

The Edmonton Pipe Industry
Health and Welfare Fund
Financial Statements
For the year ended December 31, 2025

The Edmonton Pipe Industry Health and Welfare Fund
Financial Statements
For the year ended December 31, 2025

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Independent Auditor's Report

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, 2025, 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, 2025, 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, 2025 and 2024, assets and liabilities as at December 31, 2025 and 2024 and net assets available for benefits as at January 1 and December 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended December 31, 2024 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.

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.



Independent Auditor's Report (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 19, 2026

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

December 31	2025	2024
Assets		
Cash	\$ 3,382,871	\$ 2,919,355
Investments (Note 2)	125,100,125	120,869,735
Contributions receivable	1,693,581	1,536,913
Accounts receivable	190,686	12,774
Prepaid expenses	2,416,488	2,417,021
Due from The Edmonton Pipe Industry Pension Trust Fund (Note 3)	-	34,949
	132,783,751	127,790,747
Liabilities		
Accounts payable and accrued liabilities (Note 4)	2,572,201	2,843,133
Self-funded benefits payable	316,885	260,512
Due to The Edmonton Pipe Industry Pension Trust Fund (Note 3)	76,416	-
Hour Bank (Note 5)	21,345,367	22,961,159
	24,310,869	26,064,804
Net assets available for benefits (Note 6)	\$108,472,882	\$101,725,943

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	2025	2024
Increase in assets		
Contributions	\$ 24,578,102	\$ 22,859,181
Reciprocal transfers, net	1,042,584	3,644,994
	25,620,686	26,504,175
Investment and other income (Note 7)	11,838,147	12,935,354
	37,458,833	39,439,529
Decrease in assets		
Benefit costs		
Health, dental, vision and short-term disability claims	24,868,354	24,922,467
Long-term disability premiums	1,021,812	1,444,586
Life insurance premiums	3,284,916	2,330,746
Accidental death and dismemberment premiums	256,356	193,716
Out-of-country insurance premiums	508,766	443,413
Members' optional life insurance premiums	23,323	26,128
	29,963,527	29,361,056
Increase (decrease) in Hour Bank (Note 5)	(1,615,792)	254,872
Increase (decrease) in self-funded benefits payable	56,373	(240,056)
Total benefit costs	28,404,108	29,375,872
Fund management expenses (Note 8)	1,848,319	1,767,346
Investment services and custodial fees	459,467	390,323
Total expenses	2,307,786	2,157,669
	30,711,894	31,533,541
Increase in net assets	6,746,939	7,905,988
Net assets available for benefits, beginning of year	101,725,943	93,819,955
Net assets available for benefits, end of year	\$108,472,882	\$101,725,943

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

The Edmonton Pipe Industry Health and Welfare Fund

Notes to Financial Statements

December 31, 2025

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.

The Edmonton Pipe Industry Health and Welfare Fund

Notes to Financial Statements

December 31, 2025

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

The Fund holds units in limited partnerships, that in turn, hold private debt, real estate, infrastructure and private equity 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 include 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.

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, 2025 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.

The Edmonton Pipe Industry Health and Welfare Fund

Notes to Financial Statements

December 31, 2025

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, 2025

2. Investments

	2025	2024
(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	\$ 10,307,992	\$ 10,708,835
Cash and cash equivalents	102,593	111,810
	10,410,585	10,820,645
Northleaf Capital Partners (Canada) Ltd.		
Northleaf Senior Private Credit LP	13,322,879	13,681,517
Cash and cash equivalents	214,729	-
	13,537,608	13,681,517
RBC Global Asset Management Inc. (PH&N Institutional)		
Mortgage Pension Trust Fund	21,949,190	20,902,565
Short Core Plus Bond Fund	9,830,647	18,244,175
	31,779,837	39,146,740
TD Asset Management Inc.		
TD Emerald Low Volatility Canadian Equity Pooled Fund Trust	24,011,033	25,608,770
TD Emerald Low Volatility Global Equity Pooled Fund Trust	27,637,490	31,612,063
	51,648,523	57,220,833
Trans-Canada Capital Inc.		
TCC Alternative Feeder 2 LP	17,723,572	-
	\$125,100,125	\$120,869,735

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

December 31, 2025

2. Investments (Continued)

- (b) The Fund's Statement of Investment Policies and Procedures for the year ending December 31, 2025 is as follows:

	Fund Policy Range %	Target Allocation %	2025 %
Canadian equities	0 - 50	15.0	19.2
Foreign equities	0 - 50	25.0	22.2
Short term fixed income	5 - 40	10.0	7.9
Alternative fixed income	0 - 20	10.0	10.7
Mortgages	10 - 40	15.0	17.5
Real estate	0 - 20	10.0	8.3
Diversified alternatives	0 - 25	15.0	14.2
		100.0	100.0

- (c) The Fund's Statement of Investment Policies and Procedures for the year ending December 31, 2024 was as follows:

	Fund Policy Range %	Target Allocation %	2024 %
Canadian equities	0 - 50	20.0	21.2
Foreign equities	0 - 50	25.0	26.2
Short term fixed income	10 - 40	15.0	15.1
Alternative fixed income	0 - 20	10.0	11.3
Mortgages	15 - 40	20.0	17.3
Real estate	0 - 20	10.0	8.9
		100.0	100.0

3. Due from (to) The Edmonton Pipe Industry Pension Trust Fund

The amount due from/to 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 \$42,194 (2024 - \$27,586) of reciprocal transfers payable.

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

December 31, 2025

5. Hour Bank

	2025	2024
Balance, beginning of year	\$ 22,961,159	\$ 22,706,287
Increase (decrease) for the year	(1,615,792)	254,872
Balance, end of year	\$ 21,345,367	\$ 22,961,159

6. Net Assets Available for Benefits

Net assets available for benefits is comprised of the following:

Year ending December 31, 2025

	Reserve for Adverse Claims Fluctuations	Reserve for Future Plan Benefits	Unallocated	Total
Balance, beginning of year	\$ 3,759,328	\$ 20,321,955	\$ 77,644,660	\$ 101,725,943
Increase in net assets	-	-	6,746,939	6,746,939
Transfers to (from) reserves	(2,402)	2,874,247	(2,871,845)	-
Balance, end of year	\$ 3,756,926	\$ 23,196,202	\$ 81,519,754	\$ 108,472,882

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

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.

The Edmonton Pipe Industry Health and Welfare Fund

Notes to Financial Statements

December 31, 2025

6. Net Assets Available for Benefits (Continued)

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 the average monthly actual cost of benefits for such group of persons for the 12 months ended December 31, 2025 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

	<u>2025</u>	<u>2024</u>
CBRE Investment Management Fund S.à.r.l.		
Investment and other income	\$ 156,027	\$ 53,054
Realized gains	299,103	526,138
Unrealized fair value adjustments	<u>(400,843)</u>	<u>104,618</u>
	<u>54,287</u>	<u>683,810</u>
Northleaf Capital Partners (Canada) Ltd.		
Investment and other income	1,103,213	1,374,310
Realized gains	101,775	67,732
Unrealized fair value adjustments	<u>(358,638)</u>	<u>(135,720)</u>
	<u>846,350</u>	<u>1,306,322</u>
RBC Global Asset Management Inc. (PH&N Institutional)		
Investment and other income	1,246,767	1,507,745
Realized gains (losses)	118,930	(26,212)
Unrealized fair value adjustments	<u>329,900</u>	<u>788,391</u>
	<u>1,695,597</u>	<u>2,269,924</u>
TD Asset Management Inc.		
Investment and other income	1,150,388	1,746,262
Realized gains	7,797,913	3,832,837
Unrealized fair value adjustments	<u>(458,113)</u>	<u>2,855,291</u>
	<u>8,490,188</u>	<u>8,434,390</u>
Trans-Canada Capital Inc.		
Investment and other income	180,658	-
Realized losses	<u>(237,936)</u>	-
Unrealized fair value adjustments	<u>667,322</u>	-
	<u>610,044</u>	-
Bank interest	<u>141,681</u>	<u>240,908</u>
	<u>\$ 11,838,147</u>	<u>\$ 12,935,354</u>

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

December 31, 2025

7. Investment and Other Income (Continued)

In addition to investment services and custodial fees reported on the Statement of Changes in Net Assets Available for Benefits, certain investment costs are netted against investment returns.

8. Fund Management Expenses

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

	2025	2024
Direct expenses		
Administration - claims	\$ 958,874	\$ 925,171
- regular	512,901	502,272
Independent trustees' fees	46,704	45,056
Audit	48,078	44,683
Investment and other consulting fees	35,077	38,506
Fiduciary insurance	19,000	19,440
Computer maintenance	19,300	13,561
Office and general	31,421	29,849
Legal	21,011	-
	1,692,366	1,618,538
Common expenses shared with the Pension Fund		
Rent	127,932	127,932
Office expenses	144,017	146,927
Postage	61,295	49,057
Annual report to members	16,269	15,254
Travel, conferences and meeting expenses	35,093	27,393
Other shared expenses	4,796	5,035
Insurance	480	423
	389,882	372,021
Less: Pension Fund share	(233,929)	(223,213)
	155,953	148,808
	\$ 1,848,319	\$ 1,767,346

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

The Edmonton Pipe Industry Health and Welfare Fund

Notes to Financial Statements

December 31, 2025

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.

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:

	2025		2024	
	Interest-bearing Investments	% of Total	Interest-bearing Investments	% of Total
AAA	\$ 1,808,273	6	\$ 5,965,963	15
AA	514,833	2	1,080,450	3
A	2,304,038	8	3,644,561	10
BBB	2,542,387	8	4,067,346	10
< BB	1,077,336	3	802,508	2
Mortgages	19,697,143	61	19,819,994	50
Cash and short-term	3,835,827	12	3,765,918	10
	\$ 31,779,837	100	\$ 39,146,740	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 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.

The Edmonton Pipe Industry Health and Welfare Fund

Notes to Financial Statements

December 31, 2025

9. 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.

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

2025 (millions)	Less than 1 year	1 - 5 years	5 - 10 years	Total
Fixed income	\$ 6	\$ 20	\$ 6	\$ 32

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

As at December 31, 2025, 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 \$0.8 million (2024 - \$1.1 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, 2025, 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 \$1.4 million (2024 - \$0.5 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, 2025, the net assets available for benefits of the Fund would have increased or decreased, respectively, by approximately \$4.7 million (2024 - \$4.1 million).

The Edmonton Pipe Industry Health and Welfare Fund

Notes to Financial Statements

December 31, 2025

9. Financial Instrument Risks (Continued)

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.

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

	2025	2024
Level 1 - cash and cash equivalents and equity pooled funds	\$ 51,751,116	\$ 57,332,643
Level 2 - fixed income pooled funds	10,045,376	18,244,175
Level 3 - mortgage, real estate and diversified alternatives funds	63,303,633	45,292,917
	\$125,100,125	\$120,869,735

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.

	2025	2024
Balance, beginning of year	\$ 45,292,917	\$ 41,269,889
Purchases	17,959,145	3,519,799
Realized gains (losses)	(95,001)	101,840
Unrealized fair value adjustments	146,572	401,389
	\$ 63,303,633	\$ 45,292,917

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.

The Edmonton Pipe Industry Health and Welfare Fund

Notes to Financial Statements

December 31, 2025

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 260 hours (320 hours prior to July 1, 2025) 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)