total	Fixed Income Investments	% of Total
Cash and short term	\$ 24,173,574	8	\$ 14,461,206	5
AAA	42,547,705	13	37,100,321	12
AA	74,114,227	24	115,829,776	37
A	68,312,368	21	58,102,153	19
BBB	44,458,868	14	51,257,866	17
< BB	17,103,706	5	14,648,391	5
Mortgages and other	47,398,721	15	16,851,739	5
	<b>\$ 318,109,169</b>	<b>100</b>	<b>\$ 308,251,452</b>	<b>100</b>

#### Liquidity Risk

The Fund is also exposed to *liquidity risk* in the event that investments must be sold quickly. The Fund's assets are invested significantly in securities that are traded in an active market and can be readily disposed of as liquidity needs arise, assuming orderly markets.

The Fund's investments in infrastructure, real estate, private equity and alternative fixed income may be exposed to higher degree of liquidity risk.

# The Edmonton Pipe Industry Pension Trust Fund

## Notes to Financial Statements

December 31, 2024

### 8. Financial Instrument Risks (Continued)

#### Market Risk

*Interest rate risk* arises from the possibility that changes in interest rates will affect the fair value of financial instruments. It arises when the Fund invests in interest-sensitive investments such as bonds and other fixed income investments that will fluctuate due to changes in prevailing levels of market interest rates. The Fund mitigates this risk by investing in interest-bearing investments with varying maturity dates in accordance with its Statement of Investment Policies and Procedures. As at December 31, the terms to maturity of interest-bearing investments (excluding alternative fixed income investments) is as follows:

December 31, 2024 (millions)	Less than 1 year	1 - 5 years	5 - 10 years	> 10 years	Total
Fixed income	\$ 31	\$ 41	\$ 57	\$ 189	\$ 318
December 31, 2023 (millions)	Less than 1 year	1 - 5 years	5 - 10 years	> 10 years	Total
Fixed income	\$ 26	\$ 41	\$ 60	\$ 181	\$ 308

As at December 31, 2024, had prevailing interest rates decreased or increased by 1%, with all other variables held constant, net assets available for benefits would have increased or decreased by approximately \$42,500,000 (2023 - \$41,400,000). The Fund's sensitivity to interest rate risk was estimated using the weighted average duration of the fixed income investments. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

*Currency risk* is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies. The Fund's allocation of holdings in foreign currency investments are summarized in Note 2. The Fund may partially mitigate this risk by the use of foreign exchange forward contracts. As at December 31, 2024, the Fund had not entered into any foreign exchange contracts.

As at December 31, 2024, had the Canadian dollar appreciated or depreciated by 5% relative to other currencies, with all other variables held constant, net assets available for benefits would have decreased or increased, respectively by approximately \$64,600,000 (2023 - \$57,400,000).

# The Edmonton Pipe Industry Pension Trust Fund

## Notes to Financial Statements

December 31, 2024

### 8. Financial Instrument Risks (Continued)

#### Market Risk (continued)

*Other price risk* is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

The Fund manages market risk by diversifying investments in accordance with the Fund's Statement of Investment Policies and Procedures. As at December 31, 2024, had market prices, including pooled equity and alternative investments, increased or decreased by 10%, the net assets available for benefits of the Fund would have increased or decreased, respectively, by approximately \$249,983,000 (2023 - \$220,585,000).

#### Financial Instruments Fair Value Hierarchy

Disclosure of a three-level hierarchy for fair value measurements based upon transparency of inputs to the valuation of an asset or liability as of the measurement date is required. The three levels are defined as follows:

Level 1:

For securities valued based on unadjusted quoted prices in active markets for identical assets.

Level 2:

For securities valued based on inputs, other than quoted prices in active markets for identical assets.

Level 3:

For securities valued based on inputs that are based on unobservable market data.

The following table represents a summary of investments held by level:

	2024	2023
Level 1 - equity pooled funds and cash	\$ 1,172,468,572	\$ 986,695,284
Level 2 - short-term notes and fixed income	318,551,602	308,648,783
Level 3 - private equity, real estate, infrastructure and alternative fixed income	1,339,623,088	1,240,865,122
	<b>\$ 2,830,643,262</b>	<b>\$ 2,536,209,189</b>

# The Edmonton Pipe Industry Pension Trust Fund

## Notes to Financial Statements

**December 31, 2024**

### 8. Financial Instrument Risks (Continued)

#### **Financial Instruments Fair Value Hierarchy** (continued)

The schedule below presents a reconciliation of Level 3 investments measured at fair value using unobservable inputs during the year. Fair value adjustments include realized and unrealized gains (losses) which are included in investment income.

	2024	2023
Balance, beginning of year	\$ 1,240,865,122	\$ 1,229,529,795
Purchases	116,536,079	153,755,025
Sales	(165,497,174)	(86,549,743)
Fair value adjustments	147,719,061	(55,869,955)
	<b>\$ 1,339,623,088</b>	<b>\$1,240,865,122</b>

There were no transfers between levels during the year.

### 9. Capital Management

The Fund considers its capital to be its net assets available for benefits. The Fund's objective when managing its capital is to accumulate funds to provide retirement benefits to pension plan members, as further described in Notes 5 and 10.

The Fund's ability to meet its objective is affected primarily by the level of retirement benefits provided, contributions negotiated in the applicable collective agreements and by the return on the Fund's investment assets, which are invested in accordance with the Fund's Statement of Investment Policies and Procedures, most recently amended and approved effective December 12, 2024 and within the applicable regulatory limits.

The Statement of Investment Policies and Procedures was established to ensure the Fund's assets are invested in a prudent and effective manner so that they will be sufficient to meet the obligations of the pension plan as they fall due. The trustees monitor investment managers to ensure that they achieve the expected returns relative to benchmark performance and to ensure the investment assets are invested within acceptable risk levels. The primary long-term overall investment objective of the Fund is to achieve a minimum annual rate of return of 7.03% per annum (Note 5(a)), representing the discount rate assumed in the pension plan's actuarial calculation of the pension obligation plus a "value added target" of 1.50%. Actual results related to the Fund's investment portfolio are disclosed in Note 6.

There have been no changes in what the Fund considers to be its capital and there have been no significant changes to the Fund's capital management objectives, policies and processes in the year.

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# The Edmonton Pipe Industry Pension Trust Fund

## Notes to Financial Statements

December 31, 2024

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### 10. Pension Plan Information

#### Description of Pension Plan Benefits

Actual benefits including conditions and limitations thereto are governed by the provisions of the pension plan text and reference should be made to the pension plan text for more detailed information, including details pertaining to the pension formula used to determine a retiring member's monthly benefit.

The following is a brief summary of the key aspects of the pension plan, including pension plan benefits:

The pension plan's registration number with Canada Revenue Agency and Alberta Treasury Board and Finance is 0546028.

#### (a) Eligibility for Membership

The pension plan covers employees of the Party Employers that are bound by the Collective Agreement to contribute to the Fund and other parties as determined by the provisions of the pension plan text.

#### (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. Effective January 1, 2022, for each full 100 covered hours, a member earns a monthly pension benefit of \$5.00 for service on or after January 1, 2022. Effective January 1, 2024, for each full 100 covered hours, a member earns a monthly pension benefit of \$6.60 for service on or after January 1, 2024.

In addition, effective January 1, 2022, the Trustees amended the pension plan to include a 5% increase to pensions in payment and accrued pensions for active members in good standing effective December 31, 2022. Effective January 1, 2023, the Trustees amended the pension plan to include a 5% increase to pensions in payment and accrued pensions for active members in good standing effective December 31, 2023. Effective January 1, 2024, the Trustees amended the pension plan to include a 7.5% increase to pensions in payment and accrued pensions for active members in good standing effective December 31, 2024.

#### (c) Contributions

All members, on whose behalf employers contribute, participate in the pension plan. Contributions to the pension plan are paid pursuant to collective agreements.

#### (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.

##### (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.

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# The Edmonton Pipe Industry Pension Trust Fund

## Notes to Financial Statements

December 31, 2024

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### 10. Pension Plan Information (Continued)

#### (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.

#### (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.

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## The Edmonton Pipe Industry Pension Trust Fund

### Notes to Financial Statements

December 31, 2024

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#### 10. Pension Plan Information (Continued)

(f) Survivor Benefits (continued)

(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.

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

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.

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## 10. Pension Plan Information (Continued)

### (h) Disability

A member who is in receipt of benefits from the long-term disability plan sponsored by the 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.

### (i) Post Retirement Benefits for Retired Members

An amendment to the Fund 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 Fund, for work periods after the retired members' initial retirement date, are held with the general assets of the 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 Fund'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. As at December 31, 2024, the defined contribution investments of \$20,100,000 (2023 - \$19,200,000) are included in the Fund's investments presented in Note 2.

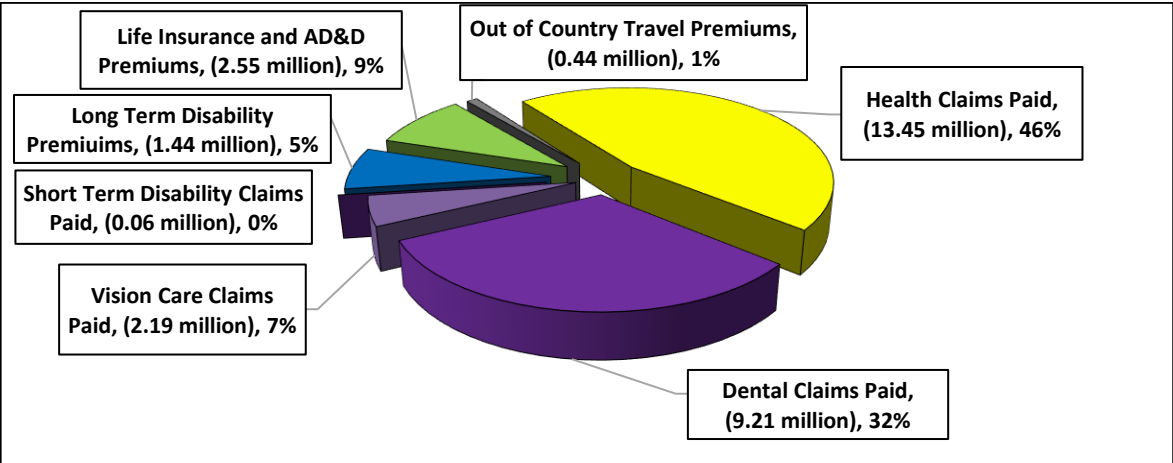
# **THE EDMONTON PIPE INDUSTRY HEALTH AND WELFARE FUND** **HEALTH AND WELFARE FUND HIGHLIGHTS AND COMMENTARY**

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, 2024, on average, the Health and Welfare Plan provided benefits to 4,797 active Members; 1,559 retired Members; 116 disabled Members and 470 widows of Members. The Health and Welfare Plan also provided 67 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, and long term disability benefits, Chubb for the accidental death & dismemberment benefit and out of country emergency travel assistance insured by Manulife. 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 2024 total Health and Welfare Fund benefit payments and premiums were \$29.4 million. The chart below illustrates the Health and Welfare Fund expenses in Fiscal 2024:



## THE EDMONTON PIPE INDUSTRY HEALTH AND WELFARE FUND

### 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.

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](http://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)

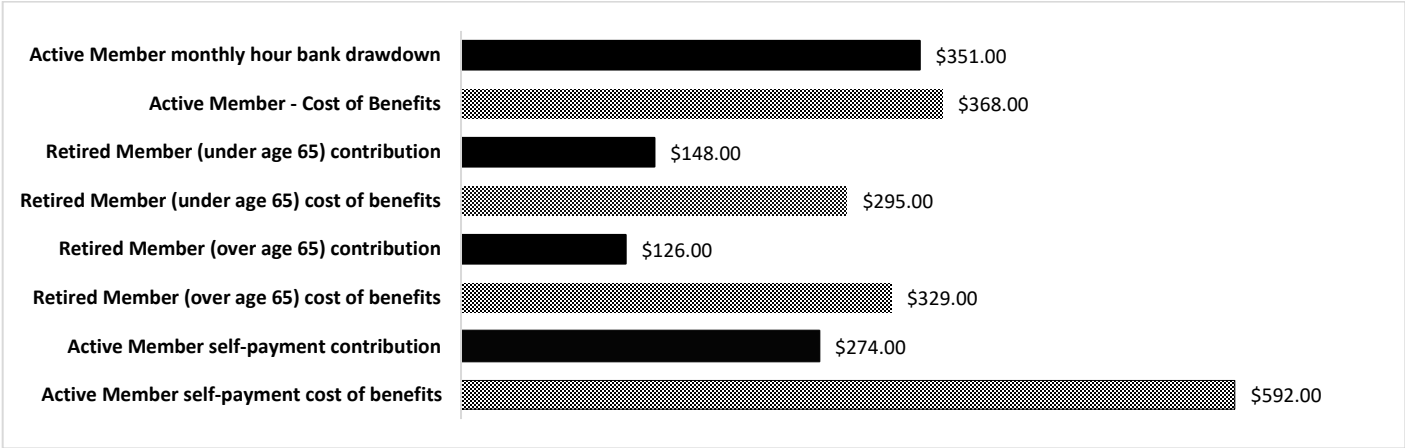
Funding of Welfare Plan Benefits

At December 31, 2024 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 for Active Member hour banks of \$22.9 million and Retirees/Disabled and Widows of \$20.3 million, the Health and Welfare Fund held unallocated net assets available for benefits of \$77.7 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, 2024.



**THE EDMONTON PIPE INDUSTRY HEALTH AND WELFARE FUND**  
**HEALTH AND WELFARE FUND HIGHLIGHTS AND COMMENTARY (Cont'd)**

The chart below shows how the average monthly cost of benefits has changed comparing 2023 to 2024:

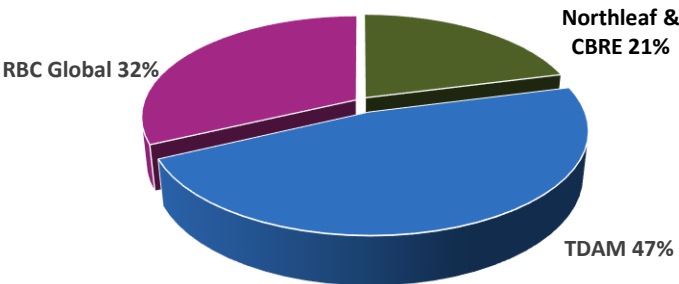
Classification	Fiscal 2023 Average Monthly Cost of Benefits	Fiscal 2024 Average Monthly Cost of Benefits	Change in Cost of Benefits 2023 to 2024
Active Members	\$350.00	\$368.00	5.2%
Retired Members under age 65	\$269.00	\$295.00	9.6%
Retired Members over age 65	\$303.00	\$329.00	8.6%
Active Members using self-payment	\$475.00	\$592.00	24.7%

**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 prudent 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, including realized and unrealized gains on the value of investments, of \$12.9 million in Fiscal 2024 (\$5.6 million in Fiscal 2023). At December 31, 2024, assets managed by TD Asset Management (TDAM) had a market value of \$57.2 million. The assets managed by RBC Global Asset Management had a market value of \$39.1 million. The assets Managed by CBRE Global and Northleaf Capital Partners had a market value of \$24.5 million.

A snapshot of where the Health and Welfare Fund’s assets are invested at December 31, 2024 is as shown in the graph below:



**The Edmonton Pipe Industry  
Health and Welfare Fund  
Financial Statements  
For the year ended December 31, 2024**

**The Edmonton Pipe Industry Health and Welfare Fund**  
**Financial Statements**  
**For the year ended December 31, 2024**

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## Independent Auditor's Report

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

#### Qualified Opinion

We have audited the financial statements of The Edmonton Pipe Industry Health and Welfare Fund (the "Fund"), which comprise the statement of financial position as at December 31, 2024, and 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.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2024, 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 Qualified Opinion

As agreed to by the Trustees of the Fund and in common with many benefit fund audits, the scope of our audit was limited to the records of the Fund and therefore, did not extend to an examination of the payroll records of the contributing employers. Accordingly, our verification of contribution revenue was limited to the amounts recorded in the records of the Fund and we were not able to determine whether any adjustments might be necessary to contribution revenue and increase in net assets for the years ended December 31, 2024 and 2023, assets and liabilities as at December 31, 2024 and 2023 and net assets available for benefits as at January 1 and December 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended December 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund 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 of our qualified audit opinion.

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

Management is responsible for the preparation and fair presentation of these 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.

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## Independent Auditor's Report (Continued)

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In preparing the financial statements, management is responsible for assessing the Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's 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 auditor's 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 these 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 Fund'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 Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

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## Independent Auditor's Report (Continued)

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- 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.

We 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
May 15, 2025

## The Edmonton Pipe Industry Health and Welfare Fund Statement of Financial Position

December 31	2024	2023
<b>Assets</b>		
Cash	\$ 2,919,355	\$ 4,636,656
Investments (Note 2)	120,869,735	108,463,731
Contributions receivable	1,536,913	1,863,570
Accounts receivable	12,774	2,179,795
Prepaid expenses	2,417,021	2,416,745
Due from The Edmonton Pipe Industry Pension Trust Fund (Note 3)	<u>34,949</u>	<u>88,529</u>
	<u>127,790,747</u>	<u>119,649,026</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4)	2,843,133	2,622,216
Self-funded benefits payable	260,512	500,568
Hour Bank (Note 5)	<u>22,961,159</u>	<u>22,706,287</u>
	<u>26,064,804</u>	<u>25,829,071</u>
<b>Net assets available for benefits</b> (Note 6)	<b>\$ 101,725,943</b>	<b>\$ 93,819,955</b>

On behalf of the Board:

\_\_\_\_\_ Trustee

\_\_\_\_\_ Trustee

## The Edmonton Pipe Industry Health and Welfare Fund Statement of Changes in Net Assets Available for Benefits

For the year ended December 31	2024	2023
<b>Increase in assets</b>		
Contributions	\$ 22,859,181	\$ 24,159,241
Reciprocal transfers, net	<u>3,644,994</u>	<u>4,180,720</u>
	<b>26,504,175</b>	28,339,961
Investment and other income (Note 7)	<u>12,935,354</u>	<u>5,559,577</u>
	<b>39,439,529</b>	33,899,538
<b>Decrease in assets</b>		
Benefit costs		
Health, dental, vision and short-term disability claims	24,922,467	22,877,984
Long-term disability premiums	1,444,586	1,917,043
Life insurance premiums	2,330,746	2,693,592
Accidental death and dismemberment premiums	193,716	191,020
Out-of-country insurance premiums	443,413	409,954
Members' optional life insurance premiums	<u>26,128</u>	<u>25,962</u>
	<b>29,361,056</b>	28,115,555
Increase in Hour Bank (Note 5)	254,872	1,871,871
Decrease in self-funded benefits payable	<u>(240,056)</u>	<u>(10,473)</u>
Total benefit costs	<b>29,375,872</b>	29,976,953
Fund management expenses (Note 8)	1,767,346	1,693,617
Investment services and custodial fees	<u>390,323</u>	<u>367,831</u>
Total expenses	<b>2,157,669</b>	2,061,448
	<b>31,533,541</b>	32,038,401
<b>Increase in net assets</b>	<b>7,905,988</b>	1,861,137
<b>Net assets available for benefits, beginning of year</b>	<u><b>93,819,955</b></u>	<u>91,958,818</u>
<b>Net assets available for benefits, end of year</b>	<u><b>\$101,725,943</b></u>	<u>\$93,819,955</u>

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# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

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### 1. Significant Accounting Policies

#### **Purpose of the 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 which has been amended and restated as of August 13, 2007. It provides for the establishment, maintenance, investment and administration of a fund known as The Edmonton Pipe Industry Health and Welfare Fund (the "Fund"), created pursuant to The Edmonton Pipe Industry Health and Welfare Plan (the "Health and Welfare Plan") which includes all restatements and amendments to July 1, 2023. 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"). A new Collective Agreement was signed in 2025 and is effective until April 30, 2029.

The purpose of the Fund is to provide benefits to members of the Health and Welfare Plan upon eligibility as further described in Note 11.

#### **Basis of Presentation**

These financial statements are prepared using Canadian accounting standards for pension plans, which are applicable to all benefit plan financial statements. For accounting policies that do not relate to the Fund's investment portfolio, the Fund has elected to apply Canadian accounting standards for private enterprises.

#### **Contributions**

Contributions are recognized on an accrual basis in the accounts on the basis of hours reported by the employers at rates set in the collective agreements.

#### **Investments and Investment Income**

All investments are reported at fair value.

#### *Cash*

Cash is reported at the fair value of the reporting currency, which is Canadian dollars.

#### *Pooled Funds*

Pooled funds are managed investments that pool assets in a diversified portfolio. The Fund holds pooled fund investments in bonds, mortgages, publicly traded equities and real estate.

Pooled funds are valued at the unit net asset values supplied by the pooled fund administrator, which represents the Fund's proportionate share of underlying net assets. The unit net asset value is determined based on the fair value of the underlying assets and liabilities of the pooled fund.

The Fund's fair value holding in pooled funds is calculated as the unit net asset value of the pooled fund, multiplied by the number of units held by the Fund.

Investment income is the increase or decrease in the fair value of the pooled funds reflective of the fair value of the underlying investments held by the pooled funds. Dividends and interest are reinvested within the pooled funds. Distributions from pooled funds are recorded when declared by the pooled fund managers.

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# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

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### 1. Significant Accounting Policies (Continued)

#### **Investments and Investment Income (continued)**

##### *Pooled Funds (continued)*

The realized gains or losses on sale of pooled funds sold during the year are determined by the excess of proceeds over average cost of investments sold and, accordingly, includes the applicable share of the excess of fair value over cost of investments at the beginning of the year.

The current period change in fair value of pooled funds represents the unrealized appreciation or depreciation of the fair value of investments held at year end less the related unrealized appreciation or depreciation at the previous year end.

##### *Limited Partnerships - Alternative Fixed Income*

The Fund holds units in a limited partnership, that in turn, holds private debt investments which are not publicly traded. The underlying private debt investments include assets such as corporate loans that are generally illiquid and do not have quoted market prices. The fair value of the underlying investments is determined using various methodologies as described in the limited partnership's audited financial statements.

The fair value of the Fund's investment in the limited partnership is based on its proportionate share of the limited partnership's net assets or equity as reported in its audited financial statements.

Investment income related to the Fund's holdings in the limited partnership includes the change in fair value of investments which represents the unrealized appreciation or depreciation of the fair value of investments held at year end less the related unrealized appreciation or depreciation at the previous year end.

Investment income is also earned within the limited partnership. To the extent that the Fund receives distributions from the limited partnership, they are based on the Fund's proportionate share of the limited partnership and are recorded when declared by the limited partnership investment manager.

The realized gains or losses on sale of limited partnership investments sold during the year are determined by the excess of proceeds over average cost of investments sold and, accordingly, includes the applicable share of the excess of fair value over cost of investments at the beginning of the year.

#### **Self-funded Benefits Payable**

The self-funded benefits payable represents an estimate of the amounts payable at year end for amounts incurred, but not yet reported. Amounts are determined by the Fund's Administrator/Consultant.

#### **Hour Bank**

The Hour Bank liability is calculated by dividing the accumulated Hour Bank hours as at December 31, 2024 by the monthly take-out to determine a "months of benefit" number, which is then multiplied by the monthly benefit cost as at December 31.

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# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

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### 1. Significant Accounting Policies (Continued)

#### **Financial Instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, investments are reported at fair value and all other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

#### **Income Tax Status**

The Fund is an Employee Life and Health Trust pursuant to the provisions of the Income Tax Act. Accordingly, the net investment income earned by the Fund is subject to income tax to the extent investment income exceeds allowable expenses. In the year, there were sufficient deductions to result in no taxable income.

#### **Foreign Currency**

Foreign currency investments are translated to Canadian dollars as follows:

At the transaction date, each investment, income or expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, the investments are translated into Canadian dollars by using the exchange rate in effect at that date and the resulting foreign exchange gains and losses are included in investment income in the current period.

#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of changes in net assets available for benefits during the reporting period. Management estimates include the reserve for adverse claims fluctuations, reserve for future plan benefits and self-funded benefits payable. Actual results could differ from management's best estimates as additional information becomes available in the future.

# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

### 2. Investments

	2024	2023
(a) Investments by Investment Manager		
CBRE Investment Management Fund S.à.r.l.		
Global Investment Partners Global Alpha Fund		
CT3 TP1 DIS - Global Alpha Open Ended Fund	\$ 10,708,835	\$ -
Global Investment Partners Global Alpha Fund		
FCP FIS - Global Alpha Open Ended Fund	-	10,293,337
Cash and cash equivalents	111,810	9,345
	<u>10,820,645</u>	<u>10,302,682</u>
Northleaf Capital Partners (Canada) Ltd.		
Northleaf Senior Private Credit LP	13,681,517	12,494,391
RBC Global Asset Management Inc. (PH&N Institutional)		
Mortgage Pension Trust Fund	20,902,565	18,482,161
Short Core Plus Bond Fund	18,244,175	18,396,678
	<u>39,146,740</u>	<u>36,878,839</u>
TD Asset Management Inc.		
TD Emerald Low Volatility Canadian Equity		
Pooled Fund Trust	25,608,770	22,476,362
TD Emerald Low Volatility Global Equity		
Pooled Fund Trust	31,612,063	26,311,457
	<u>57,220,833</u>	<u>48,787,819</u>
	<u>\$ 120,869,735</u>	<u>\$ 108,463,731</u>

### (b) Statement of Investment Policies and Procedures

	Fund Policy Range %	Target Allocation %	2024 %	2023 %
Canadian equities	0 - 50	20.0	21.2	20.7
Foreign equities	0 - 50	25.0	26.2	24.3
Short term fixed income	10 - 40	15.0	15.1	17.0
Alternative fixed income	0 - 20	10.0	11.3	11.5
Mortgages	15 - 40	20.0	17.3	17.0
Real estate	0 - 20	10.0	8.9	9.5
		<u>100.0</u>	<u>100.0</u>	<u>100.0</u>

# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

### 3. Due from The Edmonton Pipe Industry Pension Trust Fund

The amount due from The Edmonton Pipe Industry Pension Trust Fund (the "Pension Fund") primarily represents shared expenses between the Fund and the Pension Fund for which the Fund remits payment for on behalf of both entities. The Fund and the Pension Fund are related by common board membership.

### 4. Accounts Payable and Accrued Liabilities

The 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. Included in accounts payable and accrued liabilities are \$27,586 (2023 - \$45,759) of reciprocal transfers payable.

### 5. Hour Bank

	2024	2023
Balance, beginning of year	\$ 22,706,287	\$ 20,834,416
Increase for the year	254,872	1,871,871
Balance, end of year	\$ 22,961,159	\$ 22,706,287

### 6. Net Assets Available for Benefits

Net assets available for benefits is comprised of the following:

**Year ending December 31, 2024**

	Reserve for Adverse Claims Fluctuations	Reserve for Future Plan Benefits	Unallocated	Total
Balance, beginning of year	\$ 3,448,627	\$ 18,705,383	\$ 71,665,945	\$ 93,819,955
Increase in net assets	-	-	7,905,988	7,905,988
Transfers to (from) reserves	310,701	1,616,572	(1,927,273)	-
Balance, end of year	\$ 3,759,328	\$ 20,321,955	\$ 77,644,660	\$ 101,725,943

# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

### 6. Net Assets Available for Benefits (Continued)

Year ending December 31, 2023

	Reserve for Adverse Claims Fluctuations	Reserve for Future Plan Benefits	Unallocated	Total
Balance, beginning of year	\$ 3,285,470	\$ 14,922,898	\$ 73,750,450	\$ 91,958,818
Increase in net assets	-	-	1,861,137	1,861,137
Transfers to (from) reserves	163,157	3,782,485	(3,945,642)	-
Balance, end of year	\$ 3,448,627	\$ 18,705,383	\$ 71,665,945	\$ 93,819,955

#### Reserve for Adverse Claims Fluctuations

The Fund has established a reserve for adverse claims fluctuations 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. The balance in this reserve may or may not be adequate to provide the coverage required.

#### Reserve for Future Plan Benefits

The Fund has established a reserve for future plan benefits to support the payment of benefits to retired, disabled and spouses of deceased members. The reserve for future plan benefits is based on the average monthly actual cost of benefits for such group of persons for the 12 months ended December 31, 2024 multiplied by 60 months. These benefits are provided at the discretion of the Board of Trustees based on the financial position of the Fund. In the event that adjustments are required, the Trustees may amend benefits or allocate funds to/from the reserve.

### 7. Investment and Other Income

	2024	2023
CBRE Investment Management Fund S.à.r.l.		
Investment and other income	\$ 53,054	\$ 55,689
Realized gains	526,138	332,237
Unrealized fair value adjustments	104,618	(1,072,438)
	683,810	(684,512)
Northleaf Capital Partners (Canada) Ltd.		
Investment and other income	1,374,310	1,224,842
Realized gains (losses)	67,732	(111,643)
Unrealized fair value adjustments	(135,720)	5,599
	1,306,322	1,118,798

## The Edmonton Pipe Industry Health and Welfare Fund

### Notes to Financial Statements

**December 31, 2024**

#### 7. Investment and Other Income (Continued)

	2024	2023
RBC Global Asset Management Inc. (PH&N Institutional)		
Investment and other income	1,507,745	1,401,511
Realized losses	(26,212)	(625,586)
Unrealized fair value adjustments	788,391	1,567,844
	<b>2,269,924</b>	2,343,769
TD Asset Management Inc.		
Investment and other income	1,746,262	1,590,545
Realized gains	3,832,837	2,344,002
Unrealized fair value adjustments	2,855,291	(1,581,330)
	<b>8,434,390</b>	2,353,217
Bank interest	240,908	255,771
Other interest	-	172,534
	<b>240,908</b>	428,305
	<b>\$ 12,935,354</b>	<b>\$ 5,559,577</b>

#### 8. Fund Management Expenses

Common expenses are allocated 60% to the Pension Fund and 40% to the Health and Welfare Fund.

	2024	2023
Direct expenses (recovery)		
Administration - claims	\$ 925,171	\$ 889,010
- regular	502,272	488,601
Independent trustees' fees	45,056	43,155
Audit (recovery)	44,683	(20,141)
Investment and other consulting fees	38,506	67,624
Fiduciary insurance	19,440	19,440
Computer maintenance	13,561	9,252
Office and general	29,849	37,666
Legal	-	1,730
	<b>1,618,538</b>	1,536,337

## The Edmonton Pipe Industry Health and Welfare Fund Notes to Financial Statements

**December 31, 2024**

### 8. Fund Management Expenses (Continued)

	2024	2023
Common expenses shared with the Pension Fund		
Rent	127,932	127,932
Office expenses	146,927	138,964
Postage	49,057	53,189
Annual report to members	15,254	27,137
Travel, conferences and meeting expenses	27,393	37,896
Other shared expenses	5,035	7,627
Insurance	423	455
	<b>372,021</b>	393,200
Less: Pension Fund share	<b>(223,213)</b>	(235,920)
	<b>148,808</b>	157,280
Total	<b>\$ 1,767,346</b>	\$ 1,693,617

The Fund has engaged McAteer - Employee Benefit Plan Services Limited to provide administration services to the Fund.

### 9. Financial Instrument Risks

The Fund may be exposed to a variety of direct and indirect financial risks including credit risk, liquidity risk and market risk (including interest rate risk, currency risk and other price risk). These risks have not changed from the prior year.

#### Credit Risk

*Credit risk* is the risk that the counterparty to a financial instrument will fail to discharge an obligation that is entered into with the Fund. The risk of default on transactions in listed securities is considered minimal, as the trade will fail if either party to the transaction does not meet its obligation. The Fund also has credit risk to the extent that contributions receivable are not collectible. The Fund manages this risk by closely monitoring delinquent contributors and ensuring late contributions and deviations are pursued.

# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

December 31, 2024

### 9. Financial Instrument Risks (Continued)

#### Credit Risk (continued)

While the Fund may be exposed to credit risk with respect to bonds and mortgage investments within the PH&N pooled funds, it manages this risk by diversifying fixed income investments in accordance with the Fund's investment policy approved by the Trustees. As at December 31, the Fund's interest bearing investments by credit rating within the PH&N pooled funds are as follows:

	2024		2023	
	Interest-bearing Investments	% of Total	Interest-bearing Investments	% of Total
AAA	\$ 5,965,963	15	\$ 5,993,310	16
AA	1,080,450	3	928,981	3
A	3,644,561	10	3,138,302	10
BBB	4,067,346	10	5,640,113	15
< BB	802,508	2	800,212	2
Mortgages	19,819,994	50	16,190,774	43
Cash and short-term	3,765,918	10	4,187,147	11
	<u>\$ 39,146,740</u>	<u>100</u>	<u>\$ 36,878,839</u>	<u>100</u>

#### Liquidity Risk

The Fund is also exposed to *liquidity risk* in the event that investments must be sold quickly. The Fund's assets are invested in securities that are traded in an active market and can be readily disposed of as liquidity needs arise, assuming orderly markets.

The Fund's investments in real estate, private debt and mortgages may be exposed to a higher degree of liquidity risk.

#### Market Risk

*Interest rate risk* arises from the possibility that changes in interest rates will affect the fair value of financial instruments. It arises when the Fund invests in interest-sensitive investments such as bonds and other fixed income investments that will fluctuate due to changes in prevailing levels of market interest rates. The Fund mitigates this risk by investing in interest-bearing investments with varying maturity dates.

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## The Edmonton Pipe Industry Health and Welfare Fund

### Notes to Financial Statements

**December 31, 2024**

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As at December 31, the terms to maturity of interest-bearing investments within the PH&N pooled funds is as follows:

<b>2024 (millions)</b>	<b>Less than 1 year</b>	<b>1 - 5 years</b>	<b>5 - 10 years</b>	<b>Total</b>
Fixed income	\$ 7	\$ 23	\$ 9	\$ 39

<b>2023 (millions)</b>	<b>Less than 1 year</b>	<b>1 - 5 years</b>	<b>5 - 10 years</b>	<b>Total</b>
Fixed income	\$ 7	\$ 22	\$ 8	\$ 37

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## The Edmonton Pipe Industry Health and Welfare Fund Notes to Financial Statements

**December 31, 2024**

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### 9. Financial Instrument Risks (Continued)

#### **Market Risk** (continued)

As at December 31, 2024, had prevailing interest rates on the interest-bearing investments raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1.1 million (2023 - \$1.0 million). The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the underlying investments in the pooled fund fixed income portfolio. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

*Currency risk* is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies. As at December 31, 2024, had the Canadian dollar appreciated or depreciated by 5% relative to other currencies, with all other variables held constant, net assets available for benefits would have decreased or increased, respectively by approximately \$0.5 million (2023 - \$1.1 million).

*Other price risk* is the risk that the value of financial instruments will fluctuate as a result of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market.

The Fund manages market risk by investing amounts in accordance with the Fund's investment policy approved by the Board of Trustees. If market prices of equity, real estate and private debt investments had increased or decreased by 5% on December 31, 2024, the net assets available for benefits of the Fund would have increased or decreased, respectively, by approximately \$4.1 million (2023 - \$3.6 million).

#### **Financial Instruments Fair Value Hierarchy**

Disclosure of a three-level hierarchy for fair value measurements is based upon transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

##### Level 1:

For securities valued based on unadjusted quoted prices in active markets for identical assets.

##### Level 2:

For securities valued based on inputs, other than quoted prices included in Level 1, that are observable for the asset, either directly or indirectly.

##### Level 3:

For securities valued based on inputs that are based on unobservable market data.

# The Edmonton Pipe Industry Health and Welfare Fund

## Notes to Financial Statements

**December 31, 2024**

### 9. Financial Instrument Risks (Continued)

#### Financial Instruments Fair Value Hierarchy (continued)

As at December 31, the following table represents a summary of investments held by level:

	2024	2023
Level 1 - cash and cash equivalents and equity pooled funds	<b>\$57,332,643</b>	48,797,164
Level 2 - fixed income pooled funds	<b>18,244,175</b>	18,396,678
Level 3 - mortgage and real estate funds	<b>45,292,917</b>	41,269,889
	<b><u>\$120,869,735</u></b>	<b><u>\$108,463,731</u></b>

The schedule below presents a reconciliation of Level 3 investments measured at fair value using unobservable inputs during the year. Realized and unrealized gains are included in investment income.

	2024	2023
Balance, beginning of year	<b>\$ 41,269,889</b>	\$ 43,422,418
Reinvested distributions	<b>3,519,799</b>	2,158,992
Sales	-	(3,762,000)
Realized gains (losses)	<b>101,840</b>	(303,513)
Unrealized fair value adjustments	<b>401,389</b>	(246,008)
	<b><u>\$ 45,292,917</u></b>	<b><u>\$ 41,269,889</u></b>

### 10. Capital Management

The Fund considers its capital to be its net assets available for benefits. The Fund's objective when managing its capital is to safeguard its ability to continue as a going concern so it can continue to provide benefits to eligible members. The Trustees monitor the Fund's financial position and adjust benefits as required to ensure its objective is met.

There have been no changes in what the Fund considers to be its capital and there have been no significant changes to the Fund's capital management objectives, policies and processes in the year.

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# **The Edmonton Pipe Industry Health and Welfare Fund**

## **Notes to Financial Statements**

**December 31, 2024**

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### **11. Fund Information**

Description of the Plan benefits:

Actual benefits, including conditions and limitations thereto, are governed by the provisions of the Plan and reference should be made to the Plan documents for more detailed information.

The benefits of the Plan are provided to eligible members of the Plan and their dependants. Members and dependants are covered on the first day of the month following the month in which 320 hours have been accumulated in a member's Hour Bank. Such members are continuously covered provided that their Hour Bank contains at least 130 hours. Coverage is terminated when a member's Hour Bank falls below 130 hours with two exceptions: it is not terminated if the member makes self-contributions to the Fund, and it is not terminated in the event of disability under the Disability Credit Policy as the Plan credits the member's Hour Bank to maintain eligibility for a period of up to twenty four months at which point the member is then eligible to self pay. After termination, members can become eligible for benefits again by accumulating a balance of at least the monthly draw down amount in their Hour Bank. The maximum number of hours that members may accumulate in their Hour Bank is 2,600 hours.

The benefits of the Plan can be summarized as follows:

- (1) Life insurance
- (2) Accidental death and dismemberment
- (3) Weekly indemnity - members only (self-funded)
- (4) Long term disability - members only
- (5) Emergency travel assistance
- (6) Major medical (self-funded)
- (7) Dental (self-funded)
- (8) Vision care (self-funded)

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### **12. Comparative Amounts**

Certain of the comparative amounts have been reclassified to conform with the current year's financial statement presentation.