

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

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Financial Statements
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Independent Auditor's Report

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.

Independent Auditor's Report (Continued)

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
Assets		
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
Liabilities		
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
Net assets available for benefits (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
Increase in assets		
Employer contributions	\$ 34,327,549	\$ 37,099,518
Reciprocal transfers, net	7,546,845	6,123,380
	41,874,394	43,222,898
Investment income (Note 6)	377,371,216	193,134,451
	419,245,610	236,357,349
Decrease in assets		
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
	97,594,019	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)
	24,549,244	31,591,595
	122,143,263	125,261,874
Increase in net assets	297,102,347	111,095,475
Net assets available for benefits, beginning of year	2,585,759,205	2,474,663,730
Net assets available for benefits, end of year	\$ 2,882,861,552	\$ 2,585,759,205

The accompanying notes are an integral part of these financial statements.

The Edmonton Pipe Industry Pension Trust Fund

Notes to Financial Statements

December 31, 2024

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.

The Edmonton Pipe Industry Pension Trust Fund

Notes to Financial Statements

December 31, 2024

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.

The Edmonton Pipe Industry Pension Trust Fund

Notes to Financial Statements

December 31, 2024

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
	85,494,424	84,667,583
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
	1,405,525,751	1,210,676,484
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
	459,626,012	419,945,473
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
	323,919,004	322,929,398

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
	301,976,860	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
	254,101,211	249,017,266
	\$ 2,830,643,262	\$ 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 ¹	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

¹ 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	2023
	(000s)	(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
	1,440,232	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	1,489,801	1,352,339
Provision for adverse deviation	185,668	343,422
Pension obligation, end of year	\$ 1,675,469	\$ 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:

	2024	2023
	(000s)	(000s)
Net assets available for benefits	\$ 2,883,862	\$ 2,586,000
Actuarial present value of accrued benefits, excluding a provision for adverse deviation for		
Active members	405,139	368,004
Pensioners and survivors	888,729	804,406
Disabled pensioners	39,155	38,111
Deferred pensioners	136,731	122,609
Defined contribution balances for active retired members	20,047	19,209
	1,489,801	1,352,339
Funding excess as determined on a going concern basis	1,394,061	1,233,661
Net provision for adverse deviation ("PfAD")	(185,668)	(343,422)
Accessible going concern excess	\$ 1,208,393	\$ 890,239
Funded ratio (prior to PfAD)	194%	180%
Funded ratio (after PfAD)	181%	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
	\$ 377,371,216	\$ 193,134,451

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
	1,584,551	1,549,581
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
	372,021	393,200
Less: Welfare Fund share	(148,808)	(157,280)
	223,213	235,920
Total	\$ 1,807,764	\$ 1,785,501

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
	\$318,109,169	100	\$308,251,452	100

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
	\$ 2,830,643,262	\$ 2,536,209,189

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)
	\$ 1,339,623,088	\$ 1,240,865,122

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.

The Edmonton Pipe Industry Pension Trust Fund

Notes to Financial Statements

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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.

The Edmonton Pipe Industry Pension Trust Fund

Notes to Financial Statements

December 31, 2024

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.

The Edmonton Pipe Industry Pension Trust Fund

Notes to Financial Statements

December 31, 2024

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.

The Edmonton Pipe Industry Pension Trust Fund

Notes to Financial Statements

December 31, 2024

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.